



Shui On Land Limited

Sustainable Development Report 2020



Sustainable Development Report 2020  
Shui On Land Limited  
STOCK CODE 272





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## Chairman's Message



VINCENT H. S. LO  
*Chairman*

2020 was a year of momentous and far-reaching change. On one hand, the COVID-19 pandemic and the ensuing public-health crisis dealt a devastating blow to economies around the world. On the other hand, it prompted new ways of working and living that will likely have an impact for years to come.

The pandemic has also accelerated many changes in how we live, work, play and learn. The needs of both the business community and home buyers are changing rapidly, with increasing priority given to quality and sustainability. Indeed, the Chinese government has increasingly focused on sustainable development of late, as opposed to the disruptive “demolish and rebuild” approach of the past.

With the Group's unique expertise and strong track record in urban regeneration projects, I believe we have an important role to play in driving innovation in our business model, leveraging our strengths in cultural preservation and in creating integrated, sustainable communities - to provide greater flexibility in the way people live, work, play and learn. We have also seen a rise in concerns about community health and well-being – which aligns perfectly with our decision to focus on creating sustainable communities.

To integrate these issues further into our corporate strategies, we introduced in 2020 our new 2030 5C Sustainable Development Strategy (5C Strategy). This ten-year strategic framework for sustainable development will guide our ESG-related efforts as we seek to align with China's goal of achieving carbon neutrality by 2060, while also addressing trends in environmental regulation and consumers' increasing calls for environmental sustainability. We will work closely with employees, customers, suppliers, investors, and other stakeholders to achieve our ESG targets set forth by the 5C Strategy.

We are already well on our way to becoming a pioneer of sustainable premium urban communities. In this regard I am pleased to note the success of THE HUB, which won the 2020 ULI Asia Pacific Award for Excellence in September. This award recognises not just good design and high quality of construction, but financial success and contributions

to the local community as well. In fact, over 80% of our completed commercial projects held for long-term investment have attained “green” building certifications. As another step to underline the Group's commitment to building sustainable communities, in November we issued a further US\$200 million of Green Bonds, adding to the US\$300 million inaugural issue and taking the total outstanding to US\$500 million.

I am conscious that there is still much to be done and our work continues. Remaining competitive and forward-thinking in such a dynamic environment will require everyone at Shui On Land to have the courage to explore new opportunities, to experiment, and to move boldly and steadily forwards. I am confident that given the challenges encountered and overcome in 2020, our team is up for this challenge.

I also wish to thank each and every member of our staff for their unyielding commitment and hard work amidst this trying period of unprecedented circumstances. We could not have weathered the storm without the exemplary team spirit and collaboration exhibited by everyone at Shui On Land. I must express particular thanks during this difficult year to my fellow Board members, our business partners and our investors for their steadfast support.

I am confident that 2021 will be a better year, as we mark both the 50th anniversary of the Shui On Group and the 20th anniversary of Shanghai Xintiandi. This does not mean the road ahead will be straightforward, but nevertheless, the Group is well-placed to strategically meet any challenges and take advantage of the opportunities that may arise., as we build on the successes of the past fifty years.



VINCENT H. S. LO  
*Chairman*  
Hong Kong, 31 May 2021

# Approach to Sustainable Development

Sustainable development (SD) is an important cornerstone of our real estate business and is reflected in our corporate vision to become a pioneer of sustainable premium urban communities. Throughout our company's history, we have always 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.

Faced with increasing global and stakeholder concerns and scrutiny about critical issues including climate change and resource scarcity; and as China has pledged to become carbon neutral by 2060, we recognise our role as a property developer to help support these commitments. Our sustainable business model balances financial profitability with sustainability, social and environmental impact, as well as our contribution to local and regional economies, effectively encompassing all aspects of responsible management of environmental, social and governance (ESG) related issues.

## Our SD Journey

### 2019

- Announced the new 5C Sustainable Development Strategy with enhanced SD governance structure
- Over 80%** of completed commercial projects were green certified
- 32% decrease** in carbon emissions intensity compared to 2011 baseline
- Issued Green Finance Framework and launched first Green Bond of **US\$300 million**

### 2017

Launched the updated Six Major Guidelines for sustainable development 2017-2021

### 2016

Started to disclose ESG performance as part of the annual report

### 2012

- Based on the baseline of 2011, announced our first Six Major Guidelines for sustainable development
- Hosted our first SOL Sustainable Development Forum. SD forums have been held on a regular basis since.

### 2006

Announced our Sustainable Development Policy and formed the Sustainable Development Committee.

### 1997

Masterplanning began of Taipingqiao, a pedestrian-friendly mixed-use world-class community.



## Becoming a Pioneer in Sustainable Urban Communities

In 2017, we established a set of environmentally focused sustainable development (SD) goals we aimed to achieve by 2021. In 2019, we announced our intention to enlarge our vision of what SD means for the Company and to expand on existing internal goals by developing and implementing a 2030 5C Sustainable Development Strategy (5C Strategy). To continue to advance our work in this area, we have carefully and thoughtfully crafted this ten-year strategy to guide us as we continue our SD journey towards 2030 and beyond.

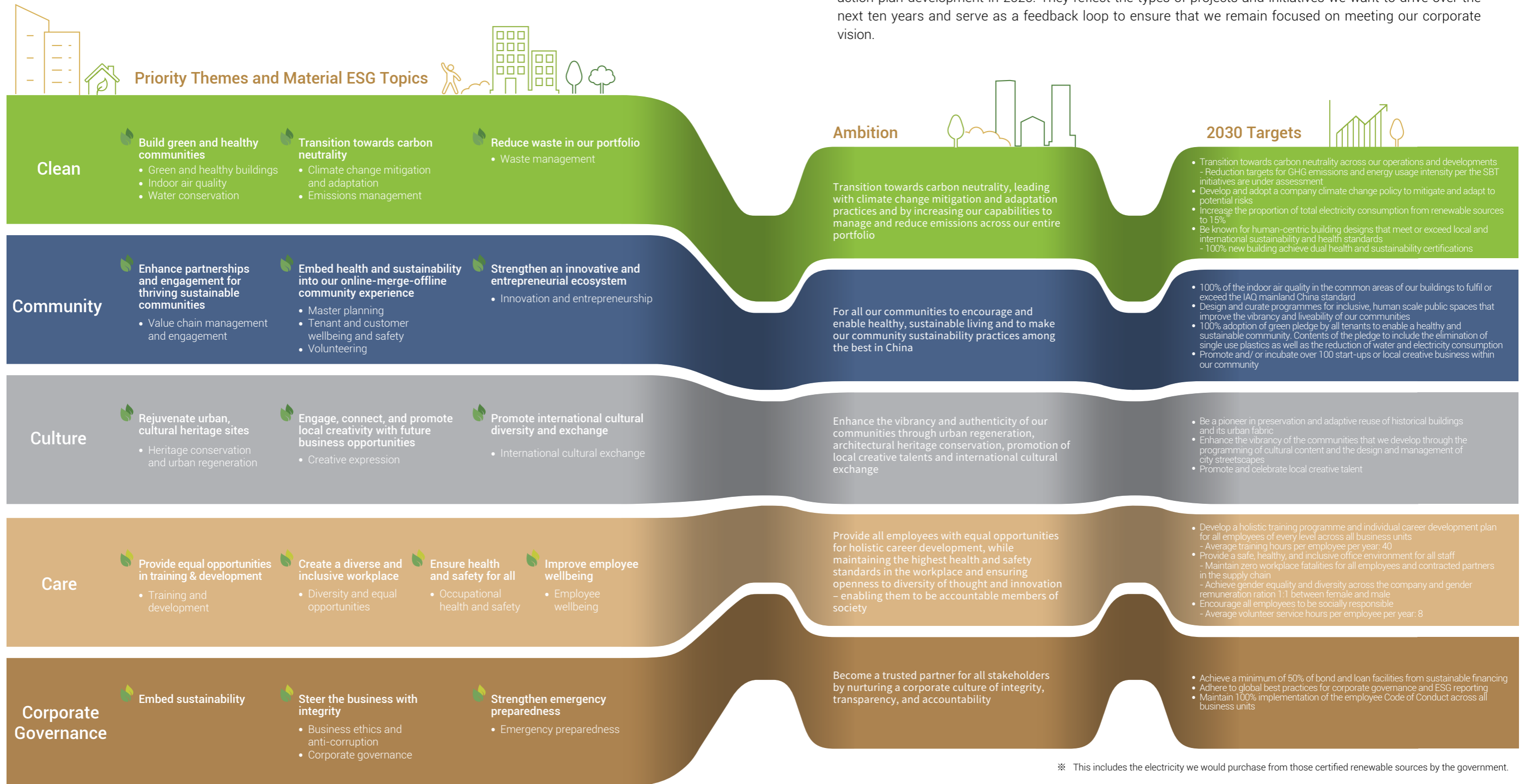


# Approach to Sustainable Development

We are committed to providing urban solutions that foster sustainable urban living, enhance local culture, and create vibrant communities for cities in China. Faced with global concerns such as climate change and resource scarcity, and a local drive to improve the environmental responsibility of companies, our 5C Strategy enables us to build and manage communities by concentrating our efforts behind five components that are central to our values and daily operations. We believe these clear strategic priorities, known as the “the 5Cs”: Clean, Community, Culture, Care and Corporate Governance, will support our growth and deliver returns for

our many stakeholders. In short, these five components of SD have driven the development of our 10-year plan. We believe these matters are all core concepts of SD at the Company and it is time for us to formally incorporate them into our vision.

The ambitions and priority themes for each 'C' component of the 5C Strategy were developed from an in-depth review of the materiality assessment conducted in 2019, internal and external engagement, as well as rigorous action plan development in 2020. They reflect the types of projects and initiatives we want to drive over the next ten years and serve as a feedback loop to ensure that we remain focused on meeting our corporate vision.

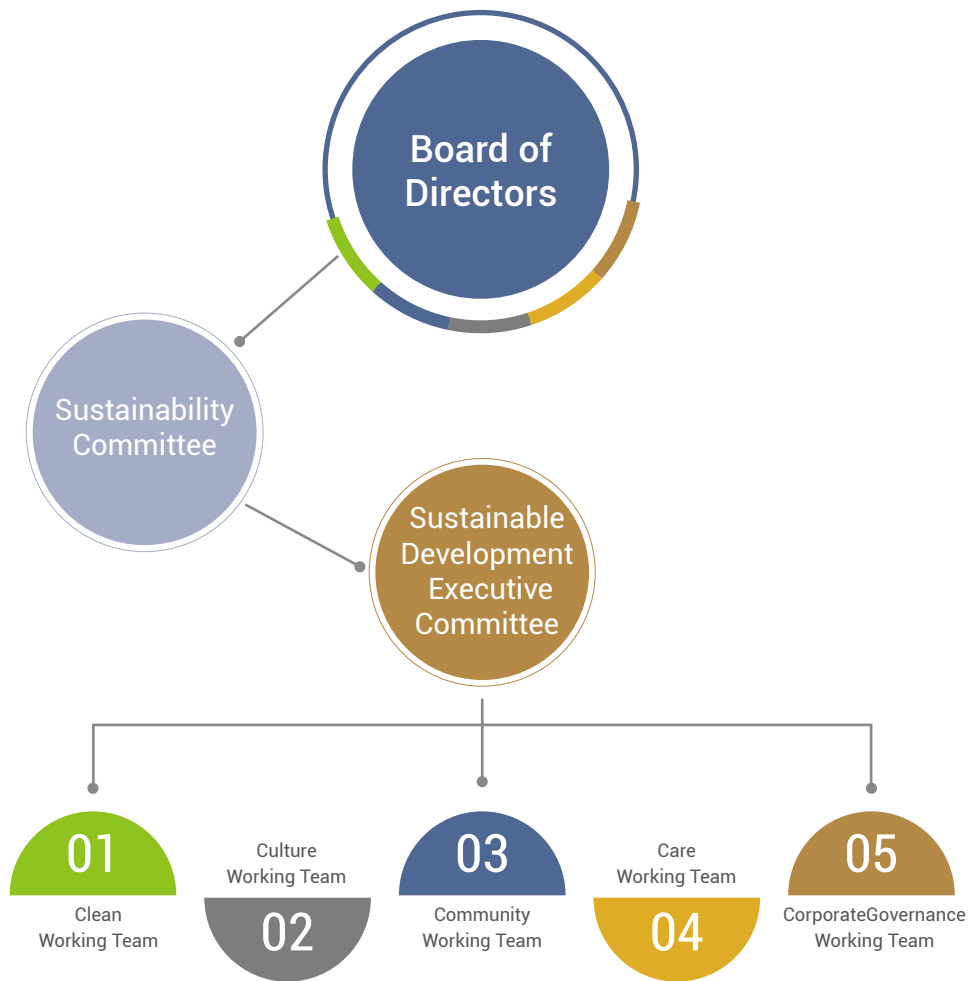




## Approach to Sustainable Development

The 5Cs are interconnected and collectively contribute to our corporate vision. Achieving our 2030 targets will require collaboration across all our staff and leadership. As such, we updated our ESG governance structure in April 2021 to ensure everyone on our team has the support and resources needed to achieve these ambitious goals. The main adjustment was the addition of a board-level Sustainability Committee consisting of a select group of executive directors and INEDs. The committee will provide direct support to the Board on how to ensure alignment between the 5C Strategy and our overall business objectives and will advise on ongoing insights into trends and market practices as well as provide directional support to the working level SD Executive Committee (previously called the SD Committee). The Sustainability Committee will meet at least once a year.

### Our SD Governance Structure



We began rolling out the 5C strategy beginning in 2021, and the strategic goals and targets that have been developed will be gradually implemented in the coming years. We recognise that as we achieve our short-term goals, our longer-term targets will evolve and as such our work plans will have to constantly be updated. We are confident that this new strategy will consistently provide the group with a roadmap for success in the coming decade and bring us all closer to living in a truly sustainable world.

## Supported Initiatives

Since 2015, the UN's 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development have been calling for action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. SOL first referenced the SDGs in our 2016 CSR Report and in our 2019 Report we shared 10 relevant SDGs that we are best positioned to support.



Motivated to contribute to the global sustainability agenda, our 5C Strategy was written to help us address global sustainability issues at a local level. When we formulated the Strategy, we embedded relevant SDG oriented targets into the process as far as reasonably practical. As our approach to SD has evolved, so too has our approach to aligning with the SDGs. To add further clarity and transparency to our SDG-related ambitions, we have mapped how the priority initiatives of the 5C Strategy may contribute to the successful achievement of these critical global goals.

## How Our Actions Contribute to the SDGs

Clean	<b>3</b> GOOD HEALTH AND WELL-BEING 	<b>SDG 3.9</b> 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.
	<b>6</b> CLEAN WATER AND SANITATION 	<b>SDG 6.4</b> Upgrading our facilities to increase water-use-efficiency.
	<b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE 	<b>SDG 9.4</b> Upgrading our facilities to increase resource-use efficiency to reduce our CO2 emissions.
	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>SDG 12.5</b> Innovating our waste and recycling practices to substantially reduce waste generation through prevention, reduction, recycling, and reuse.
	<b>13</b> CLIMATE ACTION 	<b>SDG 13</b> Strengthening our portfolio and company's resilience and adaptive capacity to climate-related hazards and natural disasters – by preparing for emergency situations and decreasing our carbon emissions.
Community	<b>17</b> PARTNERSHIPS FOR THE GOALS 	<b>SDG 17.7</b> Participating in and supporting public-private and civil society partnerships concerning sustainable building practices.
	<b>11</b> SUSTAINABLE CITIES AND COMMUNITIES 	<b>SDG 11.6 / 11.7</b> 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
	<b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION 	<b>SDG 12.2 / 12.8</b> Striving to achieve the sustainable management and efficient use of natural resources in relation to our building and procurement practices.  Sharing with our community and value chain relevant information and awareness for sustainable development and lifestyles .

## Approach to Sustainable Development

**Culture**

**11 SUSTAINABLE CITIES AND COMMUNITIES**  
**SDG 11.4**  
Strengthening efforts to protect and safeguard cultural and natural heritage by conserving and rejuvenating cultural and historic sites.

**17 PARTNERSHIPS FOR THE GOALS**  
**SDG 17.17**  
Participating in and supporting public-private and civil society partnerships concerning cultural heritage.

**Care**

**5 GENDER EQUALITY**  
**SDG 5.5**  
Actively opening pathways for more representation of women in managerial positions within our organisation.

**8 DECENT WORK AND ECONOMIC GROWTH**  
**SDG 8.8**  
Adhering to all local regulations on labour rights and promoting a safe and secure working environment for all workers.

**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**  
**SDG 16.b**  
Promoting and enforcing non-discriminatory policies to ensure that no one on our staff have felt discriminated against or harassed.

**Corporate Governance**

**12 RESPONSIBLE CONSUMPTION AND PRODUCTION**  
**SDG 12.6**  
Adopting sustainable practices and integrating sustainability information into our reporting cycle.

