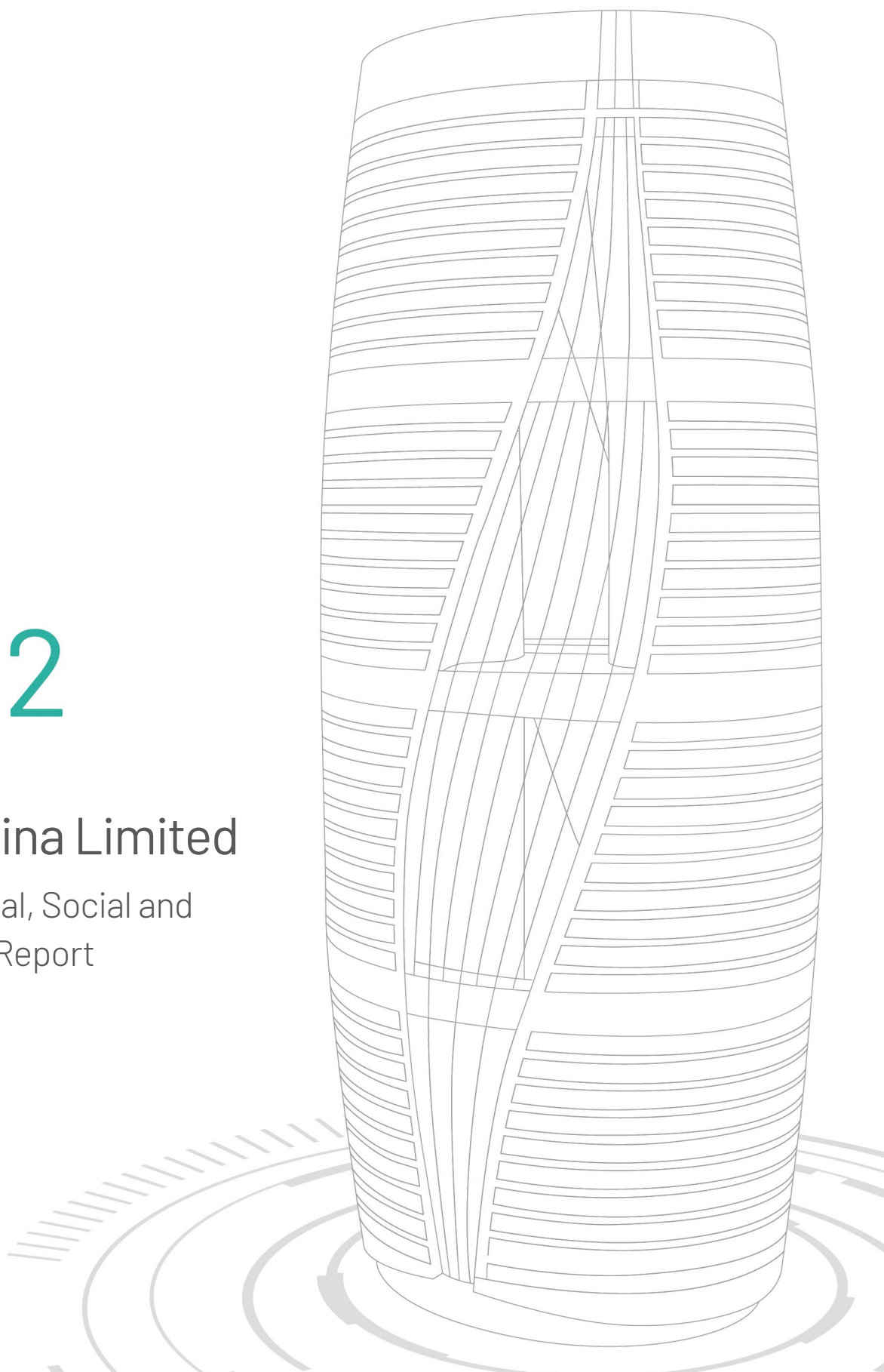


# 2022

## SOHO China Limited

Environmental, Social and  
Governance Report

Stock Code: 410



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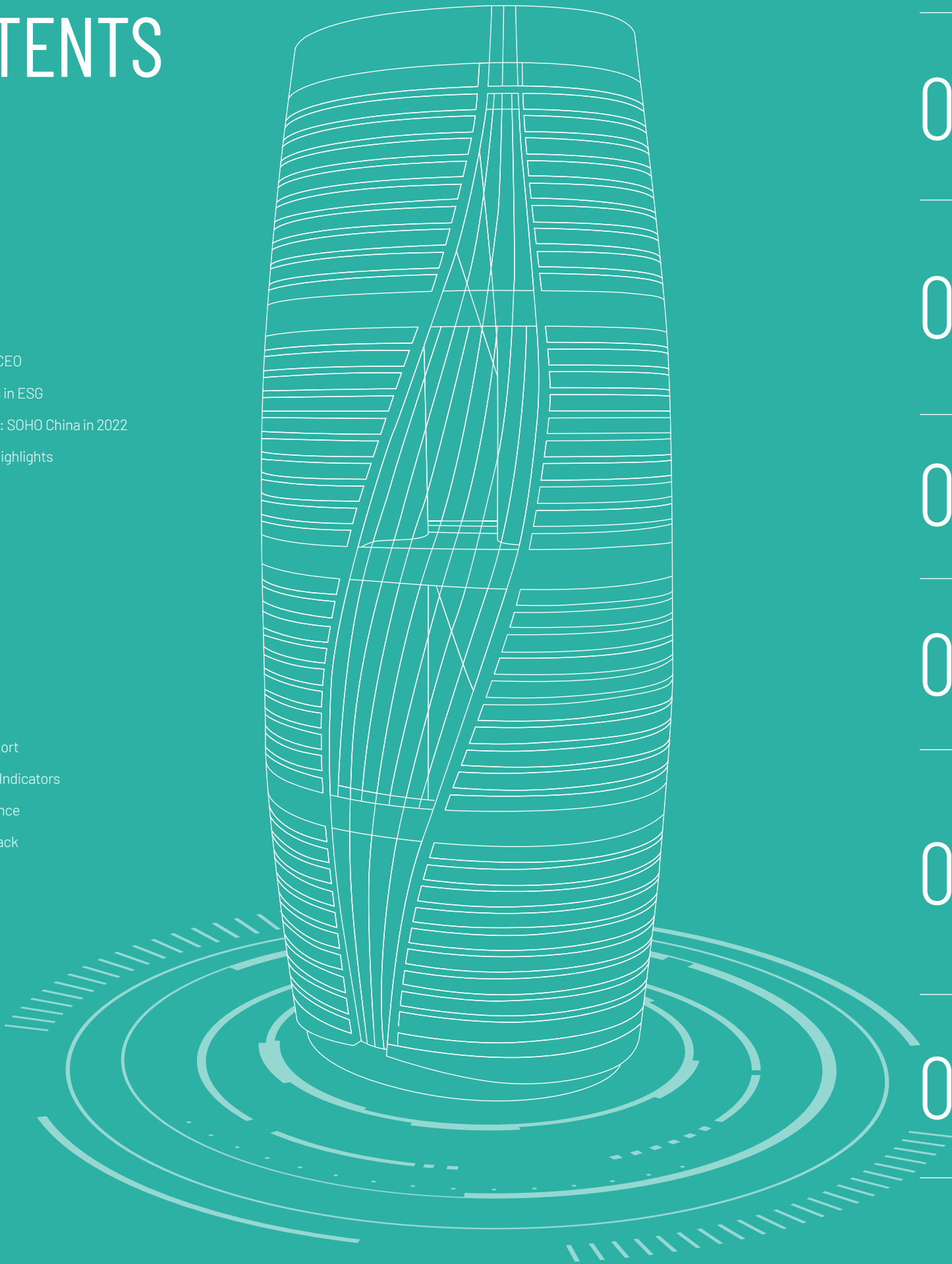
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# Message from CEO

## In 2023, we will forge ahead with our services.

2022 was an extremely extraordinary, extremely unusual, and extremely difficult year. The resurgence of the Covid-19 Pandemic, sluggish market demand, struggling real estate transactions and leasing markets, and a serious lack of investor confidence have resulted in an overall economic downturn. For us, this was an unprecedented hard time that we had previously never encountered.

As a wise man once said: adversity is the best test of our spirit. There is light at the end of the tunnel. Baptized by hardship, we became more united, more loving and more resilient, and we are more aware of the importance of service. We still actively respond to the proposal of the UN's 2030 Agenda for Sustainable Development to "make cities and human settlements inclusive, safe, resilient and sustainable" when joining hands with shareholders, customers, employees, partners, and other stakeholders to discover "the new model to design, build and operate high-quality living spaces", pursuing environmental and social sustainability and bringing more wonderful moments together.

**In the past year, we remained united and bucked the trend.** In 2022, we incorporated the concept of Green and Low Carbon and Being People Oriented into the full life cycle management of buildings while advocating green leasing and creating healthy and high-quality buildings. We newly reached the leasing contract covering 118,000 square meters with 164 new clients, and signed the *Green Leasing Advocacy Contract* with 46 of them. In addition, we have renewed and expanded the leasing agreement involving an area of 95,000 square meters, which retained the trust of the current customers.

**In the past year, we overcame difficulties and stood our ground.** We stuck to the principle of being customer-orientated. Even when we had to follow standstill orders, employees for the property management business still actively remained on duty for engineering, security, environment and customer service to make each building accessible, and solve problems for customers at our full strength with assured services till resumption of work, production and market came for restarting.

**In the past year, we worked on improving ourselves and building up strength.