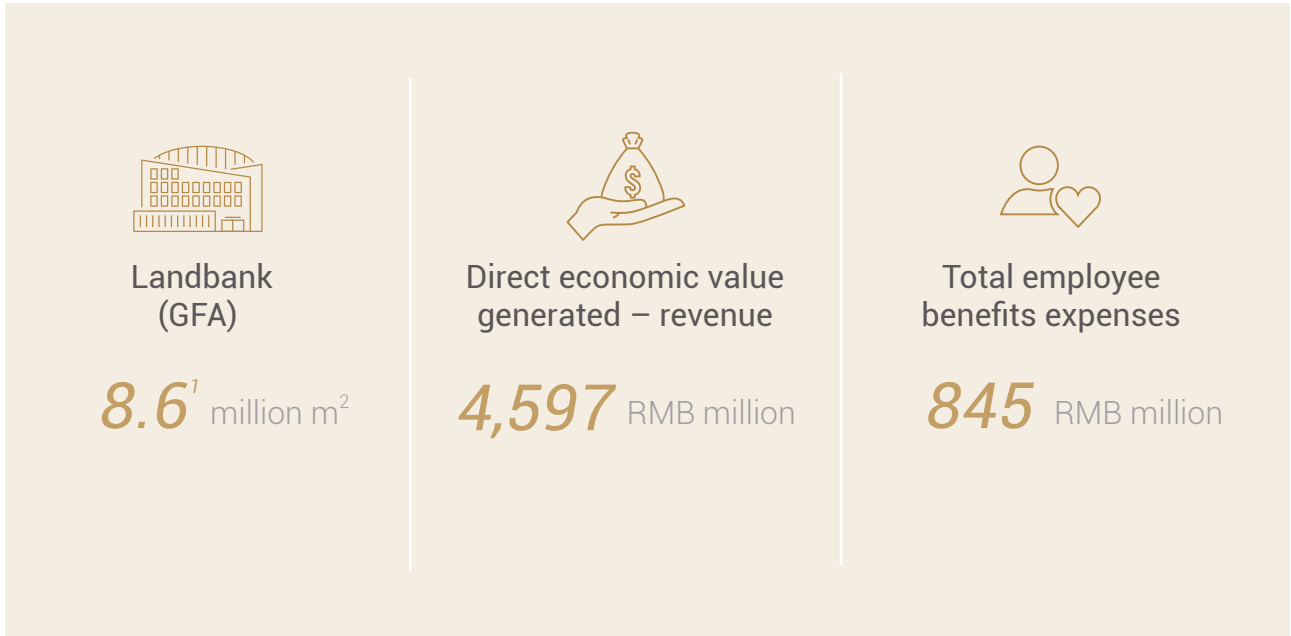
**16 PEACE, JUSTICE AND STRONG INSTITUTIONS**  
**SDG 16.5**  
Enhancing our corporate governance practices and policies to reduce corruption and bribery in all their forms.



We will continue to report our progress and plans to address these important goals and to openly engage with interested stakeholders about our SDG-related activities for years to come.

# About Shui On Land

## 2020 Economic Value Generated and Distributed



For more information about our revenue stream, and overall economic value generated and distributed, see our [2020 Annual Report](#).



*Wuhan Tiandi, built in accordance with our sustainable development principles, develop along with the city and continue to guide the internationalization of the Wuhan lifestyle.*

<sup>1</sup> 6.4 million m<sup>2</sup> of leasable and saleable area, and 2.2 million m<sup>2</sup> for clubhouses, car parking spaces and other facilities.

### Our Profile and Market Presence

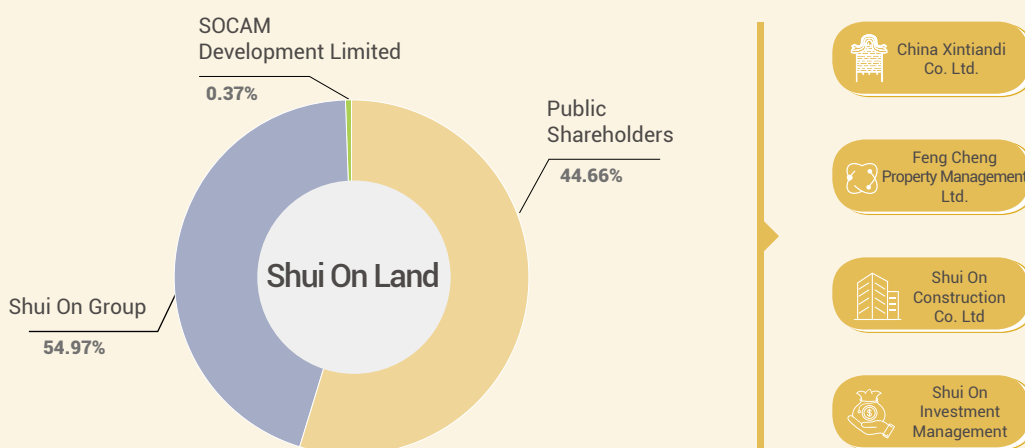
Headquartered in Shanghai, Shui On Land<sup>2</sup> (Stock Code: 272) is a pioneer of sustainable premium urban communities. As a leading commercial focused real estate developer, owner, and asset manager in China, we have a proven record of accomplishment in developing large scale, mixed-use, sustainable communities, and are the flagship property development company of the Shui On Group.<sup>3</sup>

As of 31 December 2020, the Company has 11 projects in various stages of development and 2 projects under management in prime locations of major cities, with a landbank of 8.6 million square metres (m<sup>2</sup>). We are also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of 1.72 million m<sup>2</sup>. of office and retail premises, including our flagship Shanghai Xintiandi, which is under our management.

Our "Asset Light Strategy" enables us to greatly enhance our financial strength, diversify our capital base and invest in new opportunities, which greatly facilitates our strategic transformation. Since the inception of our company, the company has always been committed to caring for the environment, to preserving and rejuvenating cultural heritage, and to building and sustaining vibrant communities.

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 & Construction, Hang Seng Composite MidCap Indices as well as the Hang Seng Stock Connect HK Index.

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



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

<sup>3</sup> The Shui On Group was founded in 1971 and is headquartered in Hong Kong. It is principally engaged in property development, construction and construction materials with interests in Hong Kong and the Chinese Mainland. Shui On Land is headquartered in Shanghai and listed on the HKEX.

## Our Corporate Philosophy and Culture

Shui On Land aspires to world-class standards of excellence in management, planning, execution, and corporate governance. We achieve this by embracing 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'.





## About this Report

This Report ('the Report') aims to provide a balanced representation of our ESG performance under the newly launched 5C Strategy. It covers the reporting period of 1 January to 31 December 2020 of Shui On Land Limited and our four subsidiaries; China Xintiandi Co. Ltd., Shanghai Feng Cheng Property Management Limited, Shui On Construction Co. Ltd. and Shui On Investment Management Limited.

This Report has complied with all "comply or explain" provisions and has reported on all materially relevant recommended disclosures outlined in the Environmental, Social and Governance Reporting Guide issued by HKEX. This Report references select disclosures, or parts of their content, from the Global Reporting Initiative (GRI) Standards 2016 framework. It also references disclosures in consideration of internationally recognised reporting frameworks such as the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD). We have found these frameworks to be instrumental in structuring this Report and in making the information we provide more relevant and accessible to our intended audiences.

A content index is available in the Appendix as a tool to help readers easily locate relevant information within the Report, as well as other locations in which we discuss ESG-related performance and information including our past and [2020 Annual Reports](#). It is recommended to read this Report in conjunction with the 2020 Annual Report, the Sustainable Development Chapter contained therein, as well as the Corporate Governance and the Sustainable Development sections of the [Shui On Land website](#).

To ensure a comprehensive understanding of our SD journey over the years, a summary of our 2020 ESG performance relative to various quantitative KPIs, with comparison to 2018 and 2019, are disclosed in the [Performance Summary](#) section. Information of 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 non-exhaustive list of strategic targets from the 5C Strategy has also been included in each 'C' section to provide a sense of our intended direction as related to sustainable development.

## Stakeholder Engagement

At Shui On Land, we believe that consistent stakeholder engagement is important for developing and maintaining strong relationships which enable us to understand our stakeholders' unique needs, perceptions, and concerns. As such, we are committed to regularly engaging with our stakeholders regarding SD issues. Beyond for ESG 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 six key stakeholder groups that we have identified to either have a significant impact on or are significantly impacted by, our performance. We engage in regular dialogue with these stakeholder groups:

Our Key Stakeholders	Relationship and channels of engagement
Governmental and regulatory authorities	<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 SD initiatives via collaboration and support from local government entities.</p> <ul style="list-style-type: none"> <li>· Frequent general meetings, notices, circulars, and announcements</li> <li>· Regular corporate publications including financial statements</li> </ul>
Shareholders	<p>As owners of the company we listen to their concerns as part of our fiduciary duty and to ensure alignment in our common interests of nurturing an adaptive, resilient business.</p> <ul style="list-style-type: none"> <li>· Regularly disclose information on our business</li> <li>· Convene general meetings regularly, issue annual reports</li> </ul>
Tenants and Customers	<p>Our business depends on the satisfaction of our customers, so we listen carefully to their concerns and respond to their evolving preferences.</p> <ul style="list-style-type: none"> <li>· Customer satisfaction surveys</li> <li>· Collect feedback from front line staff who interact with tenants and customers</li> </ul>
Investment partners	<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 listen to their concerns and to align understanding and strategy with them.</p> <ul style="list-style-type: none"> <li>· Regular quarterly, interim and annual reports, and meetings</li> <li>· Ad hoc strategic meetings</li> </ul>
Suppliers	<p>As a developer and asset manager of real estate we have many suppliers of materials and products. By working closely with our suppliers and engaging with them on SD objectives, we can grow the impact of our SD initiatives.</p> <ul style="list-style-type: none"> <li>· Regular supplier review and assessments</li> <li>· Lectures/trainings (especially EHS trainings) for suppliers and contractors</li> </ul>
Staff	<p>Staff are the core of our business and it is essential that we listen to their concerns, needs and ideas so that we can hire and retain the best talent.</p> <ul style="list-style-type: none"> <li>· Annual employee engagement surveys</li> <li>· Townhall, lunchtime sharing with senior management, and focus group meetings whenever needed</li> <li>· Employee communication channels</li> </ul>
Society and the public	<p>It is important for us to listen to the public and address their concerns and requests so that we may achieve our corporate vision and mission.</p> <ul style="list-style-type: none"> <li>· Whistleblower channels including email and telephone</li> <li>· Feedback collected from front line staff who interact with the public</li> </ul>

※ Channels of engagement listed are non-exhaustive



## About this Report

As part of the 5C Strategy development process in 2020, and in addition to our regular engagement activities, we sought to gain a clear understanding of what our material ESG topics are, and learn from best practices and trends in the industry. We engaged with a variety of stakeholder groups, namely key employees, suppliers, investors, and business partners to learn of their opinions of various material ESG topics and to ensure that their insights and expectations are accounted for. The engagement exercise comprised 20 interviews with 13 internal and seven external stakeholders as well as an internal staff survey with a response from 239 participants. The external stakeholders interviewed were selected based on their significance and importance to SOL. The insights from these stakeholders helped us to understand and develop the high-level commitments and strategic objectives that are included in the 5C Strategy. Notable topics and concerns raised during this engagement have been shared below.



### Key topics and concerns raised and our responses:

#### From investors

- Investor** **A** The board cannot be an echo chamber. Boards should have members that do their job well in a crisis. We want to see how INEDs contribute. Compensation needs to also be well aligned (instead of being motivated by share price).
- SOL's response** **A** SOL's INEDs provide a spectrum of valuable business experience, knowledge, and professionalism to the Board to ensure it functions efficiently and effectively. Their active participation in the Board and the Board Committee meetings brings independent judgment on issues relating to our strategies, performance, and management processes. The INEDs sit on a number of board level committees including the Audit and Risk Committee which is comprised entirely of INEDs.
- Investor** **B** Energy efficiency and climate change have become increasingly important. We want to see climate change considerations clearly incorporated into building design. TCFD is a huge driver and motivator to get companies on the right track.
- SOL's response** **B** Tackling climate change is a high priority at SOL and it is key to the Clean component of our 5C strategy. While we have achieved our 5-year 2021 emissions reduction goals one year ahead of schedule, we are still working on finding more ways to reduce our emissions. At the same time, we recognise that climate-related disclosures have become increasingly important and we will be steadily improving on this in coming years. Also, as of March 2020, we have committed to setting science-based targets for all our emissions.

#### From SOL employees

- Employee** **A** Employees' understanding of sustainability is very different than the outlook that leadership has. To address this, we need better training – so that we can gain a deeper understanding of sustainability beyond KPIs, so that we can be more proactive when implementing the 5C Strategy.
- SOL's response** **A** Beyond KPIs, we have a variety of outreach programmes available for our staff on ESG-related topics. Also, improvements to training have been incorporated as targets in the 5C strategy, so in coming years there will be an increase in upskilling our team - from informal sharing and learning sessions to inviting employees to participate in various 5C initiatives.
- Employee** **B** We do not have a systematic approach to tracking our community engagement – e.g., how many hours we volunteered, impact, etc. I hope that in 2021 we improve this and create alignment with our projects.
- SOL's response** **B** One of our key workstreams for 2021 is to improve SD data collection and management, including tracking community engagement activities. This will enable us to better measure our impact and to further improve our approach to community engagement in coming years.

The responsibility of more formal stakeholder engagement on SD issues sits with the Sustainability Committee who generally encourages engagement during the annual report cycle and also throughout the year on as needed basis. In addition, various departments receive regular feedback directly from stakeholders and relevant matters are raised to the Sustainability Committee via the SD Executive Committee, 5C Working and Communications teams. The Board is informed by the Sustainability Committee, on an as-needed basis.

The contents of this Report draw upon the insights gained from our many stakeholder engagements in 2020. The feedback we have received from our key stakeholder groups have informed several aspects of this Report and the 5C Strategy and are consistent with the material ESG topics to which we have identified in the following section.

## Material ESG Topics



Expanding upon the materiality assessment conducted in 2019, members of our SD Executive Committee conducted an in-depth review of the material ESG-related topics most important to Shui On Land in 2020. To assess the importance of each topic, a combination of internal and external factors were taken into consideration, including:

- Broad economic, social, and/or environmental interests and topics raised by stakeholders such as employees, suppliers, and local community groups
- Broad-based societal expectations that were not identified directly from stakeholder engagement feedback
- Consequences for our organisation relating to our impacts on the economy, the environment, and society (for example, risks to our business model or reputation)
- Key organisational values, policies, strategies, and operational management systems
- Laws, regulations, international agreements, and voluntary agreements of strategic significance to our organisation and stakeholders
- The core competencies of our employees and how they can contribute to sustainable development



We also conducted a peer benchmarking exercise to gauge the material topics that industry peers and competitors report on. This added further insight into the general trends and challenges within the industry. We also reviewed updates or newly mandated regulations and international agreements of strategic significance to inform the material topics. Lastly, high-level frameworks including SASB, the TCFD Recommendations, and the SDGs were assessed to inform both materiality and address climate-related risks both on and by our operations.

A key component to the 2020 stakeholder engagement exercise was to request stakeholders to rank in terms of importance to the business:

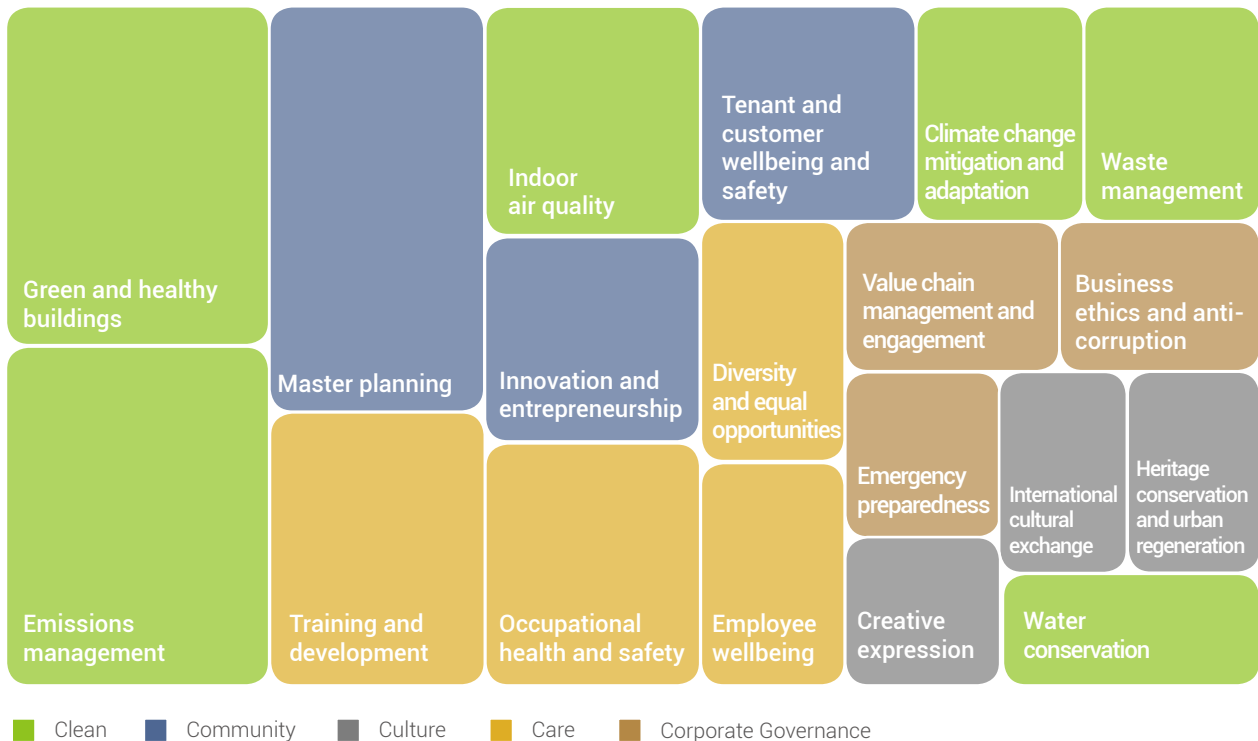
- Our past material topics from the 2019 SD report
- Material topics of peers/competitors
- Material topics from the SASB Real Estate Owners, Developers and Investment Trusts and Asset Management & Custody Activities Standards of 2016

## About this Report

We consolidated and grouped topics where appropriate, arriving at a set of 19 topics for ranking and discussion. During this process, it was determined that the topic of 'Cultural preservation and exchange' ought to be divided into three separate topics of 'Heritage conservation and urban regeneration', 'Creative expression', and 'International cultural exchange.' We then convened senior leaders to review the ranking results, from this discussion two topics were removed from the list and were replaced based on the perceived importance to the strategic direction of our SD efforts. The results yielded the following set of material ESG topics:

### Material ESG Topics

(Ranked according to importance to business and stakeholders)



As shown in the diagram above – the larger the box indicates a higher ranking - the top three topics found of greatest importance to our business and stakeholders are 'green and healthy buildings', 'emissions management', and 'master planning'.