** Last year, still under the concept of being "people-oriented", the Company held more than 1,500

vocational training sessions. In addition, we have also provided more thorough and broader courses to widen employees' horizons and help them learn about cutting-edge technologies. During the pandemic, we put employee health first and prepared enough medical protective articles, drugs, etc. in the event of an emergency. The Company also organized employees to read, exercise and cook together to maintain a healthy body and optimistic mindset. Last year, our employee engagement ranked in the 86<sup>th</sup> percentile according to Gallup's Employee Engagement Survey.

**In the past year, we assumed the responsibility and pursued sustainable development.** In 2022, compared with the national standard, our 24 projects saved 135 million kilowatt-hours or 34% of energy consumption and reduced 11,000 tonnes of carbon emissions. Last November, MSCI, the world's most established rating agency, upgraded SOHO China's ESG rating to AA, which is the highest rating acquired by real estate companies in mainland China and the high recognition of our efforts in energy conservation and carbon reduction, green buildings, investment in the community, care for the employee, corporate governance and other aspects.

**In the past year, we remained committed to giving back to society.** In cities, employees of SOHO China were actively engaged in various public welfare activities across charitable organizations, communities and streets to make contributions by providing 4,200 hours of volunteer service. In the remote village, the "Yang Zheng Kindergarten" funded by the SOHO China Foundation was thriving. Last summer, the first batch of students graduated, and the Bai Cao Garden was put into use. At the end of the year, the "Yang Zheng Library", which cost RMB20 million, was completed, and new books donated by us were served on the shelves.

**Hereby, we would like to pay our respect to every employee in SOHO China who has been dedicating themselves to their duties!**

The year 2023 begins with high hopes and expectations. Along with the verve of spring, the market has gradually warmed up, and the leasing business began to rebound. Clients have regained confidence, and office buildings have slowly returned to the usual hustle and bustle. Only through those "special" times can we comprehend and cherish the normal days.

Less is more, and actions always count. We will willingly carry through the principle of serving people and society. We will reflect on our self-worth and unlock our talents in the process of our dedicated service, and jointly create the value of SOHO China. We will continue to double efforts in the five dimensions: resilient, people-oriented, grateful, value-driven, and low-carbon, to drive the industry to build an ESG sustainability value chain.

Looking forward to the future, there will be ups and downs on the way ahead. Only by constantly stepping up for ourselves, breaking down the barriers between departments, and serving our colleagues, our clients, our society and everyone around us, can we move forward on the road of service as rushing water does.

Xu Jin and Qian Ting

Co-CEOs

SOHO China Limited

# Two milestones in ESG

SOHO China draws important insights and best practices from the mainstream ESG rating in the capital market and effectively allocates corporate resources to improve ESG performance, which helps reshape corporate strategy and information disclosure, strengthens the Company's ability to deal with ESG risks, and creates more sustainable value for stakeholders.

Be well-grounded and speak up moderately. In 2022, SOHO China was recognised by the world's two most established ESG rating agencies, and its performance of ESG emerged as the top rung of the industry.

## Upgraded to AA in MSCI<sup>1</sup> ESG rating

MSCI ESG rating fairly assesses companies' risk exposure and risk management in terms of environmental responsibility (E), social responsibility (S) and corporate governance (G) according to how the industry and business in which the Company lies go, and then helps investors know the long-term value of the companies more comprehensively. In 2022, SOHO China rose to AA \* in the MSCI ESG rating, which was also the highest rating of the real estate industry in the Chinese mainland in 2022. This upgrading is due to SOHO China's long-term investment and steady implementation in ESG management, especially the firm management system in energy efficiency and carbon reduction, green building, green leasing, human capital development and corporate governance. The Company has been fully recognised by rating agencies for its superior performance.



<sup>1</sup> MSCI is a well-known index developer in the US. Its research results are objective, impartial, practical, informative and open. Its rating results are an important reference basis for investors to make equity investment.

\* As of November 2022, MSCI had published the ESG rating results of 777 companies in the Chinese mainland, Hong Kong and Taiwan, of which about 4.4% were rated AA or above.

## Obtained a four-star rating at Global Real Estate Sustainability Benchmark<sup>2</sup> (GRESB)

Guided by the material issues of concern to investors and the industry, GRESB measures the ESG performance of companies relative to their peers through the rigorous and open methodology and based on audited data. In 2022, SOHO China won the GRESB four-star rating with a total score of 86 points out of 100 points, ranking first among six firms of its kind in China. SOHO China outperforms its peers in management, including leadership, strategy, policy, risk management and stakeholder engagement. In terms of performance, the Company topped the industry with a steadily up-forward trend in energy, greenhouse gas, waste, water and building certification, etc.



<sup>2</sup> Global Real Estate Sustainability Benchmark (GRESB) is an internationally established sustainability assessment system for real estate. This rating not only focuses on the building project itself, but also assesses whether the overall management and operation of global real estate companies conform to the concept of sustainable development. Its professionalism and comprehensive assessment are widely recognised and applied by real estate funds, developers, real estate investors and other institutions.



Data Highlights: SOHO China in 2022

Economic  
development

0.92 million square meters  
Leasable property area

RMB  
1,775 million  
Rental income

76.4%  
Average occupancy rate of  
investment property

81%  
Gross profit margin of leasing  
business

43%  
Net gearing ratio

4.1 million square meters  
Area of property service under management

Environmental  
responsibility

2.2 million square meters  
Total certified area of building

90%  
Proportion of asset value of  
certified construction in total  
asset value

9  
Number of LEED certification

4  
Number of green buildings with  
operation label

140 million kWh  
Total annual energy savings

33.6%  
Energy saving rate

111,684 tonnes  
Greenhouse gas emission reduced

8  
Number of buildings certificated  
with WELL HSR

Social  
responsibility

100%  
Rate of suppliers signing *the Supplier  
Green Procurement and Sustainable  
Supply Chain Commitment*

98.4 points  
Customer satisfaction

RMB  
36.8 million  
Annual rent deducted

21.7 hours  
Average training hours for  
employees

77 quantile  
Employee Net Promoter Score  
(NPS) above global peers

86 quantile  
Employee satisfaction above  
global peers

4,231 hours  
Employee's volunteer time

RMB  
30.06 million  
Contributions to society

## Sustainability highlights

### Setting an example for zero carbon with low-carbon innovation

Since 2021, SOHO China has launched Yang Zheng Zero Carbon Library as a pilot project in response to the carbon peaking and carbon neutrality strategy. Aiming to build China's first zero carbon library, the Company has been discovering innovative zero carbon technology and applied a number of internationally leading building technologies, such as passive doors and windows and thermal insulation, solar photovoltaic (PV) power generation, efficient air conditioner, heat recovery, collecting rainwater, building intelligent systems, etc, which lays the foundation for the layout of future zero carbon operation and zero carbon buildings. In 2022, the Yang Zheng Zero Carbon Library which was completed and secured many architectural certifications at home and abroad, including the Certified Zero Energy Building granted by the China Association of Building Energy Efficiency at the end of June 2022, the WELL Health-Safety Rating (WELL HSR) by the International WELL Building Institute (IWBI) at the end of January 2023. The project is in the final stages of review for LEED Platinum certification and is expected to be certified in the first half of 2023.

In addition, SOHO China has built a zero carbon operation management platform for this project, enabling zero carbon and carbon-negative operation on the digital system. It is committed to exploring the path to digitalization oriented by carbon neutrality, and building SOHO China's leadership in carbon management. In the future, the Company will apply for the relevant zero carbon building certification based on the actual operation and management data.



Certified Zero Energy Building and trophy awarded by China Association of Building Energy Efficiency



WELL HSR Certificate

### Adopting a people-oriented approach to create green and healthy space

SOHO China, as always, implements the sustainability policy and fully implants the concept of green, low-carbon and healthy development into the life cycle of architectural design, construction and operation management. In 2022, eight property management projects under SOHO China won the WELL HSR granted by IWBI, which was a new milestone and excellence after SOHO China took on the road to sustainability and green building certification, marking the iteratively higher requirements for high-quality operation.