Of relevance beyond sustainability reporting, the topics found in the materiality assessment were used as a baseline to determine suitable priority areas for the 5C Strategy and associated action plan development.

## Boundary

We recognise that various ESG topics may affect our business and our stakeholders differently. We have mapped how each material ESG topic links to the 5C Strategy core components and indicated their respective area of influence – whether internal or external or both - below:

## Boundaries and areas of influence of material ESG topics



## Endorsement and Approval


This Report was endorsed by the SD Committee and approved by the Board in May 2021.

## Contact and Feedback

Your feedback is valuable to our continuous improvement and we welcome any comments and suggestions you may have on this Report or our ESG reporting in general. Please share any comments or suggestions regarding our ESG performance to : [sustainabledevelopment@shuion.com.cn](mailto:sustainabledevelopment@shuion.com.cn)

# Our Performance in 2020

## 2020 – At a Glance



### Clean

**Ambition**


Transition towards carbon neutrality, leading with climate change mitigation and adaptation practices and by increasing our capabilities to manage and reduce emissions across our entire portfolio

**2020 Highlights**

- Achieved our objective to decrease carbon emissions intensity by 33.3% by 2021\*
- 15% decrease in Scope 1 and 2 carbon emissions intensity from 2019, 41% decrease from the baseline of 2011
- 3,764 tonnes of waste diverted from landfill and sent to recycling
- 30% decrease in water intensity from 2019
- 17% decrease in energy intensity from 2019

**Priorities and Signature Initiatives**

- Transition towards carbon neutrality
  - Signature initiative: Adopt Science Based targets and commit to setting emissions reduction target in line with limiting global warming to well below 2°C. Further pursue efforts to sign onto the Business Ambition for 1.5°C campaign in the future
- Build green and healthy communities
  - Signature initiative: 1) Pursue dual sustainability and health certifications (WELL+ LEED and/or Chinese equivalent) for our controlled operating commercial assets; 2) Pursue LEED ND certificate for all our master plan communities
- Reduce waste in our portfolio



### Community

**Ambition**


For all our communities to encourage and enable healthy, sustainable living and to make our community sustainability practices among the best in China

**2020 Highlights**

- Over RMB 13 million donated to local charities
- 10 million RMB donated to the Wuhan Red Cross for COVID-19 relief
- Over 2,100 volunteer hours contributed
- 545 new suppliers from Mainland China
- 100% of new suppliers screened using social criteria
- 95% overall residential customer satisfaction rate

**Priorities and Signature Initiatives**


- Embed health and sustainability into our online-merge-offline community experience
- Enhance partnerships and engagement for thriving sustainable communities:
  - Signature initiative: Encourage and enable consumers to make healthy and sustainable choices and to take on a "Green Monday-plant based diet" initiative by engaging all F&B tenants to provide a vegetarian "green" menu
- Strengthen an innovative and entrepreneurial ecosystem



**2030 5C Sustainable Development Strategy**

Clean, Care, Culture, Community, Corporate Governance

To achieve our vision, we have crafted the 2030 5C SD Strategy, by which our strategic priorities, known as the "the 5Cs": Clean, Community, Culture, Care and Corporate Governance will point the way for the Group's sustainable future toward 2030 and beyond.




### Culture

**Ambition**

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

**Priorities and Signature Initiatives**

- Rejuvenate urban, cultural heritage sites
  - Signature initiative: Become a thought leader in the urban planning and real estate sector on urban regeneration through preservation and adaptive reuse of historic buildings and districts
- Engage, connect, and promote local creativity with future business opportunities
  - Signature initiative: Created in China (featuring the 'Creators 100' programme which promotes and spotlights local creators)
- Promote international cultural diversity and exchange
  - Signature initiative: Enhance global cultural exchange in China through developing and operating signature IP events across our portfolio



### Care

**Ambition**


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

**2020 Highlights**

- Gender split – 53:47 male/female average ratio
- 21.8 average hours of employee development training provided
- 19% turnover rate, a decrease from 22% last year
- 88.8% of female and 94.5% of male employees attended training sessions
- 100% of operational staff received job-specific training

**Priorities and Signature Initiatives**

- Provide equal opportunities in training & development
  - Signature initiative: Develop SOL Talent Development program and enhance our employer branding for talent attraction and retention
- Create a diverse and inclusive workplace
  - Signature initiative: Target to be included in the Bloomberg Gender-Equality Index (GEI) as an industry leader in promoting gender equality;
- Ensure health and safety for all
- Improve employee wellbeing



### Corporate Governance

**Ambition**

Become a trusted partner for all stakeholders by nurturing a corporate culture of integrity, transparency, and accountability

**2020 Highlights**

- Launched the 2030 5C Sustainable Development Strategy
- Published first Green Bond Report

\* Compared to 2011

## Operating responsibly in challenging times

No doubt, 2020 was a very challenging year for all of us. We experienced extreme flooding in Wuhan and Chongqing, and of course, were directly affected by the COVID-19 pandemic throughout the year. The outbreak of COVID-19 has impacted the global economy and disrupted social activities, with a significant knock-on effect on the property industry and the Group's business. Our properties in Wuhan city were hit hard as the city was fully locked down until early April. Other properties in our portfolio also suffered substantially lower shopper traffic and sales at the onset of the outbreak.

When government restrictions were put in place across the country to control the spread of COVID-19, we knew the wellbeing of our team and communities would be affected. However, we have seen that strong relationships and trust are essential for carrying a company, its employees, and local communities through difficult times and throughout the year we have been determined to do our best to be of help wherever possible.



### For our employees, tenants, residents, and customers



Introduced measures to fully sanitise our premises and added health screening measures for the safety of all our employees, tenants, and customers



Provided approximately RMB 500 million in rental concessions and relief measures to tenants



Set up a "COVID Caring Hut" at Xintiandi where medical consultants answered queries from tenants and employees, and provided pandemic prevention advice



### For our communities



Helped raise, together with the New Frontier and the United Family Healthcare, RMB 6 million (RMB 500,000 raised by SOL's staff alone) to purchase medical supplies, including PPE and masks, for Leishenshan and Wuhan Zhongnan Hospitals



Donated RMB 10 million to the Wuhan Red Cross to purchase medical supplies to support frontline medical workers

From flooding across China to a global pandemic, difficulties encountered during 2020 have also been considered as an opportunity to learn and prepare for the future. The difficulties of fighting the pandemic have thoroughly tested our management capability, operations efficiency, and crisis management readiness. However, together with our dedicated team, brand strength, as well as sustainable, people-centric developments and solid financial fundamentals, we were able to prevail during this challenging time.



## Clean

We have a long and unique history of pursuing environmental sustainability. Our master-planned mixed-use, pedestrian-friendly, heritage infused Shanghai Xintiandi development conceived back in 1996, was and still is a pioneer in sustainable community development. Since then, we have held onto a commitment to develop healthy and near carbon-neutral buildings with pioneering levels of energy efficiency and indoor air quality while reducing our waste and water, and mitigate climate-related impacts and invest in climate-resilience planning as best we can.

In 2020, with the onset of COVID-19 and in response to several natural disasters, much of our regular environmental impact has reduced. We spent fewer days on worksites, used fewer materials, and created less waste - and while several of our projects have been delayed, we are on track to resume regular operations by 2021. In coming years, in addition to responding to climate change and energy efficiency, we will work more closely with our tenants and local community groups to address efficient water use and waste disposal. In doing so, we expect to improve performance and meet or

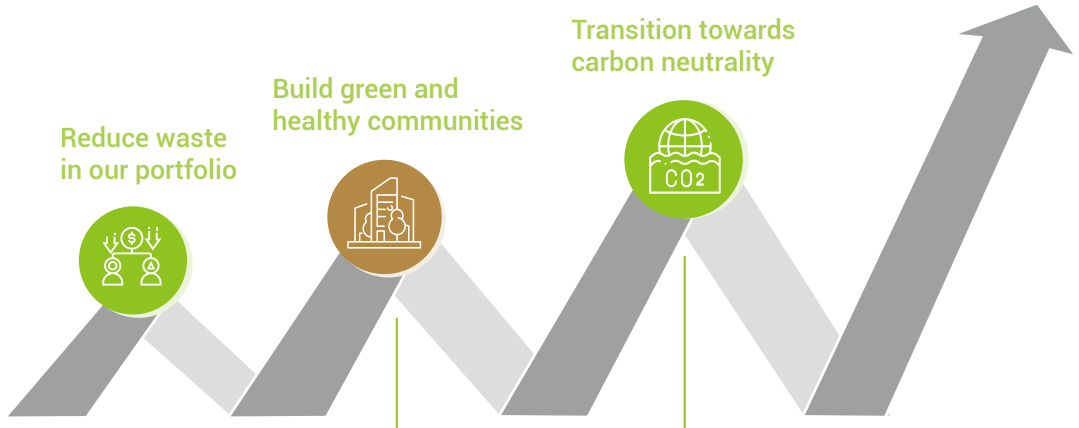
exceed international building standards throughout a building's lifecycle.

Since the release of our Sustainable Development Policy and the formulation of the SD Committee in 2006, continually infusing sustainable building concepts from design to construction through operation has been a key management focus. For example, we rate our projects to ensure regulatory compliance and consider the frequency of non-compliance incidences, scope of influence, community attention/concern, control measures and methods. Aspects rated include air, water, noise, and soil pollution; solid waste management; resource consumption; community issues; and the overall health of the area.

In 2012, we published the Six Major Guidelines of Sustainable Development which outlined our green building motivations and principles. The Guidelines were then updated for 2017-2021 in 2017. Ever since, our approach to environmental stewardship and resource management has been guided by those Guidelines and will be also now be guided by the 5C Strategy.

**Ambition**

Transition towards carbon neutrality, leading with climate change mitigation and adaptation practices and by increasing our capabilities to manage and reduce emissions



• Signature Initiative

- Pursue dual sustainability and health certifications (WELL+ LEED and/or Chinese equivalent) for our controlled operating commercial assets; Pursue LEED ND certificate for all our master plan communities
- Pursue LEED ND certificate for all our master plan communities



• Signature Initiative

Adopt Science Based targets and commit to setting emissions reduction target in line with limiting global warming to well below 2°C. Further pursue efforts to sign onto the Business Ambition for 1.5°C campaign in the future

**2030 Targets**

Transition towards carbon neutrality across our operations and developments

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

Increase the proportion of total electricity consumption from renewable sources to 15%<sup>4</sup>

Be known for our human-centric building designs that meet or exceed international sustainability and health standards

- 100% new buildings achieve dual health and sustainability certifications

The initiatives and actions for 'Clean' are overseen by the Sustainability Committee and the 'Clean' Team (which comprises of staff from several departments) and in collaboration with the Business Development and Project teams, as well as representatives from the Leasing, Operations, Feng Cheng Property Management, Project Management and the Development Planning and Design departments.

<sup>4</sup> This includes the electricity we would purchase from those certified renewable sources by the government.



## 2020 Highlights

Achieved our objective to decrease carbon emissions intensity by **33.3%** by 2021<sup>5</sup>

**30%** decrease in water intensity from 2019

**15%** decrease in Scope 1 and 2 carbon emissions intensity from 2019 - a **41%** decrease from the baseline year 2011

**3,764** tonnes of waste diverted from landfill and sent to recycling

**52%** increase in overall Scope 1 carbon emissions from 2019<sup>6</sup>

**18%** decrease in energy intensity from 2019

## Transition towards carbon neutrality

Reducing our carbon emissions is among our top priorities. We recognise our capacity to enhance the energy efficiency of our assets and are proactively developing efficiency strategies that can generate value for our business while reducing our carbon emissions intensity over time.

To support national policies and international efforts on carbon emissions, we have adopted effective building technologies and introduced energy-efficiency measures to reduce our carbon emissions. For example, both Xintiandi operations and Fengcheng property management continue to utilise energy consumption monitoring systems that embed energy conservation and emission reduction efforts into daily operations.



### Emissions management

We started tracking our carbon emissions intensity in 2011 and have engaged a third-party-TÜV Rheinland to verify the greenhouse gas emissions of our properties that are in regular options. As verified by TÜV Rheinland, we have already achieved a 41% reduction since then. In 2020, our Mainland operations' GHG emission intensity decreased by 15%.

To meet our 2030 carbon reduction ambitions, in March 2021, we became the first China-based company in the real estate sector to commit to the Science Based Targets initiative.<sup>7</sup> We will set targets in line with meeting the goals of the Paris Agreement to limit global warming to well below 2°C<sup>8</sup> making our best efforts to set targets that limit warming to 1.5°C.



### Climate change mitigation and adaptation

Beyond managing our own emissions, we actively support local government agencies and industry associations that promote climate mitigation. Throughout 2020, our efforts to mitigate our emissions and adapt to climate change included:

- Reassessed and updated the company's risk inventory to include management of climate-related risks. This involved discussions on and a proposal for corresponding mitigation plans from the Clean working team to the company's Audit and Risk committee
- Setting new science-based emission reduction targets (which start in 2021) and began the process of verifying our Scope 3 carbon emissions
- Nanli completed a renovation project upgrading 20-year-old electromechanical systems and replacing old air-cooled heat pumps with efficient cold and heat sources

Further details about our approach to climate-related risk management can be found in the [Incorporating ESG-related risks into enterprise risk management](#) section.

<sup>5</sup> Compared to 2011

<sup>6</sup> Due to increase in property area under management

<sup>7</sup> The Science Based Targets initiative (SBTI) is a joint initiative by CDP, the UN Global Compact, the World Resources Institute and WWF intended to increase corporate ambition on climate action by mobilising companies to set GHG emission reduction targets consistent with the level of decarbonisation required by science to limit warming to less than 1.5°C / 2°C compared to preindustrial temperatures.

<sup>8</sup> Well below 2°C is a term drawn directly from the Paris Agreement that calls for a global commitment to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."

### Build green and healthy communities

In addition to being green, health and wellness concepts have been incorporated into the design of our developments. Our green design techniques make the most of not only innovative sustainable technology but also cost-effective health and comfort aspects that are inviting to our customers and tenants. From indoor sunshades that lower power consumption and 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.

Inspired by the WELL Community Standard, embedded in our community designs are ten elements that improve users' physical and mental health: air, water, nourishment, light, movement, thermal comfort, sound, materials, mind, and community. Wherever possible, we use eco-friendly materials, monitor indoor air quality, minimise construction noise, and keep construction induced erosion and sedimentation to a minimum. By combining these elements with our focus on cultural heritage and community, we build engaging spaces that uplift modern life.

We minimise our energy use by leveraging energy-efficient systems across our portfolio and currently, 12 of our commercial projects are equipped with energy consumption and water resource monitoring systems. We have also committed to meet China Green Building Label or LEED certification for all our new developments. Learn more about our approach in our [Green Communities Healthy Living Brochure](#).

In 2020 we consumed 124,889 MWh of energy, which is only a slight increase from 2019. Conversely, our overall energy intensity decreased to 62.16 MWh/1000m<sup>2</sup> a 17.78% reduction from 2019.



#### Indoor air quality

Our approach to air quality management is centred around minimising PM2.5, TVOC and other pollutants, and we are committed to maintaining and improving air quality both in and near all our operations. We actively test the air quality within select buildings for PM2.5 levels and conduct indoor air quality tests before handing over each new residential unit to customers.

In coming years, as guided by targets from the 5C Strategy, we will:

- Ensure all residential units undergo air quality testing before delivery
- Install indoor air quality monitoring systems in all commercial developments and will report on overall indoor air quality metrics



#### Water conservation

Water management is essential to our operations and the well-being of the environment, so we are taking steps to steward sustainable water practices in our business. We incorporate design specifications when purchasing water systems, install online water meters and piping equipment, and install energy and water consumption monitoring systems throughout our developments.

In 2020, we consumed 1,156,125 m<sup>3</sup> of water and our overall water intensity was 575.39 m<sup>3</sup>/1000 m<sup>2</sup>.

In coming years, as guided by the 5C Strategy, we aim to:

- Complete a water risk assessment and establish a water management policy
- Implement and report progress on a water risk mitigation plan



## THE HUB: 2020 ULI Asia Pacific Awards for Excellence

In September 2020, the Urban Land Institute awarded our THE HUB(Hongqiao Tiandi) development the 2020 ULI Asia Pacific Award for Excellence for outstanding performance in diversified land use and business practices. We are delighted by the recognition as we designed THE HUB with the ambition of building a healthy and near carbon-neutral development, with pioneering levels of energy efficiency, indoor air quality, and human-centric design usability. All nine buildings in the complex received LEED and/or China Green Building Label green building certifications and all three office buildings have obtained LEED CS Gold certification.



THE HUB sits at the heart of the Hongqiao Business District in west Shanghai. The first “urban transportation hub” project of Shui On Land, the multifunctional complex easily connects the commercial and business district with the Yangtze River Delta region. Connected to the Shanghai Hongqiao International airport, high-speed railway station, and local subway system via pedestrian walkways – THE HUB is full of spaces that ease connectivity and integrate user-friendly design aspects, including:

- Multiple levels of open public areas with 40% covered by vegetation and each building has a green roof.
- Buildings are equipped with multifunctional devices, such as combined cooling, thermal power, energy-saving electrical and mechanical systems, sustainable building shell design, solar water heating systems, heat recovery systems, and so on.
- Indoor carbon dioxide sensors and low volatile organic compounds within the building materials are used to monitor and improve air quality respectively.