Gubei SOHO



Leeza SOHO



SOHO Tianshan Plaza



Wangjing SOHO



Bund SOHO



Guanghualu SOHO II



SOHO Fuxing Plaza



Qianmen Avenue

WELL HSR Certificate

#### Key performances

8

WELL HSR certified projects

1.56 million square meters

WELL HSR certified building area



## United hearts and hands can turn sparks into flames

Affected by the resurgence of Covid-19 pandemic in 2022, most of SOHO China projects in Beijing and Shanghai were under closed-off management. Even under the circumstances that some tight lockdown zones in Beijing and Shanghai were short of supplies, property staff in engineering, security, environment and customer service still remained actively on duty to ensure each building run safely and responded to various unconventional requirements from clients. They endeavored to produce a stronger flame in the middle of the anti-pandemic era.

In addition, SOHO China issued favorable policies such as delaying rent collection and providing subsidies to customers in need as they may be, to lighten the burden of customers in a hard time.

### Key performances

RMB

36.77 million

Annual rent deduced

RMB

190 million

Rent deferred



SOHO China property personnel remain on duty during the pandemic

## Improving employer brand image and driving talent resonance

SOHO China insists on improving employer brand image and attaches importance to employee satisfaction to attract more high-quality talents. Since 2021, SOHO China has engaged Gallup to carry out an employee satisfaction survey every year to openly and actively face up to employees' needs and feelings and the Company's weakness in operation and management, so as to improve the management system and create a more positive, inclusive and united culture. In 2022, the Company added questionnaires on Net Promoter Score (NPS), occupational health and safety and business ethics, and the score of employee satisfaction was higher than that in 2021, topping the industry.

### Key performances

4.6

Employee satisfaction  
(out of 5 points)

0.88%

up over the previous year

86 quantile

Employee satisfaction above  
global peers

88 quantile

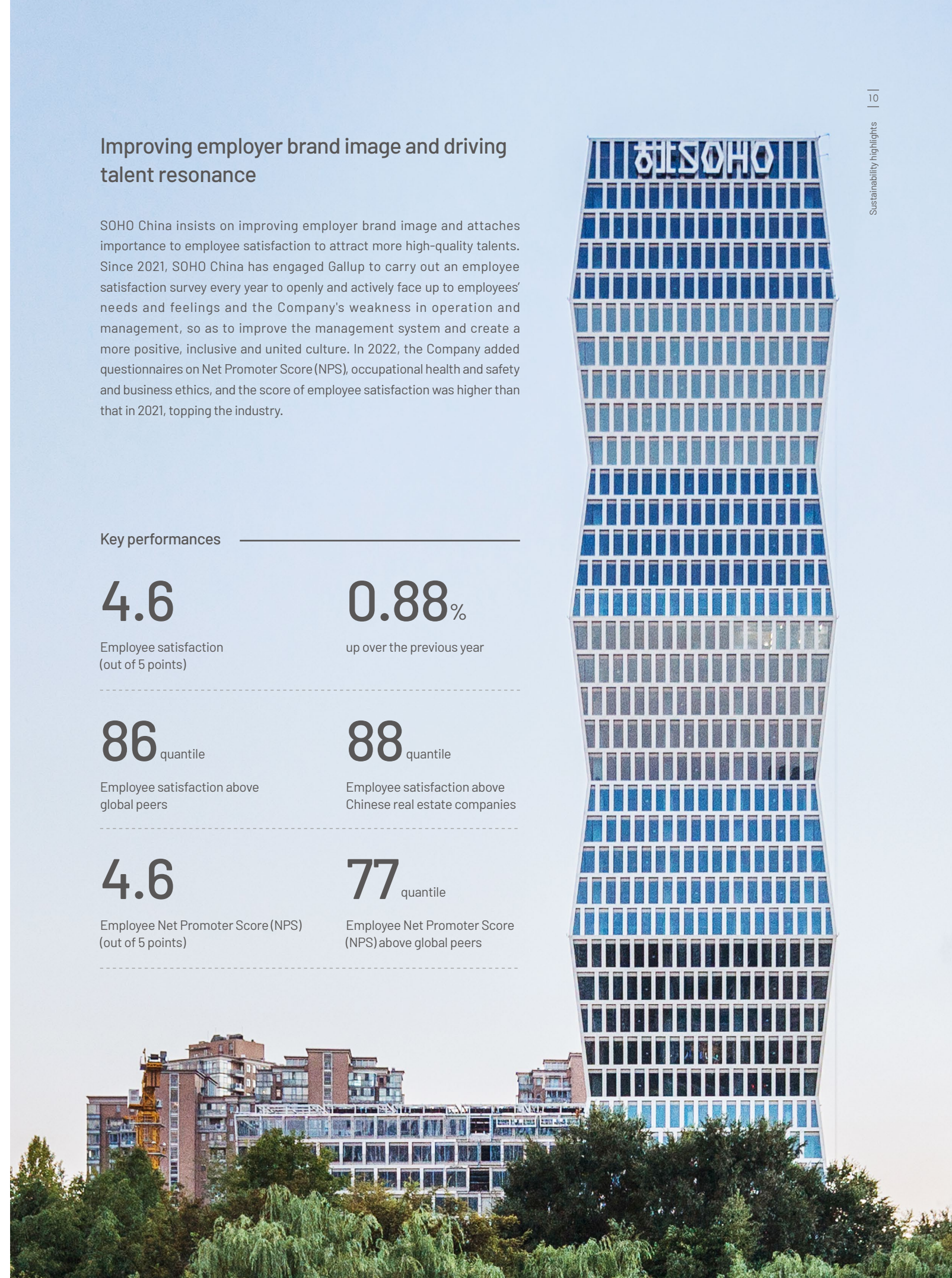
Employee satisfaction above  
Chinese real estate companies

4.6

Employee Net Promoter Score (NPS)  
(out of 5 points)

77 quantile

Employee Net Promoter Score  
(NPS) above global peers







# 01

## Implanting the DNA of ESG with a Sense of Mission

SOHO China emphasises long-term value creation by implanting the DNA of ESG in corporate culture and top-down business decision-making process. The Company continuously optimises corporate governance, strengthens risk control, and responds to the expectations of multiple stakeholders to create a compliant and stable business environment and improve its long-term competitiveness, productivity and business resilience.

This chapter relates to the following major sustainable development issues

- Corporate governance
- Risk control
- Stakeholder engagement
- Compliant operation
- Business ethics
- Responsible tax management

SDGs focus in this chapter





## Compliance and steady operation

SOHO China adheres to a stable operation strategy and strictly abides by financial rules. The Company complies with the *Company Law of the People's Republic of China*, the *Law of the People's Republic of China on Anti-unfair Competition*, the *Interim Provisions on the Prohibition of Commercial Bribery*, the *Corporate Income Tax Law of the People's Republic of China* and other laws and regulations, and follows the regulatory regulations of the asset management authority to standardise corporate governance and perform responsibilities and obligations in tax, developing steadily while making contributions to the country and society.

### Standardization of corporate governance

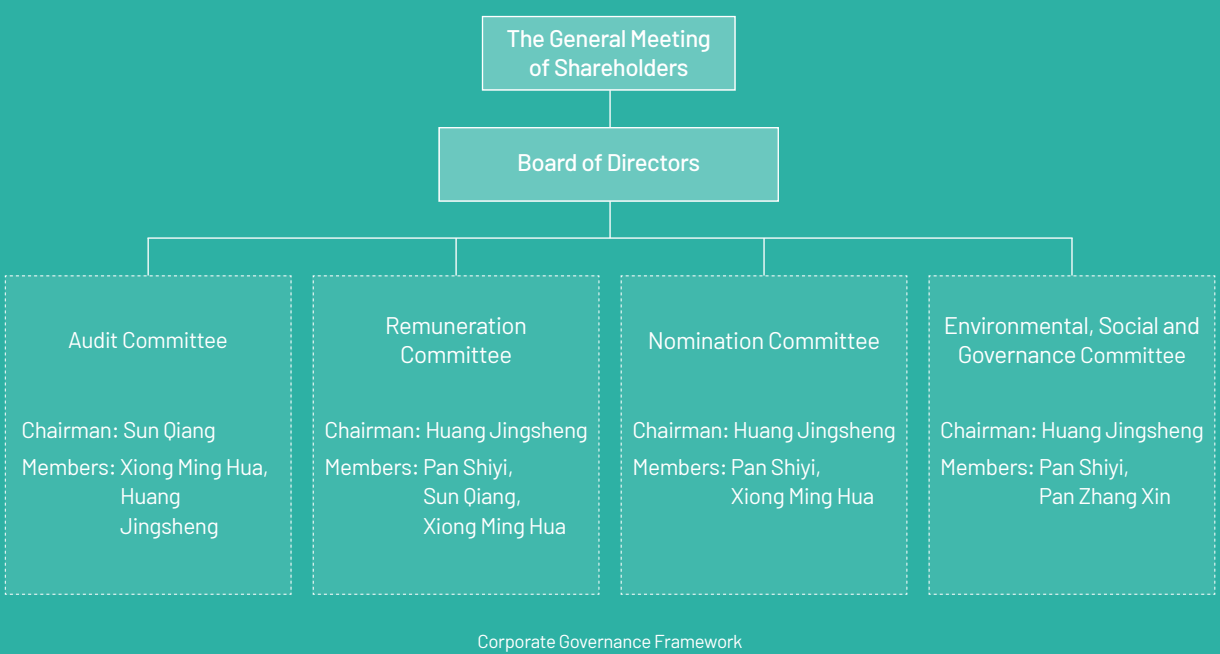
SOHO China regards corporate governance and ESG issues as important elements of standardised governance in strict accordance with Appendix 14 of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*; it attaches importance to the board of director independence and diversity, creates a healthy corporate culture, improves the quality of governance, and retain stakeholder confidence.

#### > Corporate governance system

The Board of SOHO China is composed of seven directors, including four executive directors and three independent non-executive directors. The members of the Board have expertise and experience in economy, finance, construction, property and leasing. The Board reviews and gives suggestions on development strategy and corporate governance, helps accomplish Company's objectives and oversees and reviews the business activities and management performance, in a bid to achieve and maintain effective governance.

The Audit Committee, the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance (ESG) Committee report to the Board regularly, assist the Board in its duties in management and oversight, improve operational transparency and protect the interests of stakeholders. Also, the Company lays emphasis on the general meeting of shareholders by convening general meetings and allowing its exercise of powers to ensure directors, management and shareholders timely and effectively communicate the Company's business.

During the Reporting Period, the Company held 1 general meeting of shareholders and 4 meetings of the Board of Directors.



#### > Board diversity and independence

SOHO China believes that board diversity is crucial to growth and comprehensive value. The Company has prepared the *SOHO China Board of Directors (BOD) Diversified Policy* and sticks to the principle of talents based on merits. The Nomination Committee should consider factors including but not limited to gender, age, culture and educational background, race, expertise, etc. when appointing and renewing the nominated directors, so as to promote the diversity and inclusiveness of the Company.

The Company views independence as the key to fairness and objectivity. The Nomination Committee assesses the independence of all independent non-executive directors and checks the compliance with the criteria for independence contained in the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, thus bringing in professionals with diverse backgrounds to the Board, and including broader experience and perspectives into corporate governance.

#### Key performances

In 2022, among the Board members:

5 males 71.4%

2 females 28.6%



Controlling the operational risks

SOHO China values honesty as one of the pillars of corporate culture and attaches importance to integrity with a commitment to becoming a trustworthy partner. The Company continues to improve its risk response, operational risk defense, and relevant disposal measures. With deep-rooted risk awareness, the Company can effectively prevent risks, timely respond to risks that are happening, and efficiently disposal of them after their occurrence.