THE HUB

At every stage of the development process, including project planning, design, construction, and operation life cycle management – we have integrated our distinct green and healthy building approaches – and we are proud to have created a landmark complex that is being recognised for our sustainable design efforts.

### Reduce waste in our portfolio

The development and operation of buildings can create large quantities of waste, which we manage as best we can. We seek to reduce, reuse, and recycle our waste whenever feasible, minimising our contribution to landfills. Our waste is always handled according to applicable national and provincial laws and regulations, and we aim to exceed legal requirements as best we can. We separate waste at source and send paper, plastic, tin, and other recyclable products to recycling. Within our offices and construction sites, we raise awareness of waste management best practices and provide signage and waste and recycling bins in our developments to educate the public about the importance of waste collection and recycling.

In 2020, across our portfolio, we generated 93,407 tonnes of wet, dry, and construction waste. We saw a decrease of 24% for construction waste compared to 2019 and diverted 3,764 tonnes of recyclable products from landfill. We also proactively responded to the Shanghai, Nanjing, Wuhan, Chongqing, and Foshan citywide garbage classification and restrictions on disposable plastics policies, taking measures to improve our internal guidelines on the use of single-use plastics to help our tenants reduce their reliance on plastics within their own operations.

We acknowledge we are only beginning our work in this area and seek to improve our performance in waste reduction and management over time. In coming years, we will be making efforts to minimise the amount of waste produced during construction and by our properties, monitor the amount of waste generated, and appropriately manage waste production. In coming years, as guided by the 5C Strategy, we aim to:

- Establish a construction policy for reducing, reusing, and disposing of waste materials on-site
- Install water stations (water fountains plus bottle refill) providing occupants with free, high-quality filtered water in all commercial retail spaces



### Leading the industry on green building best practices

SOL is an active participant among organisations developing codes, standards, and guidelines for improving safety, energy efficiency, and advancing sustainable building best practices in China. Some examples of our involvement include:

- Our Executive Director Allan Zhang is the vice-chairman of the Shanghai Green Building Council
- Our colleagues from project management and Fengcheng Property are members of the Association's Green Operation Technical Committee
- We have also developed the "Shanghai Healthy Building Evaluation Standards" with the Shanghai Green Building Association, and the "Green Development Evaluation Standards for Real Estate Enterprises" with the China Real Estate Association

We believe that active participation and leadership in sustainable building practices help bring the industry forward in an ethical and future-oriented way.



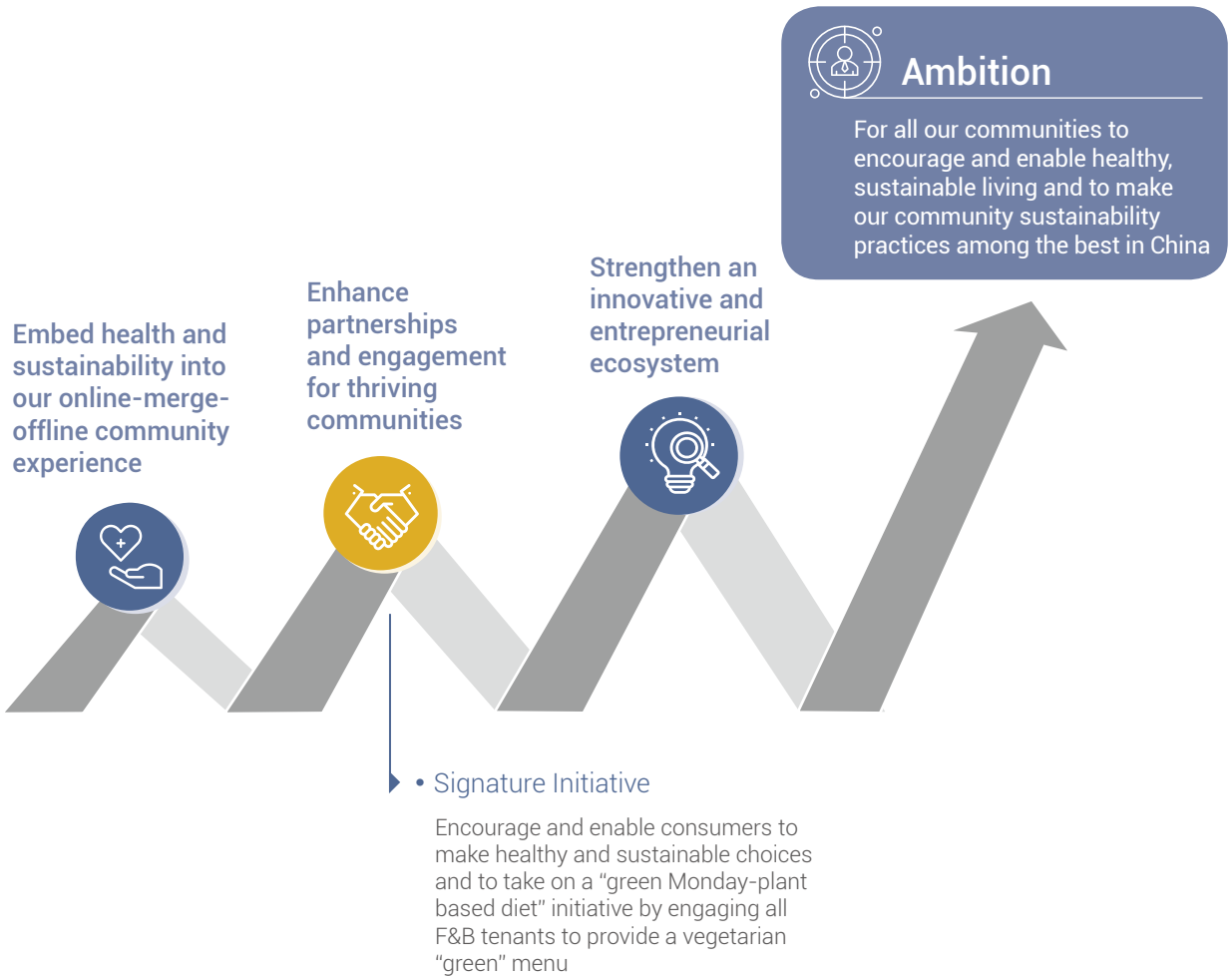
# Community

It is our ambition to create and shape communities that thrive today and for years to come. We want all our built communities to engage and inspire healthy, sustainable living. As such, we are committed to incorporating sustainable design elements that enhance liveability while also creating highly connected and accessible communities. We are also motivated to become an industry leader in master planning and in driving innovation and entrepreneurship ecosystems throughout China. We achieve this by focussing on the wants and needs

of our communities and embedding health and sustainability considerations into every aspect of our service offering. We do not do this alone, so we also continually seek out ways to enhance partnerships and engagement across our value chain so that our entire industry can be elevated together. At the same time, we strive for industry best practice in tenant and customer safety and well-being and to fully engage everyone in our value chain on our SD journey.



Boot Sale Market in THE HUB

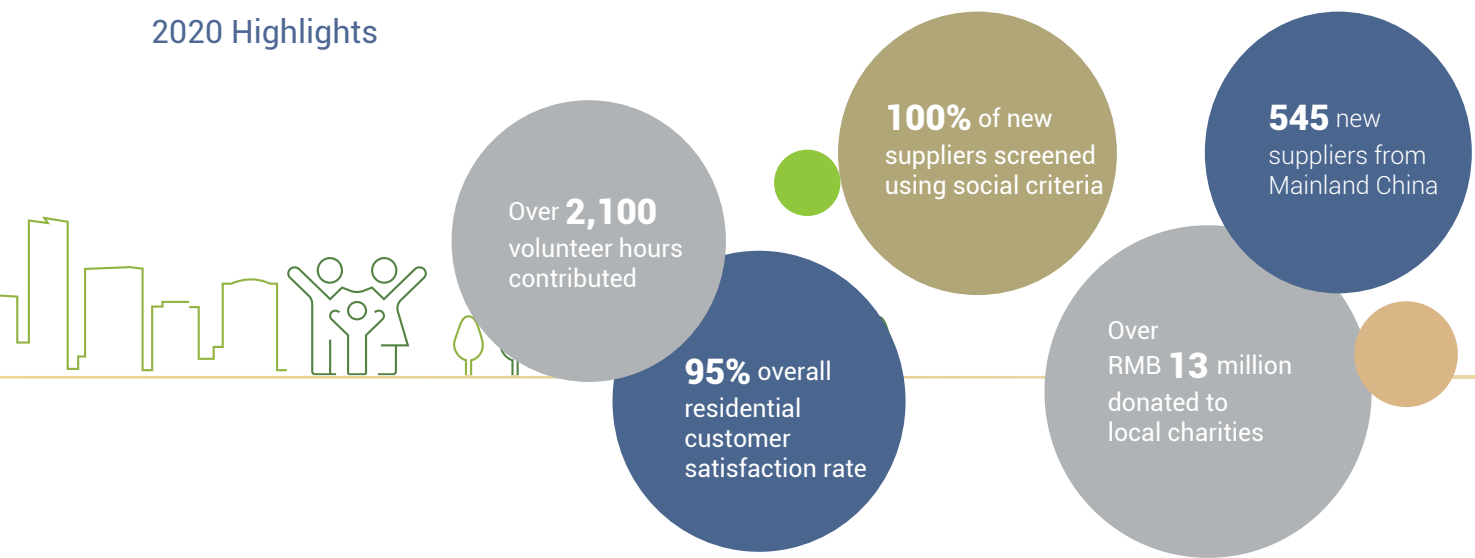


## 2030 Targets

 <p>100% of the indoor air quality in the common areas of our buildings to meet or exceed the IAQ mainland Chinese standard</p>	 <p>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</p>
 <p>Design and curate programmes for inclusive, human scale public spaces that improve the vibrancy and liveability of our communities</p>	 <p>Promote and/ or incubate over 100 start-ups or local creative businesses within our community</p>

The initiatives and actions for 'Community' are overseen by the SD Committee and the 'Community' Team (which comprises staff from several departments) and in collaboration with the Development Planning and Design, Community Innovation, Operations, Leasing, Marketing departments.

## 2020 Highlights



## Embed health and sustainability into the community experience

We like bringing people together and our live-work-play-learn community development concepts have been specially designed to help bring whole communities together and to build bonds between our employees and other stakeholders. The trust of our customers has been earned by our high-quality building services, diligent after-sales service, and emphasis on health and safety.

We do all this by coordinating a range of activities, held annually or on an ongoing basis. In 2020 this included:

- Launching the 2020AW Fashion Campaign, where we encouraged the recycling of used clothing among participants and collected 107 kgs of old clothing which were then donated to Feimayi, an online clothes recycling platform created by Alibaba.
- Promoting a plastic-free lifestyle during "TIANDI Restaurant Week" where we encouraged tenants to offer non-plastic options for cutlery and packaging.
- Hosting the "Better Moments Make the World Smile" campaign in Shanghai Xintiandi, to raise awareness on how to live a low-carbon and sustainable lifestyle.



*Share green plants with white-collar workers on World Earth Day to promote sustainable green lifestyle.*

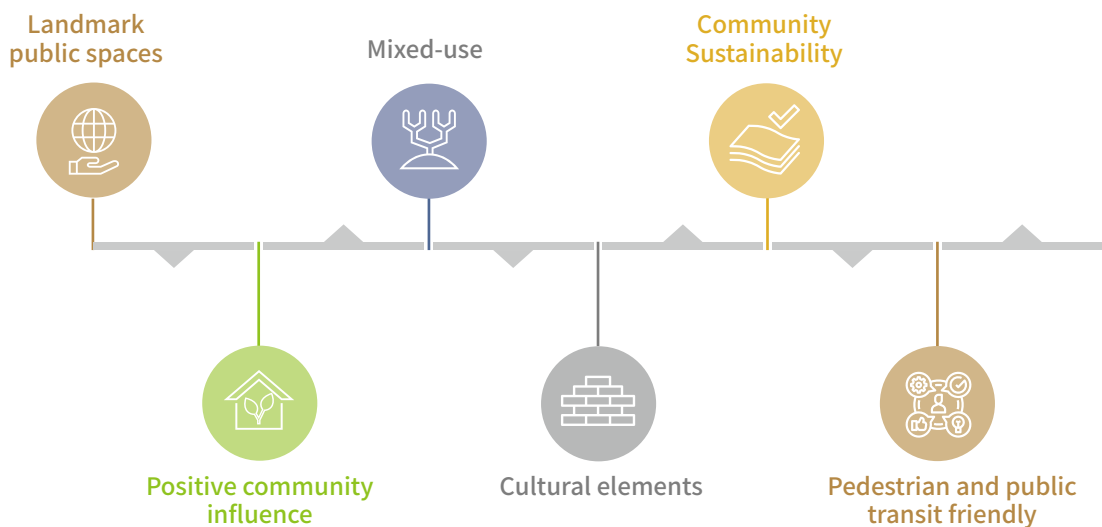


## Master planning

We believe that buildings that bring comfort to both body and mind are timeless and that great communities are best built by addressing urban issues and creating inclusive spaces that bring people together. As such, we are committed to leading the industry in master planning and our approach to this is to keep human-centric design at the core of every decision.

The SOL master planning process is applied to developments - from a 50-hectare multi-phased community development to a single block urban regeneration challenge, no matter the size or scope of the project, our intentions remain the same.

The key to achieving this lies in:



In coming years, as guided by targets from the 5C Strategy, we aim to:

- Attain LEED New Development Gold and WELL Community Gold level certifications for all large master planned projects
- Establish an in-house R&D/innovation lab for master planning and urban renovation



## Tenant and customer wellbeing and safety

We always do our best to ensure the wellbeing and safety of anyone who comes into one of our developments or enjoys our services. Recognising the needs of our clients and providing products and services that are healthier, more comfortable, and environmentally-friendly are important elements of our customer-service oriented culture. Understanding and responding to our customers' changing needs and consistently improving the customer experience is critical to the ongoing relevance and reputation of our brand, products, and services.

When it comes to the security and protection of customer information, our Personal Information Security Management System clearly outlines protocols and protection standards for personal information. We also provide training for our employees on information security. In 2020, all SOL employees completed the company's information security online learning module. We also conducted quarterly phishing email tests and required those who failed to avoid phishing emails to re-attend the information security training.





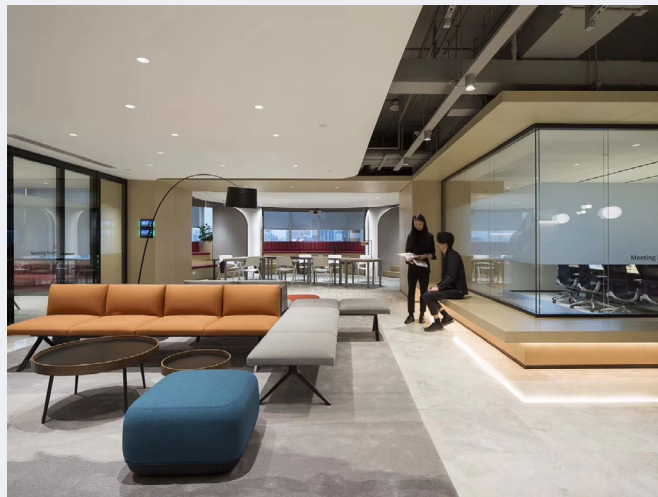
## Renovating health into our Shanghai Headquarters

With the intention to create a healthy and comfortable working environment for employees, we undertook a half-year renovation of our headquarters in Shanghai. A key challenge of the renovation was to upgrade the old, poorly designed air conditioning system to ensure that the air quality in the building met WELL requirements. We increased the filtration level of the air conditioning system, installed additional ceiling air purifiers, and purchased floor air purifiers. In addition, we used ventilation fans and activated carbon to optimise the air quality after the construction.

The space now embodies the concept of Activity Based Working, offering four types of work spaces, 10 types of meeting spaces and several multi-functional spaces to encourage an open, innovative, and collaborative working atmosphere. Exciting new features from the renovation:

- The air quality of the whole office is publicly displayed in real time using a web-based platform that monitors performance over time
- NSF-certified, the highest-grade direct drinking water dispenser available, have been installed with filters that remove copper, lead, and 1.5um suspended solids, and are equipped with reverse osmosis and UV disinfection systems
- Drinking water points are available within 30 meters of any work station to facilitate employees' access to drinking water at any time
- The interior design is laid out to allow adequate daylight access and a good view for all occupants
- All workstations use sit-stand desks with three levels of height adjustment and liftable ergonomic seats
- Individual employees can control the temperature around them using nearby smart thermostats that learn over time to predict and regulate the thermal environment to the satisfaction of employees
- Low-noise machines and equipment, double-layer double-sided gypsum board (8cm thick internal layer) and partitions reduce external noises as much as possible

In 2020, the International WELL Building Institute™ awarded our headquarters with its highest level of WELL Platinum certification for healthy buildings. We believe that being WELL certified as a healthy building will further inspire us to continue to innovate and develop sustainable, smart, healthy, and people-oriented buildings and communities for years to come.



*Project lighthouse*



### Volunteering

We support local community groups via charitable donations and volunteering with a focus on supporting underprivileged local community groups and migrant children across China.

Due to the unprecedented events of 2020, we reassessed our plans for employee volunteering and reallocated much of our budget to health and safety efforts for our employees and our surrounding communities. This entailed support focused on recovery efforts from flooding in Wuhan and Chongqing as well as relief efforts for COVID-19. Throughout the year, we contributed RMB 13,353,671 to local charities and NGOs.

We also encouraged our employees to volunteer for community service programmes (while still observing social distancing measures). In 2020, our employees dedicated a combined total of 2,192 volunteer hours. Up from 360 hours in 2019, this was made possible by an increase in both events and level of interest and engagement by our staff. A signature activity was a Second-Hand Charity Fair held to raise funds for migrant children in November where 25 staff members donated 196 items and raised over RMB 13,000.



### Assessing our impact

In coming years, as part of our 5C Strategy, we will conduct a social impact assessment to analyse, monitor and review the impact of the ESG programmes and activities more effectively and gain a better understanding of the true needs of the local community members most in need of our support. We will also provide relevant training to employees about our findings from the assessment and to better equip them with the skills needed to communicate with targeted stakeholder groups more effectively.



## Seagull Club

A signature 2020 community engagement event was our Seagull Club Charity Walk, held in October on Changxing Island. Walking a cumulative 2,000 kilometres, over 160 employees and their families helped raise over RMB 52,000 to provide financial support to migrant children in Shanghai.

The Seagull Club is a keystone community project that focuses on:



Caring for underprivileged children by offering education, protection and social integration support.

Via:

### Financial support

We set up a Seagull Home in Shanghai providing social services for children in poverty; we plan to set this up in other cities too

### Charity Walk

In October every year, we raise funds and encourage our employees to participate in this event

### Activity support

We provide holiday themed activities and hot meals exclusively for children at the Seagull Home

### Voluntary activities

We provide classes for children at Seagull Home taught by volunteer SOL team members

### Feedback from participants

**75%** of participants shared that the experience helped improve their understanding of the plight of migrant children

**84%** our staff showed appreciation of SOL taking part in this type of CSR activity.

### Enhance partnerships and engagement

Every year we partner with over 4,000 suppliers including construction contractors, professional consultants, and other service providers. These suppliers are a vital component of our supply chain and enable our ability to develop quality developments and services for our customers. As such, we maintain strong relationships with them so that they are motivated to operate in a manner that is consistent with our values and sustainability standards.

We understand that every supply chain has social and environmental impacts and we have taken proactive steps to identify the most significant ESG-related challenges within our own supply chain. We have implemented stringent supplier selection and evaluation criteria that encompass a range of social, environmental, and quality screening parameters. In 2008, we developed a "Health, Safety and Environment Handbook" which outlines our social and environmental standards and requirements and is used as evaluation criteria when we select suppliers. It covers topics such as construction safety management, construction site environmental protection, temporary facilities, worker welfare, etc.

In 2013, we established a comprehensive supplier evaluation system to help our suppliers increase their capacity to meet our sustainability standards. We require our suppliers and vendors to comply with our Code of Conduct and Business Ethics by including a standard clause on all relevant service agreements/contracts requiring, to the extent applicable, suppliers/vendors be familiar with and to abide by the Code or other similar relevant clauses which are relevant to their work with us. Failure to do so will result in a breach of contract. As most of our suppliers are China-based, the impact is mainly limited to within Mainland China. We evaluate the performance of our project contractors and suppliers every quarter and all of them passed our performance evaluation. To our knowledge, no negative social impacts were found in our supply chain in 2020.

We select and evaluate new suppliers through on-site office and plant inspections. We also evaluate new suppliers quarterly to ensure their performance. At the development level, we require all project leads to strictly inspect and evaluate supplier performance as needed. We register new suppliers with relevant performance evaluation in our supplier database. The Project Management and Cost Management Teams are responsible for reviewing the database and conducting inspections as and when needed. In 2020, we welcomed 545 new suppliers to our supply chain and 100% of them – including contractors, general suppliers, and government supporting facilities - were screened using social criteria from our supplier evaluation system.

We also leverage our strong relationships with tenants and customers to increase our impact along the value chain by increasing awareness and providing and promoting sustainable options such as reusing existing buildouts in commercial spaces. In 2021 we will be engaging our tenants and customers about low carbon living by rolling out a plant-based food initiative across our portfolio.

In coming years, as part of our 5C Strategy, we will continue to build strong partnerships and engagement programmes with our stakeholders to inspire healthy, sustainable living. We will be working on:

- Building a sustainable business network to support 30 companies that focus on 'living cities'
- Requiring all Tier 1 Suppliers (and strategy partners) to sign an ESG Code of Conduct
- Developing a SOL Standards for Materials and Processes Guideline to support all suppliers, contractors, and partners who work with SOL to meet the company's sustainability standards

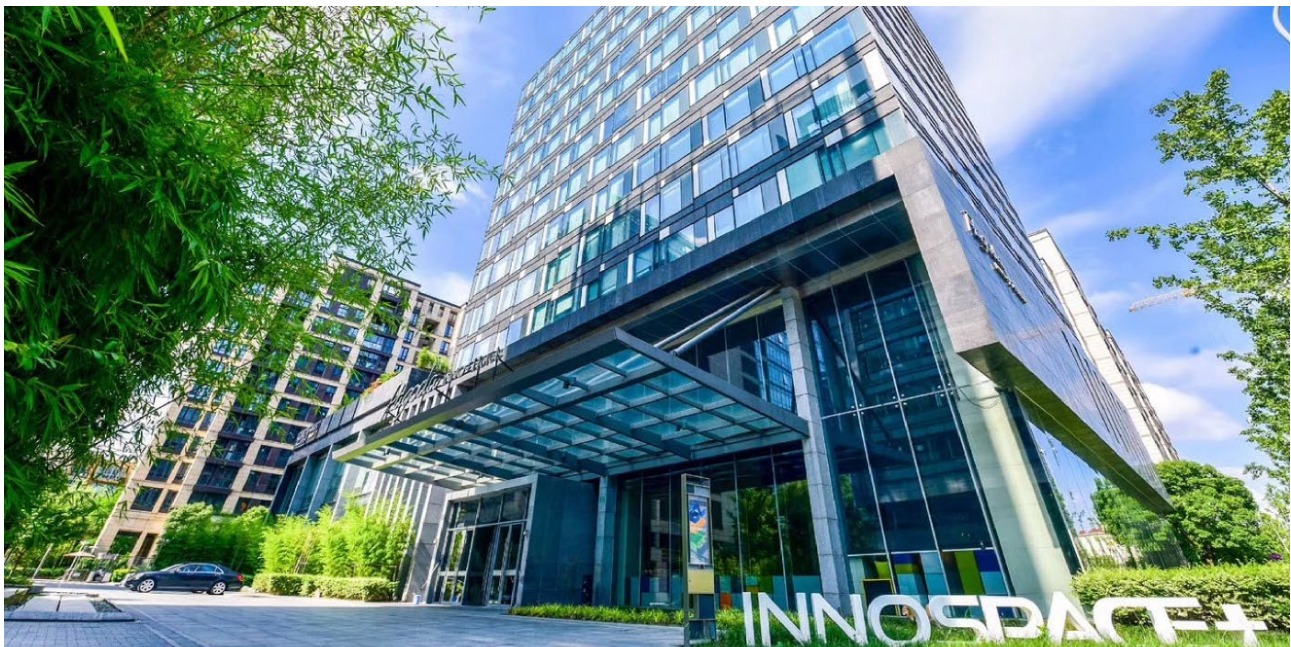
## Strengthen an innovative and entrepreneurial ecosystem

We believe that to be a sustainable business, innovation and entrepreneurship must be encouraged in tandem so that community-based improvements can become pervasive and benefit society at large. We also recognise that innovation plays an important role in addressing critical social and environmental issues. Knowing this, we seek to strengthen the innovation and entrepreneurial ecosystem among the communities in which we operate. We see innovation as a necessary tool for growth and we nurture local innovators and entrepreneurs via a range of support platforms, such as:

- Creating Innovation labs – such as INNOSPACE+, technology scouting outposts, and accelerator programmes that invest in start-ups and entrepreneurs
- Hosting regularly scheduled “Hackathons” and idea challenges that invite young entrepreneurs, universities, and companies to develop and pitch new ideas
- Building Research and Development initiatives that surmount internal obstacles to deliver measurable value

All these efforts effectively make SOL a comprehensive one-stop solution for start-ups and entrepreneurs with work-live-learn-play concerns. In coming years, as part of our 5C Strategy, we aim to:

- Support from incubation 50 companies (innovators) from our innovation and entrepreneurship community
- Research opportunities to develop and sponsor an online/offline network that would help the innovation and entrepreneurship community to gather and connect



*INNOSPACE+ is more than an incubator, by offering both financial and technical support to start-ups.*



## Culture

At Shui On Land, we see culture as the culmination of the ideas, customs, values, social behaviour, and human achievement of a particular community. Culture strengthens our acceptance of others, improves the physical and mental health of a society, and brings about opportunities for people to come together.

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 community identity and brings us closer to one another. 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. Indeed, we value the preservation of our unique culture and heritage and believe that their conservation and promotion are a form of sustainable development. It is so integral to us that it is embedded in our business model, as we see culture and sustainable development as being connected and self-reinforcing.

Highlights of our major developments include finding win-win solutions for historic preservation

and commercial development, small scale replicable urban regeneration and place creation projects, public, private partnerships linking culture and SD together, and other partnerships that promote cultural heritage and development. We also celebrate the shift in emphasis from “Made in China” to “Created in China” for products and services, and reflect this via our support for not only Chinese products and partnerships, but also for local artists, entrepreneurs, and innovators.



*Chinese cultural events were held in Foshan Lingnan Tiandi in October.*



## Ambition

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

Rejuvenate urban, cultural heritage sites



Engage, connect, and promote local creativity with future business opportunities



Promote international cultural diversity and exchange



### • Signature Initiative

Become a thought leader in the urban planning and real estate sector on urban regeneration through preservation and adaptive reuse of historic buildings and districts

### • Signature Initiative

Created in China (featuring the 'Creators 100' programme which promotes and spotlights local creators)

### • Signature Initiative

Enhance global cultural exchange in China through developing and operating signature IP events across our portfolio

## 2030 Targets



Be a pioneer in preservation and adaptive reuse of historical buildings and its 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 talent

The initiatives and actions for 'Culture' are overseen by the SD Committee and the 'Culture' Team (which comprises staff from several departments) and in collaboration with the Clean and Community teams.

### Tell stories of our heritage

We do our best to conserve the integrity of our heritage and the legacy of our ancestors. As a developer, we achieve this by actively seeking out cultural landmark buildings and communities and preserving and rejuvenating them. Beyond structural conservation, it is our perspective that every facade, floor, roof, and space that make up our buildings, as well as all the spaces in between, can act as canvases for creative and respectful recognition of those who came before us. As such, we believe that infusing ethnographic elements and communal culture features into green and public spaces as well as historical aspects of buildings helps preserve our rich heritage.

Our creative and design teams work together to infuse culture-focused content (such as festivals, exhibitions, artwork, etc.) into our many existing communities to rejuvenate the public's understanding and appreciation for our historical heritage. We also offer facilities (such as exhibition venues, theatres, libraries/bookstores, learning centres, cinema, sports centres) within our neighbourhoods and communities to the benefit of local artists and community groups so that their work can reach a broader audience.

In 2020, we increased our engagement both online and offline to increase connectivity with our online followers and make better use of virtual spaces that highlight cultural community aspects. In coming years, as part of our 5C Strategy, we aim to:

- Have at least one heritage project be globally recognised as an important heritage landmark in China
- Create a cultural heritage rejuvenation guideline/policy to be considered during master planning
- Develop new urban rejuvenation projects that include preserving heritage buildings
- Increase in daily visitors to our heritage rejuvenation projects
- Work with at least three partners each year to ensure alignment on cultural heritage rejuvenation





## Panlong Tiandi — Where yesterday meets today

We are honoured by the opportunity to help rejuvenate the thousand-year-old Jiangnan ancient town, located in the centre of the Hongqiao Central Business District, Shanghai. Covering over 752 acres, this multi-dimensional project enables us to showcase the international commercial operation DNA of our XINTIANDI series and create a unique blend of tradition and contemporary design.

The project includes a comprehensive mix of functions including a 230,000 m<sup>2</sup> public park (Panlong Park), 50,000 m<sup>2</sup> of waterfront commercial venues (Panlong Tiandi), which will take the form of a traditional Jiangnan water town, as well as 250,000 m<sup>2</sup> of residential space (Panlong International Residence). The project will not only connect the Jiangnan culture with the Hongqiao CBD, but will also create an exciting new vacation destination in Shanghai.

The ambition is to recreate a revealed Jiangnan – comprising a waterfront commercial area combining traditional buildings, creeks, bridges, lanes, and modern businesses. We have carefully and craftily restored the old cross streets and the basic town structure. We have preserved all of the natural and artificial rivers and docks.

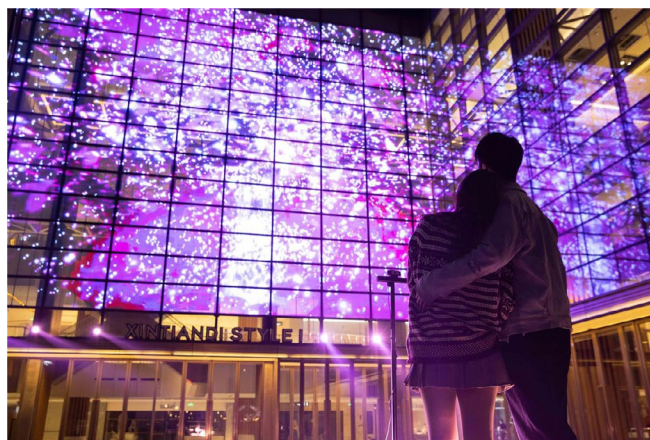
Every aspect of the project aims to respectfully highlight the dynamic cultural elements of the original city and rejuvenate the prosperity of Panlong Town, bringing life into old Jiangnan again. By reviving the time-honoured historical experience and traditions of the past – such as restoring cultural heritage sites including Cheng's Ancestral Hall, Panlong Temple and Xianghua Bridge – this extraordinary project offers a brand-new interpretation of traditional life and cultural customs juxtaposed with modern architecture and design.



*Panlong Tiandi*

### Facilitate international cultural exchange

Shui On Land is committed to nurturing international cultural exchange activities and events because we value the diversity of thought, ideas, and practices. We achieve this by fostering partnerships with local and international cultural organisations for exchange opportunities as well as by hosting international cultural and/or urban regeneration events with other local and international cultural groups, such as Lumieres Shanghai and Shanghai Fashion week – which went virtual this year due to COVID-19 social distancing measures.



*Lumieres Shanghai in Shanghai Xintiandi Style*

In coming years, as part of our 5C Strategy, we will be setting up an internal cultural exchange programme developed and championed by SOL's stewards. By 2029 we aim to host at least 50 international cultural/urban regeneration events, partnering with 50 cultural organisations (e.g., international art fairs, etc.).

### Creatively expressing Created in China

Shui On Land celebrates the creative expression of Chinese culture (past, present, and future) and we focus our contributions toward the arts, music, dance, food, fashion, festivals, and education-based activities. We create opportunities for local artists, designers, and artisans to share their creativity by offering physical spaces within our developments such as public green spaces and exhibition spaces, as well as online opportunities. We also promote local creators by hiring them for projects and/or organising events to showcase their work (e.g., Design Shanghai).



*21 creative designs were shown in 2020 DesignShanghai @XinTianDi Design Festival. Social Rabbit is one of them as pictured*

In 2020, in response to COVID-19 social distancing measures, we took several of our events and cultural expression initiatives online.

This mainly involved supporting local artists via O2O (Online to Offline) promotional campaigns and events. For example, in March, the live opening show of the "Cloud Fashion Week" jointly created by Shanghai Fashion Week and T-mall was launched on Taobao, attracting an audience of 2.5 million within three hours – a new record for Shanghai Fashion Week. By so doing, a series of cutting-edge designer brands in Xintiandi were not only presented via the live online show but products were also simultaneously sold and displayed on Xintiandi's online store.

We are currently evolving our digital strategy and improving options available for O2O communities. We are also actively developing a new retail strategy that revolves around social omnichannel experiences. In coming years, as part of our 5C Strategy, we will continue to celebrate the concept of Created in China and will engage, connect, promote creative classes and future business opportunities. A signature initiative will be to launch a 'CREATORS 100' programme in 2021 which will promote and provide economic opportunities for local creators.



## Care

Our vision to become a pioneer of sustainable premium urban communities starts with a great team. Our 3,141-strong team of caring, dedicated, and creative employees is what has helped us create the business we run today and are the key to our success. To us, creating a great place to work means treating every employee fairly and providing equal opportunities for holistic career development.

To become an employer of choice, we have prioritised offering our staff a safe and healthy working environment and fostering a collaborative

working culture, 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. We achieve this by 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.