> Operational risk prevention

SOHO China has established a risk management framework with defined responsibilities and reporting procedures to leverage the roles of Management, Audit Committee and Board of Directors in corporate risk governance, and integrates the risk management system into the core business operations.

- The Board of Directors oversees the Company's risk management and internal monitoring system and gives feedback through Audit Committee. The Audit Committee assists the Board of Directors in its duties in oversight and corporate governance, and internally monitors the Company's compliance and risk management. The Company's internal audit department regularly reports to the Audit Committee to provide independent assurance for the effective risk management function.
- The risk management and internal audit department formulate a unified risk system and risk assessment standards, follow up on the rectification progress of risks that have occurred, and regularly report comprehensive opinions on risks to Audit Committee and other committees.
- Each operational unit identifies the risks that may affect business objectives, analyses and assesses how important risks are, evaluate how effective current monitoring measures are, and ensure that response plans developed can effectively avoid risks. In this process, SOHO China assesses the risks in its business process in accordance with the *ISO 31000:2018 - Management - Guidelines* and takes into account future business direction, trading frequency, and amount to identify and rank important risks. Reasonable responses are taken according to the risk types, with continuous attention to follow-up progress.



SOHO China risk assessment process in business

> Business ethics risk control

SOHO China is committed to upholding high business ethics and corporate governance standards and operating all businesses with integrity and fairness. The Company publishes *SOHO China Integrity Standards and Business Ethics Management Policy* and the *SOHO China Complaint Report Handling Policy*, *SOHO China Fair Hospitality and Marketing Management Policy* and other management systems, and urge the members of the Board of Directors, all employees, suppliers and contractors to strictly comply with them.

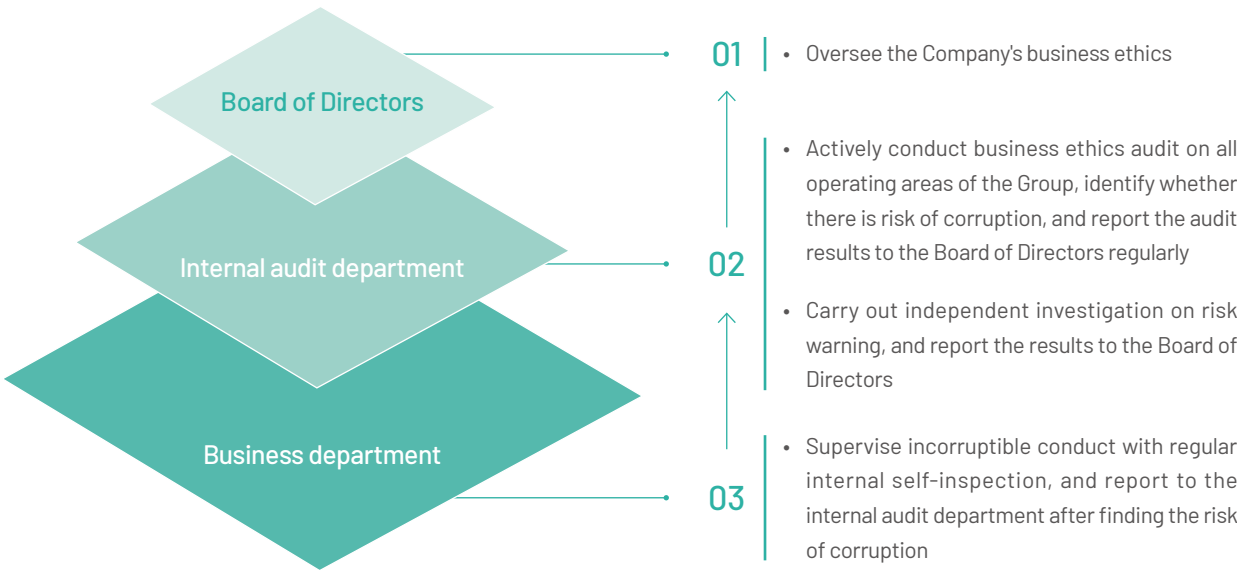
• Anti-corruption

The Company requires all employees to comply with laws and regulations related to the prevention of bribery and maintain high standards of integrity, explicitly prohibits the acceptance of benefits, and makes provisions for business activities such as providing benefits and establishing partnerships; it also requires employees to avoid acts that violate business ethics such as misappropriation,

influence peddling, embezzlement, and fraud. Employees with minor faults shall be dealt with in accordance with the *SOHO China Employee Handbook*.

Additionally, the Company enhances the three lines of defense for business ethics governance, namely the Board of Directors, Internal Audit Department and Business Department, and strictly manage business ethics risk. The Company carries out an internal audit on key risks such as property operation, procurement, leasing and finance every year, and continues to watch for anti-corruption risks. In 2022, SOHO China included 91% of the business income from items in the consolidated financial statements into the scope of internal audit to ensure that all items are operated and managed in line with the highest business ethics standards.

During the Reporting Period, the Company reported no litigation cases related to corruption.



SOHO China's three lines of defense for business ethics governance

Key performances



In 2022, all audit findings have been rectified under closed-loop management.

Complaint reporting

The Company encourages all employees, suppliers and partners who have dealings with it to report suspicious or actual misconduct related to the Company. The Company will keep all content confidential, and promise to fairly treat the whistle-blowers who act truthfully and properly to prevent them from unfair dismissal, persecution, improper disciplinary action or retaliation and adverse treatment.

The Internal Audit Department first identifies whether the content of the whistle-blower is related to business ethics after receiving the report. If relevant, it will contact the whistleblower to collect evidence and specify the policy on whistleblower protection. When the whistle-blowing is accepted, the Internal Audit Department will carry out an independent investigation and return the results to the superior leaders of the stakeholders and the Board of Directors who decide the final accountable punishment, and then the Internal Audit Department returns the results to the whistleblower. This way, whistle blowing is complete in a closed loop manner.

During the Reporting Period, the Company reported no whistle blowing involving corruption or violation of business ethics.