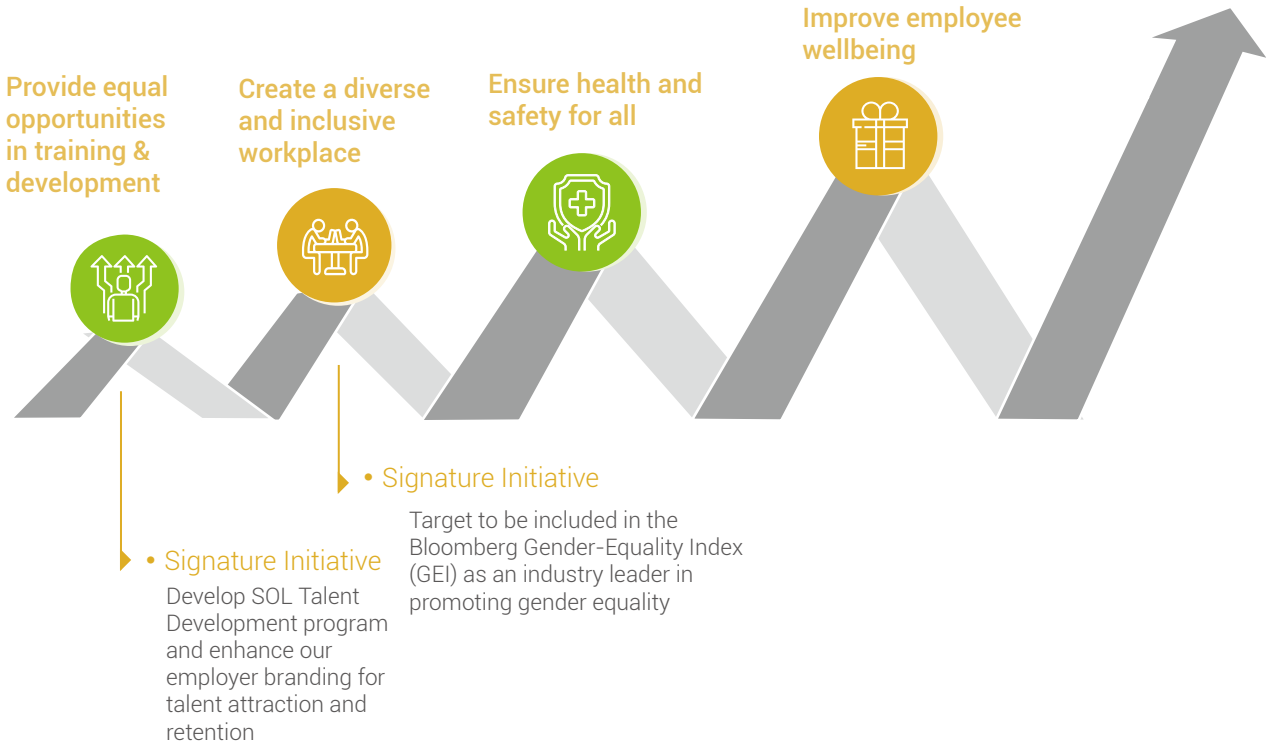


*In November, Wuhan KangLeHui hold the activity of Distinguished Riding to promote healthy lifestyle*



### Ambition

Provide all employees with equal opportunities for holistic career development through specialised training programmes, while maintaining the highest wellness, health and safety standards in the workplace and ensuring openness to diversity of thought and innovation – enabling them to be accountable members of society



## 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



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 gender remuneration ratio 1:1 between female and male

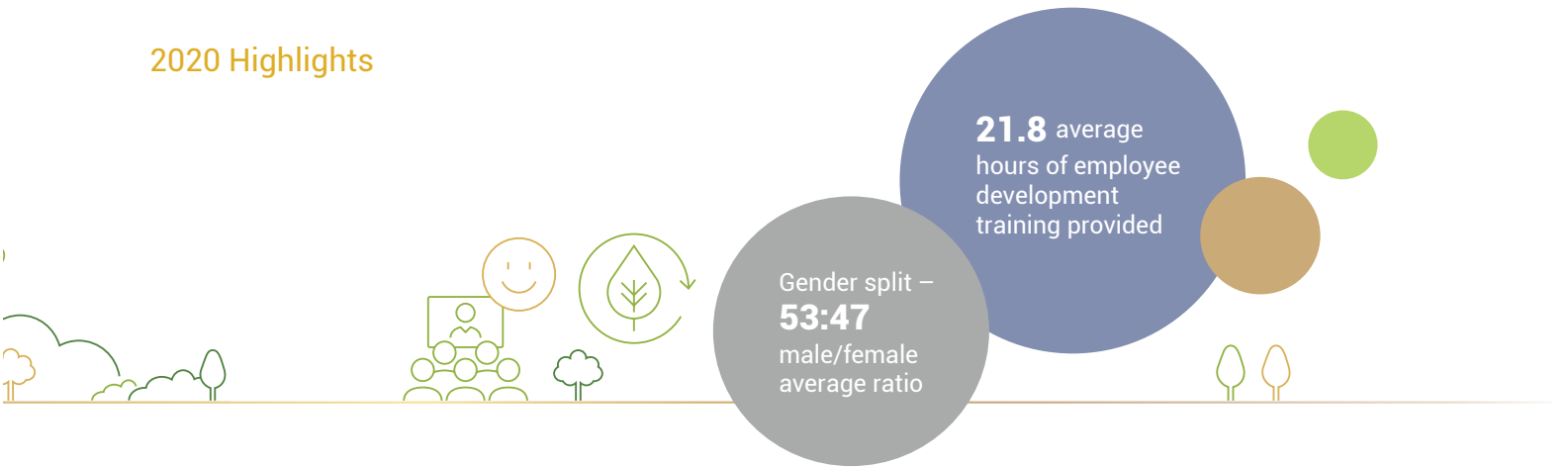


Encourage all employees to be socially responsible

- Average volunteer service hours per employee per year: 8

The initiatives and actions for 'Care' are overseen by the SD Committee and the 'Care' Team (which comprises of staff from several departments) and in 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 Product Development and Administration Departments.

## 2020 Highlights



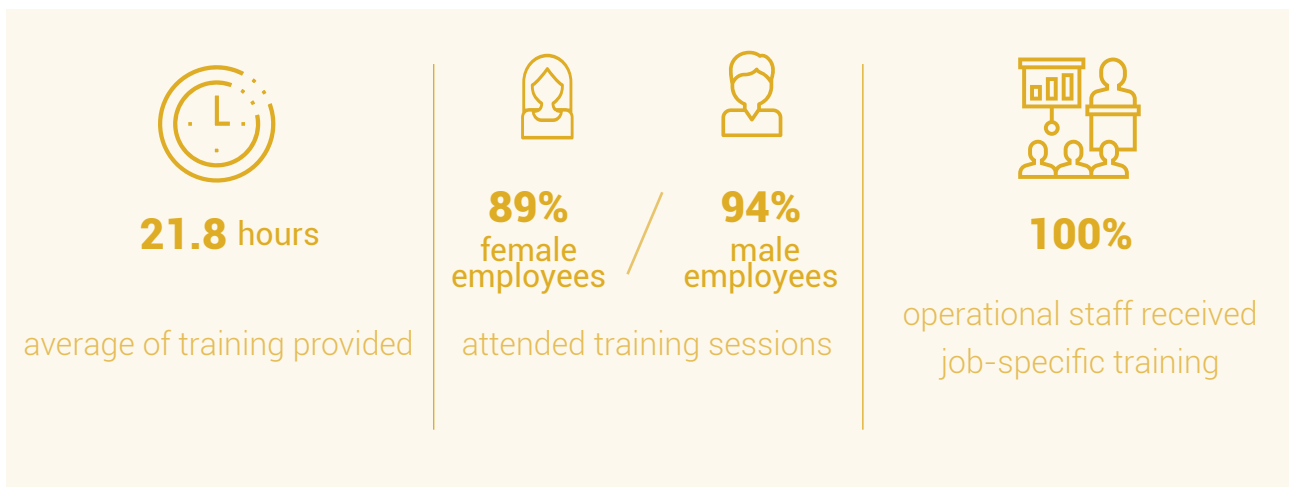
### Provide equal opportunities in training and development

Over the years, we have seen that high employee engagement leads to reduced employee turnover, improved productivity, and better business outcomes. Most importantly, engaged employees are happier both at work and in their personal lives. We also believe in hiring and supporting people from diverse backgrounds so that we can assimilate more perspectives, approach problems differently, and develop the most innovative communities for our customers. One way of achieving this is by encouraging employees to continually upgrade their professional skillsets through a range of training, practical workshops, and mentorship programmes.



*In September, we launched a new class of New Manager Training Camp 2020.*

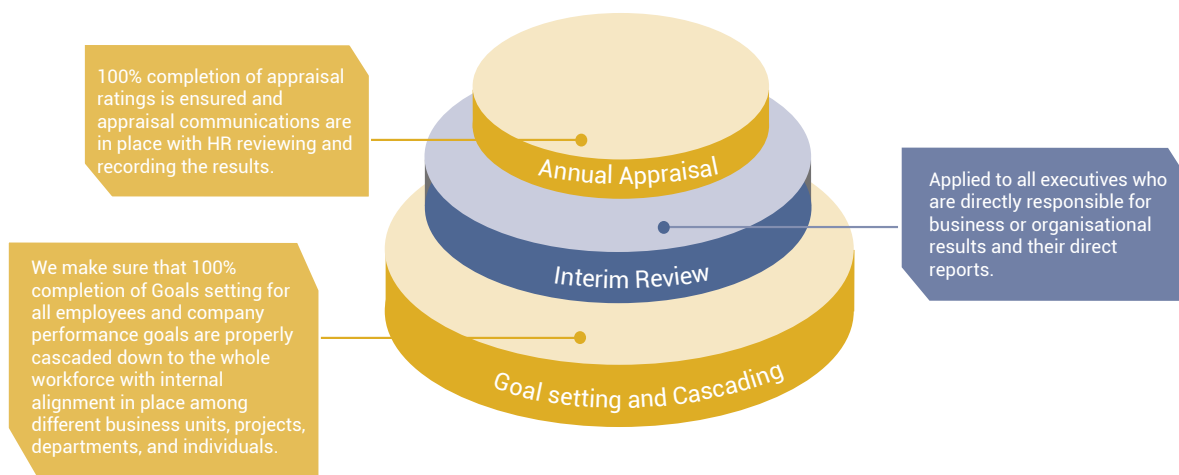
### Training and development



## Our Performance in 2020

To remain competitive and to provide the best services, we aim to employ the best possible professionals with the right competencies for each position. We place great focus on employee engagement, particularly training and development. Our Talent Development Committee works with our HR team to curate talent development goals at the organisational level which encourages employees to grow with us. We facilitate this - and increase the motivation, engagement, and continuous development of our employees – via our training and development initiatives.

We conduct performance discussions which take place twice a year. 100% of our staff take part in an annual performance review with their direct line manager, which is then reviewed by the HR team for evaluation and career progression planning. Our Performance Management system includes three critical components;



At the Shui On Academy, a wide variety of coaching and training activities are organised for management trainees to help these future leaders' transition from the campus to the workplace and become acquainted with our business and culture. The 2020 Shui On Academy Leading to the Peak Programme engaged 22 trainees via virtual discussions on the topics of how to become leaders, focusing on building teams, developing strategies and leadership. The three-month programme provides participants with a chance to gain hands-on experience and putting theory into practice on in-depth business and leadership issues. Several two-day workshops were held by the HR team on strategy development, organisational ability, structural design, and team-building – all of which encouraged participants to put what they have learned into practice in their daily work.

Expanding beyond our routine initiatives, we launched a business-oriented talent development system to continuously identify, assess and fast-track talent in 2020. The new platform, called 'Own My Learning', is available to all employees and was designed to help them navigate their own development path and learning resources. We also created a learning map of "horizontal leadership + vertical professionalism" per the needs of our business and future development plans.

We also launched a new class in our New Manager Training Camp 2020, a four-week learning journey divided into three modules covering the topics of kick-starting leadership, leadership essentials, and building an efficient team. The training camp helps new managers hone their management skills through a variety of online and offline methods, including online courses, flipped classes (a combination of self-study and teacher-guided learning), practical training, and other online and offline methods.

Additional training and development programmes held in 2020 include:

- The Management Cadet Programme which has been upskilling selected, high-potential middle managers on management best-practices since 2002
- A new induction training programme for new hires featuring both online and in-person modules that range in themes from an introduction to SOL to anti-pandemic safety to data security awareness. The programme also introduces the company's many policies and practices, such as business ethics, as well as SOL's unique tenets to commercial property and asset management
- Career development Week – featuring career development focused webinars and classes that touch on the specific career interests, learning and promotion pathways, and opportunities to influence career progression

To strengthen our approach and continuously amplify the diverse voices of our team, we have set several diversity goals in our 5C Strategy which we will continuously improve, as needed, over time. Notable targets include:

- Defining and developing a holistic training programme for every level of employee across all business units
- Holding sessions with inspiring leaders or facilitating leadership dialogues about important skills such as the art of negotiation, conflict resolution, etc.
- Steering homegrown talent into at least 20% of leadership positions<sup>9</sup>
- Setting up a leadership development programme for key managers or a mentorship programme for high potential employees

## Create a diverse and inclusive workplace

Diversity in the construction and property management sector is a challenge all around the world. Despite international underrepresentation of women in our industry, we have a demonstrably high proportion of women among our staff - comprising 47% of our workforce, which showcases our commitment to gender diversity and fair hiring practices.

Shui On Land is committed to creating a diverse and inclusive working environment for all employees, and will never tolerate any discrimination or harassment related to race, religion, gender, or disability. We have created a working environment where diversity is considered a strength and discrimination of any kind is prohibited. This equal-opportunity approach places people in positions that best suit their abilities. As such, we recruit, retain, and develop the best people for the job based solely on their abilities to bring solutions-oriented voices to our team.

When it comes to board diversity, 89% of our board in 2020 were male and over 50. However, in January 2021 we will brought on an additional female board member who is under 50, bringing the proportion of female board members up to 20%.

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9 From 2020 baseline

## Our Performance in 2020

To assure steady progress in this area, we continue to promote equal opportunities in all aspects of employment. To strengthen our approach and continuously amplify the diverse voices of our team, we have set several diversity goals in our 5C Strategy which include:

- Defining board diversity and inclusion ambitions – covering expertise, gender, etc.
- Enhancing employee wellbeing as well as diversity and inclusion programmes
- Enhancing the Board Diversity Policy
- Investing in the equipment/facilities/ technology necessary for an inclusive office environment to enhance staff inclusivity<sup>10</sup>
- Providing complete disclosure of and continuously monitor and analyse the ratio of basic salary and remuneration of women to men

### Ensure health and safety for all

We are very focused on providing our employees with a safe and healthy working environment. Health, safety, and wellbeing are embedded in our core values and continuous improvement of our safety performance is embedded in our daily habits. We aim to provide an injury-free workplace, and our Target Zero initiative promotes a companywide culture where employees embrace a zero injuries mentality. The objectives of this initiative focus on eliminating safety 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.

We do our utmost to ensure that all our employees and subcontractors return home safely at the end of each day. We achieve this by requiring employees to adhere to our safety plans and procedures including the Environmental and Occupational Health and Safety (EHS) Objectives, our Indicators and Management Plan (2019), as well as our Code of Safety Management and Green Building Construction Planning. In our Safety Management Guidelines, we outline how our contractors should behave or perform as well as how we manage issues. It also states how accidents are to be reported and handled. Our operations document includes "civilised and safe construction" items and requirements in the performance review of our construction contractors, and the contractor/supplier is scored and assessed every quarter. We also require contractors to follow ISO 45001 standards.

In addition to our well established EHS management system, which handles occupational health and safety risk-related tasks, the Group 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. Our project construction contractors are also required to complete a "Hazard identification and risk investigation evaluation form" to identify the risk level of various safety risks, such as object strike, electric shock, collapse, fire and fall from height as well as the hazardous points. They also complete an "Occupational Health and Safety Target Self-Assessment Form" and submit it to the head of the Construction Management Department who then reviews it and determines adjustments to targets and KPIs per project, as needed.

Despite our best efforts to keep everyone safe on our construction sites, a fatality did occur in 2020. A mechanical malfunction caused the displacement of a grid column that resulted a fatal injury of an outsourced construction worker. We immediately responded by checking hazard points and enhancing inspections for any safety hazards on the site. Beyond this incident, there were 13 recordable work-related injuries throughout the reporting period.

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<sup>10</sup> We define workplace inclusivity as being: A work environment that makes every employee feel valued while also acknowledging their differences and how these differences contribute to the organisation's culture and business outcomes. An inclusive workplace is characterised by affirmative action, wherein any impact of bias/discrimination/unequal opportunity is negated.



Our consistently low accident frequency rate is a testament to the hard work and dedication of our teams and the high standards we deliver across all our projects. However, 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 reach our goal of zero incidents. We have also set targets to achieve zero work-related fatalities across all our locations and developments.

In coming years, as part of our 5C Strategy, we will work on:

- Ensuring zero reported on-site workplace accidents, incidents, or fatalities
- Enhancing our company policy to make sure a safe workplace is provided to all employees with the prevention of inappropriate behaviour, harassment, or misconduct
- Developing clear policies and pathways of communication to report near-misses and implementing enhancements to prevent potential injuries and lost days

## Improve employee wellbeing

At SOL, employee wellbeing is all about leading a balanced life and being physically, mentally, and socially healthy. We offer a range of workplace benefits to help our team maintain a high level of work-life harmony. Also, we conduct an annual market review on pay, benefits, insurance, etc., to ensure that we provide competitive compensation and benefits to our team.

We provide statutory benefits in line with the local government policies and requirements which includes but is not limited to: endowment insurance, medical insurance, housing fund, unemployment fund, as well as maternity and employment injury insurance, etc. We also proudly offer a sophisticated benefit programme that covers employee health and safety, wellbeing, and overall care, which includes:

- Supplementary commercial insurance for medical, Life and AD&D
- Voluntary group commercial insurance for employees' family members
- Annual full-paid leave with minimum 5 working days per year and up to 20 working days according to seniority and length of service
- 120 days maternity leave for all female employees, as well as breastfeeding leave of at least 1-hour per working day
- 10 days parental leave to all male employees
- 3 to 10 days marriage leave to all eligible employees
- 1 to 3 days of bereavement leave for immediate family members
- Holiday benefits for birthdays and traditional Chinese festivals
- 1 day leave for ethnic minority staff to observe relevant religious festivals or fast breaking (for certain business units)

## Our Performance in 2020

We strongly believe that by investing in the holistic development and wellbeing of our team, we create an inviting and exemplary working environment. On-top of providing opportunities and career development support, we pay great attention to personal matters of our team and provide benefits and support for special occasions, for instance:

- Beyond our companywide marriage leave from 3 to 10 days (depending on individual's situation), some business units offer a red packet of at least RMB500 to celebrate the employees' marriage.
- Some business units offer a new-born gift bag to new parents in celebration and to show our support for this important transition.
- Some business units hold a retirement ceremony as an opportunity for the colleagues to gather and bring all the best wishes to the retiring employee as they move on to this new stage of life.

We also host 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.

During the reporting period, we organised several attractive employee recreation activities to promote wellness in the office. This included sporting events; 14 badminton sessions and 25 yoga classes; a family open day; and a limited number of socially distanced holiday celebrations. We believe these activities not only contribute to employee overall wellbeing but also create stronger connections between employees and increase employee satisfaction and productivity. We were delighted that our efforts were recognised by the China Human Resources Management Research Institute who honoured us with the 2020 Award of Workplace Health Achievement.

In coming years, as part of our 5C Strategy, we aim to:

- Conduct employee surveys on the type of medical insurance they would like to have and enhance the company's medical insurance policies and support
- Conduct more occupant wellbeing surveys
- Create casual gathering, talks, forums, and lunchtime classes according to the interests of employees
- Introduce parental/family-focused policies



## Corporate Governance

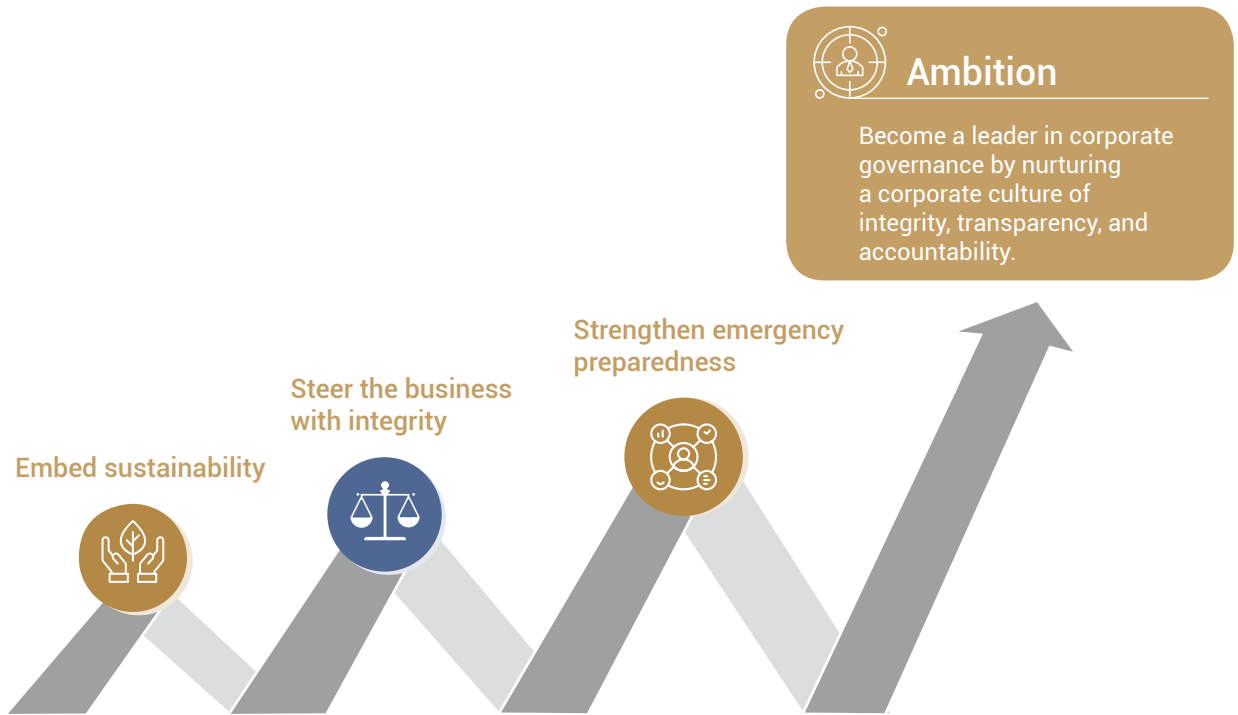
We believe that enshrining ESG oriented principles into business strategy makes a company more agile and better prepared to deal with sudden change, whether it be the flooding of development sites or the immediate need for employees to work from home.

We consider sustainability leadership at the Board and executive levels to be critical to integrating sustainability management and performance into

our culture, processes, and business relationships. 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. Learn more about our corporate governance on the Shui On Land [website](#) and from our 2020 Annual Corporate Governance Report.



*2020 Commercial Real Estate Leasing Training Lecture was successfully held.*



## 2030 Targets

- Achieve a minimum of 50% of bond and loan facilities from sustainable financing
- Adhere to global best practices for corporate governance and ESG reporting
- Maintain 100% implementation of the employee Code of Conduct across all business units

The initiatives and actions for 'Corporate Governance' are overseen by the SD Committee and the 'Corporate Governance' Team (which comprises staff from several departments) and in collaboration with the Clean and Care and Finance/Legal teams.

## Embed sustainability

At Shui On Land, we have seen that COVID-19 has driven a new wave of social awareness of SD issues and ESG adoption. Indeed, the challenges of 2020 highlighted the importance of embedding sustainability and ESG considerations into every aspect of our business. As such, our approach to managing and overseeing ESG-related issues is not separate from our business plan nor how our teams entrench ESG 'tasks' into regular operations.



### Making our corporate governance more sustainable

As employees and teams from across the company will have differing and sometimes competing KPIs, diverse and well-balanced governance of sustainability helps ensure that we stay on target to meet our many goals.

To reflect our increasing commitments to SD, the Group's SD governance structure was revamped in 2019 to facilitate effective implementation of the 5C Strategy. As the 5C Strategy development and implementation have progressed, we have identified a need to expand the scope and capacity of our SD governance. Throughout the strategy development process, specific tasks and duties required of each member of a committee, team, or board have been defined. Support and leadership from these contributors are instrumental in embedding a culture of sustainability throughout our business and will enable us to meet our objectives.

In addition, we have been enhancing our overall approach to corporate governance throughout 2020. We have benchmarked our systems and disclosures against other prominent companies listed in Hong Kong, Mainland China, and globally and have sought to make disclosures in this Report more transparent.

We have also recognised the need to improve the overall board diversity and transparency of how the Board operates and behaves. In coming years, as part of our 5C Strategy, we will work on:

- Conducting annual evaluations of the Board's performance in relation to 5C Strategy progress and disclosing the assessment process
- Enhancing the Business Ethics and Anti-Corruption Policy and processes and clearly disclosing the consequences of inappropriate actions
- Disclosing annual total compensation ratio
- Developing a succession plan for senior management in case of regular and emergency succession (including "deputising heads" in case of crisis management)
- Enhancing the nomination and selection processes for the Board and its committees



### Incorporating ESG-related risks into enterprise risk management

The ever-evolving landscape of ESG-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 ESG 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. Motivated by the TCFD<sup>11</sup> Recommendations, we are working on identifying, assessing, and managing these 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.

We have also put robust governance structures in place that ensure emerging and evolving ESG issues are well captured by both the SD Committee and ERM teams to support ongoing ERM and sustainability risk management approaches to overcome ESG-related risk challenges - from risk identification and assessment to communication and reporting and risk governance. When needed, ESG issues are elevated to the Board's agenda and under their 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 will provide them with internal and external training courses hosted by qualified experts or by other means.

Considering increasing concerns from stakeholders about our performance on climate risk identification, control, and mitigation, we are exploring the feasibility to conduct climate change risk assessment according to international guidelines and may make a corresponding public disclosure in response to stakeholders' concerns in coming years. We are also exploring how best to conduct a climate change risk assessment across our portfolio according to international guidelines, to identify critical risks to our business and to better understand the readiness and effectiveness of our current risk management mechanism. The findings may result in adjustments to our targeted emissions mitigation measures as well as our long-term goals.

Beyond learning from the events of 2020, we have come to realise the need to be more systematic in the development and delivery of our products. From improving data collection to enhancing our ESG disclosures, we are committed to improving our approach to managing ESG-related topics and our managing directors hold the responsibility of rallying the organisation to understand how to implement the many sustainability-related initiatives reflected in the 5C Strategy.

Looking ahead, we will continue to progress with our prudent business strategy to enhance our portfolio and operations for the long-term benefit of our shareholders. When faced with unprecedented challenges like those seen in 2020, Shui On Land will continue to innovate to capture new opportunities presented by the 'new normal' of climate change.

<sup>11</sup> The TCFD Recommendations was launched in 2015 by the Financial Stability Board in the United States, which is composed of the central banks and financial regulatory authorities of major countries. In 2017, to reduce risks associated with destabilizing financial markets, TCFD recommended that companies disclose medium- to long-term business risks and opportunities presented by climate change and the impacts of these risks and opportunities on their financial conditions, as well as specific measures and strategies. In 2020, HKEX published new guidelines on ESG reporting which included a new requirement on disclosure of significant climate-related issues which have impacted and/or may impact an issuer, in alignment with the TCFD Recommendations.

## Strengthen emergency preparedness

During the outbreak of COVID-19, under the leadership of the Emergency Preparedness team, all our projects adopted stringent preventive and control measures, and standardised services, to provide a safe environment for our staff, residents, tenants, and customers. From this experience and after securing the health and safety of our staff throughout 2020, a standardised set of procedures will be instituted to react to any possible public health or natural disaster situation in the future.

In 2020, we updated the SOL Emergency Management Handbook as well as several of our processes for handling public health emergencies.

## Steer the business with integrity

Strong governance within SOL provides the right foundation for building a culture of ethical behaviour while minimising business risk. By acting with integrity, we have earned the trust of our customers, business partners and other stakeholders. Beyond abiding by applicable laws, regulations<sup>12</sup> and normative guidance, we have a 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 2020, 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 on the investigation/internal decision process on ethical matters and reviewed business processes to see if improvements were required for ethical purposes. These improvements will be implemented in 2021.

Every year, we request all our employees to complete a declaration of understanding and adherence to the Code of Conduct and Business Ethics. New staff must attend an introduction to ethics in their orientation and must join an ethics training session conducted by a member of the Ethics Committee or from senior management upon completion of their probation. In addition, every year, the Ethics Committee requires a targeted group of employees to complete an online "Behaviour and Business Ethics" training<sup>13</sup> which provides specific training on identifying corruption and how to report non-compliance to the Code.

In 2020, 93% of the targeted group attended the training, up from 86% in 2019. Annual Code of Conduct training is mandatory for all employees. The Code of Conduct, Non-Compliance Reporting Policy and supporting documentation as well as awareness materials have been communicated to all employees.

We have also incorporated into our standard contracts details of our anti-corruption policies and procedures with all business partners.

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<sup>12</sup> See the [Content Index](#) which outlines relevant laws and regulations in more detail, per topic.

<sup>13</sup> All Shui On Land/China Xintiandi employees who joined on or before December 31 of the previous year (excluding Fengcheng, Shui On Construction, and Ruihong Kindergarten).



### Raising Concerns on Ethical Practices

All SOL employees are expected to understand and abide by our Code of Conduct and to report any violations using the channels available for this purpose. Our long-established [Irregularities Reporting System](#) (or whistleblowing system) is available for employees 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, the Legal department). 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 team 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 team 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, 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 teams are vigilant in ensuring 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 ID 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, labour remuneration, and we verify with the employees that the registration date to the labour contract is reasonable, legal, comprehensive, and clear.



### Sustainable Finance

Shui On Land believes that green bonds are a key market-oriented method to engage investors in our sustainable development efforts. In line with our philosophy and approach to sustainability, we have developed a green finance framework to ensure the long-term sustainable development of our business.

We launched our debut green bond in November 2019, raising an aggregate amount of US\$300 million, all of which has been used to finance the acquisition of Corporate Avenue 5 in Taipingqiao, Shanghai, the renovation of Shui On Plaza in Shanghai, and the renovation of Shui On Land headquarters. The bond was developed exclusively for projects funded by Shui On Land that promote sustainable development in the real estate industry.

In 2020, we reopened the inaugural senior bond for a tap of US\$200 million, bringing the total amount to US\$500 million. The reopening transaction demonstrates our commitment to building dynamic communities that integrate the sustainable development philosophy of building green and healthy communities.

Visit our [Green Bond Report 2020](#) to learn more.



# Appendices

## Recognition and Awards

In 2020, we earned numerous sustainable development-related certifications and awards. Most significantly, we were delighted to be recognised for our efforts relating to:



## Performance Summary

### Environmental performance

HKEX KPI	Description	Unit	2020	2019	2018
<b>A1.1 Emissions from vehicles</b>					
	NOx	kg	289.63 <sup>14</sup>	- <sup>15</sup>	-
	SOx		0.95	1.42	1.81
<b>A1.2 Greenhouse gas emissions</b>					
	<b>Scope 1</b>	kgCO <sub>2</sub> equivalent	15,983,770	10,482,469	9,243,145
	GHG emissions from stationary combustion				
	<b>Scope 2</b>				
	GHG emissions from purchased electricity	90,328,178	91,483,559	97,923,674	
	<b>Scope 1 &amp; Scope 2 combined</b>	106,311,948	101,966,028	107,166,819	
	Scope 1 & Scope 2 per square metre of floor area	kgCO <sub>2</sub> equivalent/ m <sup>2</sup>	52.91	62.60	64.23
<b>A1.3 Hazardous waste produced</b>					
	Hazardous waste produced	tonnes	- <sup>16</sup>		-
	Discharge density of hazardous waste	tonne/1,000m <sup>2</sup>			-
<b>A1.4 Non-hazardous waste produced</b>					
	Total discharge of construction waste	tonnes	29,711	39,125	37,776
	Dry garbage		41,764	- <sup>17</sup>	-
	Wet garbage		21,933	- <sup>18</sup>	-
	Total discharge of household garbage		63,697	80,144	68,853
	Total discharge of non-hazardous waste		93,407	119,270	106,629
	Recycled materials		3,764	- <sup>19</sup>	-
	Discharge density of non-hazardous waste		Tonne/1,000m <sup>2</sup>	13.42	17.18
<b>A2.1 Energy consumption and intensity</b>					
	Diesel	MWh	536	112	122
	Gasoline		1,849	733	887
	Electricity purchased from the grid		106,156	104,196	93,814
	Natural gas		16,349	18,171	26,576
	Total energy consumption		124,889	123,212	121,340
	Intensity of energy consumption		MWh/1000m <sup>2</sup>	62.16	75.65
<b>A2.2 Water consumption and intensity</b>					
	Total water consumption	m <sup>3</sup>	1,156,125	1,330,098	1,449,626
	Water consumption intensity	m <sup>3</sup> /1000m <sup>2</sup>	679.52	816.64	868.25
	Sewage discharge	m <sup>3</sup>	1,040,512	1,197,088	1,303,165

14 Data is an estimate figure

15 Relevant figures are disclosed from 2020 onwards

16 Data for hazardous waste has not been collected for 2020 nor in previous years.

17 Data for dry garbage was not collected in previous years.

18 Data for wet garbage was not collected in previous years.

19 Data for recycled materials was not collected in previous years.

GRI Disclosure	Item	Unit	2020
302-1	Energy consumption within the organization		
	Natural gas	Litre	1,548,873
	Diesel		12,442
	Gasoline		50,505
	Electricity	MWh	106,156
302-3	Energy Intensity		
	Taipingqiao Project	MWh/1000m <sup>2</sup>	15.31
	Rui Hong Project		13.04
	Shanghai KIC		19.28
	Hongqiao Project		23.20
	Wuhan Project		28.85
	Chongqing Project		25.57
	Foshan Project		11.80
305-6	Emissions of ozone-depleting substances		
	CH4 (methane)	kg	116,047
	Fire extinguishers		15,773
	Refrigerant - R134a/kg		43,212
	Refrigerant - R410a/Kg		654
307-1	Non-compliance with environmental laws and regulations		
	Total monetary value of significant fines (HKD)	#	0
	Total number of non-monetary sanctions		0
	Cases brought through dispute resolution mechanisms		0

## Social performance

HKEX KPI	Description	Unit	2020	2019	2018	
<b>B1.1 Employment by gender</b>						
	Male	# employees	1,662	1,705	1,647	
	Female		1,479	1,532	1,467	
	Total		3,141	3,237	3,114	
<b>B1.1 Employment by contract type<sup>20</sup></b>						
	Permanent contract	# employees	876	<sup>-21</sup>	-	
	Temporary contract		2,265	<sup>-22</sup>	-	
<b>B1.1 Employment by employment type</b>						
	Full time	# employees	3,141	<sup>-23</sup>	-	
	Part-time		0 <sup>24</sup>	-	-	
<b>B1.1 Employment by age group</b>						
	Under 30 years	# employees	570	629	673	
	30 - 50 years		2,206	2,251	2,069	
	50 year and above		365	357	372	
<b>B1.1 Employment by geographical region</b>						
	Hong Kong	# employees	8	7	-	
	Mainland China		3,133	3,230	-	
<b>B1.1 Employment by employee category</b>						
	Senior Management	# employees	122	126	<sup>-25</sup>	
	Middle Management		289	271	<sup>-26</sup>	
	Staff		2,550	2,676	<sup>-27</sup>	
	Operational staff		180	164	<sup>-28</sup>	
<b>B1.2 Employee turnover rate by gender</b>						
	Male	%	21%	23%	31%	
	Female		17%	20%	25%	
<b>B1.2 Employee turnover rate by age group</b>						
	Under 30 years	%	24%	27%	35%	
	30 - 50 years		17%	21%	26%	
	50 year and above		26%	17%	25%	
<b>B1.2 Employee turnover rate by geographical region</b>						
	Hong Kong	%	13%	<sup>-29</sup>	-	
	Mainland China		19%	22%	28%	
<b>B2.1 Number and rate of workplace fatalities</b>						
	Number of workplace fatalities	# employees	Employees 0	Workers 1 <sup>30</sup>	0	1
	Rate	%	0	0	0	0.03%

20 According to the Chinese law, employers can sign with its employees two fixed term employment contracts, each for up to 3 years. At the end of the second fixed term contract, the employment can be continued with a non-fixed term contract. SOL employees under fixed term contracts have been accounted for as "Temporary contract" employees and SOL employees under non-fixed term contracts have been accounted for as "Permanent contract".

21-23 Relevant figures are disclosed from 2020 onwards

24 In general SOL does not hire on a part-time basis. We do offer part-time internships, of which 37 positions were held in 2020.