Email for whistle blowing: neishen@sohochina.com

Hotline for whistle blowing: 86-010-5878-8557

Address: Internal Audit Department, SOHO China Limited, 11/F, SOHO A Building, No. 6, Chaowai Street, Chaoyang District, Beijing, China

Postcode: 100020

Competitive behaviors

The Company and all its employees strictly abide by all applicable laws and regulations on competition and anti-monopoly. It aims to protect competition and prevent price manipulation, collective resistance, or market splitting. Furthermore, the Company avoids exchanging sensitive information detrimental to competition with competitors, imposing restrictions on customers or suppliers, and abusing market dominance.

During the Reporting Period, the Company reported no involvement in any legal proceedings related to unfair competition.

Business ethics training and publicity

To address ESG risks and weaker legal awareness audited, the Company conducted business ethics training on insider trading and anti-corruption for full-time employees, part-time employees and contractors, and also offered law training for senior management personnel on insider trading and securities law. All participants must pass the test for SOHO China's employee professional business ethics training.

Key performances

2

training sessions in 2022 on business ethics

100%

employee attendance

95%

the contract amount of suppliers receiving training in 2022 total amount

Intellectual property protection

SOHO China attaches great importance to the protection of intellectual property and strictly abides by the laws and regulations such as *the Advertising Law of the People's Republic of China*, the *Civil Code of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Anti-unfair Competition Law of the People's Republic of China* to strictly protect intellectual property and avoid infringement.

- Stricken brand logo standard: develop detailed rules and requirements on using brand logo, and strictly standardise the advertising of the headquarters, subsidiaries and branches;
- Optimise trademark management: establish a legal management platform, conduct trademark management systematically, timely update trademark information and status, and effectively manage trademarks;
- Protect intellectual property of the third party: include the provisions and agreements concerning the infringement of intellectual property such as software development and scheme design copyright and potential interest disputes in the contract signed with the third party, and state confidentiality duties to suppliers in the form of confidentiality clauses in major contracts.

During the Reporting Period, SOHO China reported no legal proceedings related to intellectual property.

Public opinion risk management

The Company has established an efficient and real-time public opinion monitoring mechanism to ensure that public opinion on the Company is reported to decision makers immediately who make timely responses. The Company builds its public opinion monitoring network domestically and abroad on all media types. Moreover, it updates and expands the industries, quantities and labels, and optimises the keyword management, thus monitoring public opinion on a 24/7 schedule.

- Regular public opinion monitoring: Setting up regular media monitoring; collecting regular coverage; reporting to the management in the form of news briefings, so as to timely know the trends;
- Sudden public opinion and crisis management: Establishing negative information reporting process and crisis response process; implementing the full process - identify, early warning, track and analyse and summarise - for key negative public opinion and negative news, and report to the management every 8, 12, 24, 48, 72 hours or longer. Develop response strategies to public inquiries in advance and effectively manage negative public opinion.





# Sustainability management

SOHO China is committed to improving the ESG value and integrating it with the operation, policy planning, and brand building in the hope of contributing to China's 2035 Vision Plan and the UN 2030 Agenda for Sustainable Development.

## ESG values

SOHO China's corporate vision is "To uphold the innovative architectural philosophy and construct buildings of the times". In the era of ever-changing taste, innovation, and fashion, the Company actively responds to the call of goal 11 - make cities and human settlements inclusive, safe, resilient and sustainable - in the 2030 Agenda for Sustainable Development, and designs, builds and operates high-quality living space with five important pillars of sustainable future: resilient, people-oriented, thankful, value-driven and low-carbon, thus delivering SOHO China's Spirit of the Times to the world.

Economy	Improve the operational resilience of the Company, and repay the stakeholders with steady economic growth.
Employees	Uphold integrity, unity and innovation, and build a diversified and industry-leading professional team.
Society	Build an efficient charity system and continuously increase social influence.
Environment	Pursue the harmony and unity of nature, people and architecture, and explore green and low-carbon development.
Partner	Establish long-term partnership and transmit ESG value.



## Progress of ESG governance

SOHO makes corporate governance more transparent by improving the sustainability management structure and policies, and achieving the objectives of stable operation and sustainability, in a bid to maximise economical, environmental and social value.

### > Sustainability management structure

To further build up a good reputation in the market and enhance its resilience, SOHO China has improved the ESG management structure and issued the *ESG Management and Evaluation Methods* within the Company to set the ESG goal and annual assessment for all employees whose Key Performance Indicator (KPIs) is anchored in ESG management. Employees are assessed by ESG-related KPI scores and participation in ESG-related training. Individuals and teams with outstanding ESG performance will be given commendations and rewards within the Company. All employees are incentivised to contribute to the Company's sustainability.

### SOHO China's sustainability performance-related award-winning items and teams

Team	Item
Yang Zheng Library Construction Team	The team built Yangzheng Library and completed the construction and installation of zero carbon key technologies.
SOHO Tianshan Plaza Asset Management Team	SOHO Tianshan Plaza was awarded the certified two-star green building label during construction operation and the prize as the green building demonstration project in Changning District, Shanghai.
ESG Working Group	GRESB rating of SOHO China upgraded in 2022

In 2022, SOHO China hired a third-party agency to offer ESG training for all employees. The training included ESG trends, environmental responsibility, social responsibility and governance planning and goal briefing, etc., which increased the awareness and engagement of all employees on ESG and sustainability issues. 100% of employees attended the training. In 2022, the Company distributed the ESG involvement questionnaire to employees, which gave a better picture of how employees' regular work or performance contributed to ESG issues in SOHO China.

### SOHO China ESG governance structure

**Board of Directors**

The Board of Directors of SOHO China attaches great importance to the governance of ESG-related issues. It oversees and coordinates ESG endeavors, listens to and approves suggestions from the ESG Committee, and includes ESG factors in the business decision.