25-28 Relevant figures are disclosed from 2019 onwards

29 Relevant figures are disclosed from 2020 onwards

30 Fatality of a worker of SOL's contractor

HKEX KPI	Description	Unit	2020	2019	2018
B2.2	Lost days due to work injury				
	Number of lost days due to work injury	# days	483	493	305
B3.1	Percentage of employees trained by gender				
	Male	%	94.5%	91.4%	87.9%
	Female		88.8%	81.3%	75.9%
B3.1	Percentage of employees trained by employee category				
	Senior Management	%	95.9%	78.7%	74.3%
	Middle Management		96.9%	90.1%	82.3%
	Staff		90.5%	86.5%	84.4%
	Operational staff		100%	<sup>-31</sup>	-
B3.2	Average training hours completed by gender				
	Male	Hours	26.7	20.6	18.0
	Female		16.4	12.9	13.4
B3.2	Average training hours completed by employee category				
	Senior Management	Hour	16.9	12.1	12.0
	Middle Management		23.9	18.2	14.4
	Staff		21.8	16.8	15.3
	Operational staff		22.2	<sup>-32</sup>	-
B5.1	Number of suppliers by geographical region				
	Number of increased Chinese Mainland suppliers	#	297	398	55
	Number of increased Chinese Mainland contractors		248	172	36
	Suppliers from Hong Kong		52	<sup>-33</sup>	-
	Suppliers from China		4,627	4,299	3,901
	Suppliers from elsewhere		67	64	<sup>-34</sup>
B6.2	Number of products and service-related complaints received and how they are dealt with.				
	Total services related complaints received	#	285	352	317
	Compliant handling rate	%	100%	100%	100%
	Overall customer satisfaction of the properties	# out of 100	94.7	94.1	91.7
	Residential customer satisfaction		95.1	94.8	90.8
	Office building customer satisfaction		93.8	94.7	95.7
	Shopping mall customer satisfaction		95.2	92.8	91.1
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases				
	Number of concluded legal cases regarding corrupt practices brought against the company	#	0	0	0
	Number of concluded legal cases regarding corrupt practices brought against any company employees		0	0	0
B8.2	Resources contributed (e.g., money or time) to the focus area.				
	Total charitable donations by employees	RMB	66,228	23,800	94,071
	Total charitable donations by company		13,353,671	3,750,000	3,090,000
	Total charitable donations (in cash)		13,419,899	3,773,800	3,184,071
	Total hours of employee volunteering contributed	Hours	2,192	360	460

31-33 Relevant figures are disclosed from 2020 onwards

34 Relevant figures are disclosed from 2019 onwards

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SASB TOPIC	CODE	ACCOUNTING METRIC	2020
Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for: <sup>35</sup>	
		(1) executive management,	37%
		(2) non-executive management	40%
		(3) professionals, and	50%
		(4) all other employees	19%
Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	RMB 0
	FN-AC-510a.2	Description of whistleblower policies and procedures	Found in the Corporate Governance - <a href="#">Steer the business with integrity</a> - <a href="#">Raising Concerns on Ethical Practices</a> section.

<sup>35</sup> Only the percentage of gender is provided as racial/ethnic make-up of the company is predominantly Han Chinese.

GRI Disclosure	Item	Unit	2020		
204-1	Proportion of spending on local suppliers				
	Percentage of products and services purchased locally	%		100%	
205-2	Communication and training about anti-corruption policies and procedures				
	Communicated about organization's anti-corruption policies & procedures	%		100%	
	Trained on Organization's anti-corruption policies and procedures			100%	
401-3	Parental Leave - Total number of employees that took parental leave				
	Male	#		26	
	Female			75	
	Total			101	
	Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work				
	Male	#		26	
	Female			75	
	Total			101	
	Retention rates of employees that took parental leave				
	Male	%		100%	
	Female			100%	
	Total			100%	
403-9	Work-related injuries				
	Number of fatalities as a result of work-related injury	#	Employees 0	Workers 1 <sup>36</sup>	
	Rate of fatalities as a result of work-related injury	%		-	
	Number of high-consequence work-related injuries (excluding fatalities)	#		0	
	Rate of high-consequence work-related injuries (excluding fatalities)				0
	Number of recordable work-related injuries				13
	Rate of recordable work-related injuries	%		-	
405-1	Diversity of governance body				
	by Age group				
	< 30 years old	%		0%	
	30-50 years old			11.1%	
	> 50 years old			88.9%	
	By Gender				
	Male	%		88.9%	
	Female			11.1%	
414-1	New suppliers that were screened using social criteria				
	Contractors	#		248	
	Suppliers			297	
	Government Supporting Facilities			10	

36 Fatality of a worker of SOL's contractor

## Content Index

This index references information related to disclosures from the Global Reporting Initiative (GRI) Sustainability Reporting Standards of 2016 (unless indicated otherwise) as well as the Hong Kong Stock Exchange (HKEX) ESG Guide. The reported information may meet in part or in full the requirements of each GRI disclosure listed.

GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
<b>GRI 102: General Disclosures</b>				
<b>Organizational Profile</b>				
102-1	--	Name of the organization	About Shui On Land About Shui On Land - Our Profile and Market Presence	--
102-2	--	Activities, brands, products, and services		--
102-3	--	Location of headquarters		--
102-4	--	Location of operations		--
102-5	--	Ownership and legal form		--
102-6	--	Markets served		--
102-7		Scale of the organization	About Shui On Land - Our Profile and Market Presence Care	--
102-8	KPI B1.1	Information on employees and other workers	Care Performance Summary – Social data	--
102-9	KPI B5.1 KPI B5.2	Supply chain	Stakeholder engagement Community - Enhance partnerships and engagement Performance summary - Social Data	--
102-10	--	Significant changes to the organization and its supply chain	Content Index	There were no significant changes to the organisation's size, structure, ownership, or supply chain in 2020.
102-13	--	Membership of associations	Spotlight: Leading the industry on green building best practices	--
<b>Strategy</b>				
102-14	--	Statement from senior decision-maker	Chairman's Message	--
102-15	--	Key impacts, risks, and opportunities	Corporate Governance - Embed sustainability - Incorporating ESG-related risks into enterprise risk management	--
<b>Ethics and Integrity</b>				
102-16	--	Values, principles, standards, and norms of behavior	About Shui On Land - Our Corporate Philosophy and Culture	--
102-17	--	Mechanisms for advice and concerns about ethics	Corporate Governance - Steer the business with integrity -Raising Concerns on Ethical Practices	--
<b>Governance</b>				
102-18	--	Governance structure	Approach to Sustainable Development - Becoming a Pioneer in Sustainable Urban Communities Corporate Governance	--
102-20	--	Executive-level responsibility for economic, environmental, and social topics		--



GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
102-26	--	Role of highest governance body in setting purpose, values, and strategy		--
102-29	GD A4	Identifying and managing economic, environmental, and social impacts		--
102-31	--	Review of economic, environmental, and social topics		--
102-32	--	Highest governance body's role in sustainability reporting		--
<b>Stakeholder Engagement</b>				
102-40	--	List of stakeholder groups	About this Report - Stakeholder engagement	--
102-41	--	Collective bargaining agreements	Content Index	Not reported – All of SOL's employees are in Mainland China or in Hong Kong where there is no statutory recognition of collective bargaining agreements.
102-42	--	Identifying and selecting stakeholders	About this Report - Stakeholder engagement	--
102-43	--	Approach to stakeholder engagement		--
102-44	--	Key topics and concerns raised		--
<b>Reporting Practice</b>				
102-45	--	Entities included in the consolidated financial statements	Content Index	SOL 2020 Annual Report, page 205
102-46	--	Defining report content and topic Boundaries	About this Report – Material ESG Topics – Boundary	Our subsidiary Shui On Investment Management Limited was not included in previous reports. Otherwise, there is no significant change in the reporting boundary of this Report from that of our 2019 SD Report.
102-47	--	List of material topics	About this Report – Material ESG Topics	--
102-48	--	Restatements of information	Content Index	--
102-49	--	Changes in reporting	Content Index	There are no significant changes from previous reporting periods in the list of material topics and topic Boundaries.
102-50	--	Reporting period	About this Report	--
102-51	--	Date of most recent report		--
102-52	--	Reporting cycle		--
102-53	--	Contact point for questions regarding the report	About this Report – Contact and Feedback	--
102-54	--	Claims of reporting in accordance with the GRI Standards	About this Report	--
102-55	--	GRI content index	Content Index	--
102-56	--	External assurance	Content Index	Since 2011, we have engaged a third-party – TÜV Rheinland – to verify the greenhouse gas emissions of our properties.

#### MATERIAL TOPICS - GRI 200 SERIES (ECONOMIC TOPICS)

GRI 201: Economic Performance				
103-2 (c-i) <sup>37</sup>	General Disclosure (GD) B8	Discussion of management approach and related policies	Clean – Transition towards carbon neutrality	--

37 Unless otherwise indicated, GRI 103-3 is omitted for each material topic as at this time, SOL does not have any mechanisms for monitoring the effectiveness of the management approach.

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GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
201-1	KPI B8.2	Direct economic value generated and distributed	Operating responsibly in challenging times Community Community – Volunteering	--
201-2	KPI A4.1	Financial implications and other risks and opportunities due to climate change	Clean – Climate change mitigation and adaptation	--
201-3	--	Defined benefit plan obligations and other retirement plans	Care – Improve Employee Wellbeing	--
<b>GRI 203: Indirect Economic Impacts</b>				
103-2 (c-i)	GD KPI B8	Discussion of management approach and related policies	Community	--
203-2	KPI B8.1	Significant indirect economic impacts	Performance summary - Social Data	--
<b>GRI 204: Procurement Practices, GRI 308: Supplier Environmental Assessment, GRI 414: Supplier Social Assessment and HKEX Aspect B5 Supply Chain Management</b>				
103-1, 103-2 (c-i)	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)	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.	About this Report - Stakeholder engagement Community - Enhance partnerships and engagement	--
204-1	--	Proportion of spending on local suppliers	Performance summary - Social Data	--
308-1	--	New suppliers that were screened using environmental criteria	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		--
<b>GRI 205: Anti-corruption</b>				
103-1 and 103-2 (c-i)	GD B7	Discussion of management approach and related policies	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	Corporate Governance - Steer the business with integrity Performance summary - Social Data	--
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)	Performance summary - Social Data	There were no confirmed incidents of corruption or violations of our Code of Conduct in 2020, 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.	Corporate Governance - Steer the business with integrity -Raising Concerns on Ethical Practices	Four cases of fraud were received, investigated, and concluded by the Group this year.

GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
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**MATERIAL TOPICS - GRI 300 SERIES (ENVIRONMENTAL TOPICS) and HKEX ENVIRONMENTAL SUBJECT AREA**

GRI 301: Materials				
103-2 (c-i)	GD A2 GD A3	Discussion of management approach and related policies	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.)	Content Index	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				
103-1, 103-2 (c-i)	GD A2 GD A3	Discussion of management approach and related policies	Clean Clean – Build green and healthy communities	During the reporting period, we have complied with all applicable environmental laws and regulations related to energy management, such as;  Mainland China: - Environmental Protection Law of the People's Republic of China - Energy Conservation Law of the People's Republic of China
302-1	KPI A2.1	Energy consumption within the organization	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.)	Clean – Transition towards carbon neutrality	--
302-3	KPI A2.1	Energy intensity	Clean – Building green and healthy communities Performance Summary – Environmental performance	--
GRI 303: Water and effluents (2018)				
103-1, 103-2 (c-i)	GD A2 GD A3	Discussion of management approach and related policies	Clean – Building green and healthy communities Clean – Water conservation	During the reporting period, we have complied with all applicable environmental laws and regulations related to water discharge, such as;  Mainland China: - 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  Hong Kong: - Water Pollution Control Ordinance (Cap.358)
303-1 (a and c)	KPI A3.1	Interactions with water as a shared resource (Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.)	Clean – Building green and healthy communities	--

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GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
303-3	KPI A2.4	Water withdrawal (Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.)	Clean – Water conservation	The water consumed by our Group in Mainland China and Hong Kong comes from municipal water supplies. There were no issues related to sourcing water that was fit for purpose in 2020.
303-5	KPI A2.2	Water consumption (in total and intensity (e.g. per unit of production volume, per facility).)	Clean – Building green and healthy communities – Water conservation Performance Summary – Environmental performance	--
<b>GRI 305: Emissions</b>				
103-1, 103-2 (c-i) 307-1	GD A1 GD A3	Discussion of management approach and related policies	Clean Clean – Emission management Content Index	During the reporting period, we have complied with all applicable environmental laws and regulations related to emissions, such as;  Mainland China: - 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: - Air Pollution Control Ordinance (Cap.311) - Ozone Layer Protection Ordinance (Cap.403) - Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611)
305 -1		Direct (Scope 1) GHG emissions		--
305 -2		Other Indirect (Scope 2) GHG emissions		--
305 -4	KPI A1.1 KPI A1.2	GHG emission intensities	Clean – Emission management Performance Summary – Environmental performance	--
305 -5	KPI A1.5	Reduction of GHG emissions		--
305-7		Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		--
<b>GRI 306: Waste (2020)</b>				
103-1, 103-2 (c-i)	GD A1 GD A3	Discussion of management approach and related policies	Clean Clean – Reduce waste in our portfolio Content Index	During the reporting period, we have complied with all applicable environmental laws and regulations related to waste management, such as;  Mainland China: - 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  Hong Kong: - Waste Disposal Ordinance (Cap.354)

GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
306-2 (a)	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.)	Clean – Building green and healthy communities Community – Enhance partnerships and engagement	--
306-3 (a)	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).)	Performance Summary – Environmental performance Content Index	Not applicable. The Group does not produce large amount of hazardous waste during operation.  Small amounts of hazardous waste (e.g., toner cartridges) are disposed of by a qualified institution and relevant figures will be disclosed in 2021.
--	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Clean – Reduce waste in our portfolio	--

#### MATERIAL TOPICS - GRI 400 SERIES (SOCIAL TOPICS) and HKEX SOCIAL SUBJECT AREA

GRI 401: Employment				
103-2 (c-i) 419-1	GD B1	Discussion of management approach and related policies	Care Content Index	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;  Mainland China: - Labor Law of the People's Republic of China - Labor Contract Law of the People's Republic of China - Employment Promotion Law of the People's Republic of China - Social Insurance Law of the People's Republic of China - Trade Union Law of the People's Republic of China - Labor Dispute Mediation and Arbitration - Law of the People's Republic of China - Law of the People's Republic of China on the Protection of Women's Rights and Interests  Hong Kong: - Employment Ordinance (Cap. 57)
401-1(b)	KPI B1.2	New employee hires and employment turnover	Performance Summary – Social data	--
401-2	--	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Care – Improve Employee Wellbeing	--
401-3	--	Parental leave	Care – Improve Employee Wellbeing Performance Summary – Social data	--
GRI 403: Occupational Health & Safety (2018)				
103-1, 103-2 (c-i) 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.)	Care – Ensure health and safety for all Performance Summary – Social data	--

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GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
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)	Care – Ensure health and safety for all Performance Summary – Social data	--
--	KPI B2.2	Lost days due to work injury	Performance Summary – Social data	--
403-8	--	Workers covered by an occupational health and safety management system	Care – Ensure health and safety for all	
<b>GRI 404: Training and Education and HKEX Aspect B3 Development and Training</b>				
103-1, 103-2 (c-i) 404-2 (a)	GD B3	Discussion of management approach and related policies (Programs for upgrading employee skills and transition assistance programs)	Care – Provide equal opportunities in training and development	--
--	KPI B3.1	The percentage of employees trained by gender and employee category	Performance Summary – Social data	--
404-1	KPI B3.2	Average hours of training per year per employee	Performance Summary – Social data	--
<b>GRI 405: Diversity and Equal Opportunity</b>				
103-2 (c-i) 419-1	GD B1	Discussion of management approach and related policies	Care Care - Create a diverse and inclusive workplace	--
405-1 (b)	KPI B1.1	Diversity of governance bodies and employees (total number of employees by age group)	Care - Create a diverse and inclusive workplace Performance Summary – Social data	--
<b>GRI 408: Child Labor and GRI 409: Forced or Compulsory Labor and HKEX Aspect B4: Labour Standards</b>				
103-1, 103-2 (c-i) 419-1	GD B4	Discussion of management approach and related policies	Corporate governance - Steer the business with integrity- Measures to prevent forced and child labour	When it comes to our labour practices, we strictly prohibit any child or forced labour and comply with all applicable local laws and regulations such as the Chinese Labour Law, the Law on the Protection of Women's Rights and Interests, the Law on the Protection of Minors, Regulations on the Prohibition of Child Labour, and the Notice on the Prohibition of Child Labour.
408-1 (c) 409-1(b)	KPI B4.1 KPI B4.2	Operations and suppliers at significant risk for incidents of child labor (Description of measures to review employment practices to avoid child and forced labour.)		--

GRI Standards (2016)	HKEX ESG Guide	Disclosure	Reporting Location	Section cross reference, additional information or explanation
GRI 416: Customer Health and Safety and GRI 418: Customer Privacy and HKEX Aspect B6 Product Responsibility				
103-1, 103-2 (c-i) 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)	Community - Embed health and sustainability into the community experience - Tenant and customer wellbeing and safety Content Index	While not a material topic, during the reporting period, we have complied with all applicable laws and regulations relating to intellectual property rights and advertising trademarks, such as; 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.	Content Index	Not an applicable material topic. The Group mainly provides real estate development and operation services, not involving product recalls.
418-1	KPI B6.2	Substantiated complaints concerning breaches of customer privacy and losses of customer data (Number of products and service related complaints received and how they are dealt with.)	Performance summary - Social Data	--
--	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Content Index	Not an applicable material topic
--	KPI B6.4	Description of quality assurance process and recall procedures.	Content Index	Not an applicable material topic