**ESG Governance Committee**

SOHO China has published the "*ESG Governance Committee - Terms of Reference*", and set up an ESG Governance Committee on the Board of Directors. The Committee members are appointed by the Board of Directors, and Mr. Huang Jingsheng serves as the chairman. The Committee reports ESG issues to the Board of Directors and supervises the formulation and implementation of the Company's ESG vision, strategy, objectives and policies.

**ESG Working Group**

The ESG working group, composed of members of all functions and directly led by the ESG Committee, executes ESG projects and launches and implements works in environment, employment and labor, sustainable procurement, products and customers, anti-corruption, and community investment. Each working group improves the internal management mechanism, defines the supervision and objectives, provides guidance for ESG practice, strictly standardises and effectively manages the ESG issues, and regularly reports to the ESG Committee.

### ESG governance structure



SOHO China ESG governance structure



> Sustainability policy

SOHO China currently publishes 13 sustainability policies available on the official website (<https://esg.sohochina.com/>) for public review and oversight. In 2022, the Company revised 6 policies to make them more applicable to operation, procurement, and employment.

Governance	SOHO China ESG Committee - Terms of Reference	SOHO China Integrity Standards and Business Ethics Management Policy
	SOHO China Board of Directors (BOD) Diversified Policy	SOHO China Complaint Report Handling Policy
Environmental	SOHO China Environmental Management Policy	SOHO China Management Policy to Address Climate Changes
	SOHO China Biodiversity Protection Policy	SOHO China Green and Healthy Building Policy
	SOHO China Green Lease Policy	
Social	SOHO China Fair Hospitality and Marketing Management Policy	SOHO China Management Policy for Employment and Labor Standards
	SOHO China Community Investment Management Policy	SOHO China Green Procurement and Sustainable Supply Chain Management Policy





## ESG statement of the Board of Directors

Sustainability is crucial to SOHO China's sustainable operation. The Board of Directors of SOHO China, the highest lead and policy-making body for ESG issues, strives to align the ESG governance strategy and policy with corporate development.

The Board of Directors plays a leading role in the ESG aspect. It supervises ESG work, formulates ESG management policies and strategies, reviews ESG objective, and identifies, assess and manage ESG risks. In addition, the Board of Directors provides guidance for sustainability at the meeting, and reviews and approves important issues reported by the ESG Committee. The Company places a high premium on the expectations of stakeholders and regularly communicates with stakeholders to determine the importance of ESG issues to the Company and timely adjust the sustainability strategy and objectives.

The Board of Directors delegates its ESG responsibility and supervision that impacts business or operation, shareholders and other stakeholders to the ESG Committee. The Committee meets at least once a year and reports the latest dynamics to the Board of Directors for review. In 2022, the ESG Committee assessed the importance of ESG issues among all stakeholders and defined the core ESG issues. Among them, product and quality safety, employee safety and health, and employee development and training greatly interests stakeholders. The Company actively acted to changes under the review of the Board of Directors to make ESG management effective. This report details how progressive and effective SOHO China's ESG work was in 2022 and was reviewed and approved by the Board of Directors on 23 March, 2023.

In 2022, the ESG Committee held 2 meetings, and launched or prepared sustainability projects through the SOHO China Operation Management System (OMS), as well as set defined project milestones and expected deliverables to manage each project in a closed-loop manner. The material topics mentioned by the ESG Committee this year include:

- **Environmental responsibility:** make projects WELL HSR certified; optimise the data management of wastes;
- **Climate change and carbon neutrality:** plan carbon neutrality strategies;
- **Leasing services:** develop the *Green Leasing Advocacy Contract* and the *Green Leasing Guidelines*; set up a green leasing working group;
- **Employment and labor standards:** improve employee satisfaction and employee satisfaction questionnaire, which newly adds net promoter score (NPS), and occupational health and safety issues;
- **Customer relation:** optimise customer satisfaction survey, which newly adds the third-party NPS survey;
- **Supply chain management:** update supplier performance assessment form, which newly adds ESG evaluation index;
- **Business ethics and anti-corruption:** carry out an internal audit on business ethics and anti-corruption; conduct business ethics and anti-corruption training for all employees;
- **ESG governance:** improve the ESG risk management system.

## ESG risk management

SOHO China watches for the ESG risks in operation and is committed to turning risks into positive opportunities.

### ESG risk management structure

In 2022, SOHO China set up an ESG risk organizational structure that defines responsibilities and reporting procedures on the basis of the former three lines of defense.

- The Board of Directors supervises the design and implementation of ESG risk management and internal monitoring system.
- The Internal Audit Committee reviews the effectiveness of ESG risk management and internal monitoring system, regularly reports to the Board of Directors and assists them in reviewing the effectiveness of ESG risk management and internal monitoring.
- Each business division and ESG working group regularly identify, analyse and manage risks every year to form a corporate risk register including sustainability risks, which provides the basis for business decisions.





ESG risk and opportunity matrix

SOHO China integrates ESG risk into regular risk management and increases ESG risk audit items in different business processes, for example, the sustainable supply chain during procurement, the safe working environment during property operation, and the protection of customer rights during the leasing. Closed-loop management is formed through

“risk governance, risk identification, risk assessment, risk response, and risk reporting and communication”.

Based on the recent ESG risks identified, the ESG risk description and its actions are summarised as follows, some of which have been detailed in other chapters:

Issues	Potential ESG risks/opportunities	Actions
Environmental management		
<div><div>• Energy management</div><div>• Resource efficiency</div><div>• Waste management</div><div>• Green development</div><div>• Green operation</div></div>	<div><div>• Not at the expense of the environment. Integrate environmental management into the business process, strategic direction and decision-making, take environmental responsibilities, reach environmental goals, avoid the not-in-my-back-yard attitude, create long-term positive impacts on production and operation</div></div>	<div><div>• Improve environmental management systems and policies</div><div>• Develop and track environmental management goals and performance</div><div>• Full life cycle management of green buildings</div><div>• Deploy and apply an energy management platform (EMP)</div><div>• Use water lean management and water-saving innovation technology</div><div>• Waste reduction, recycling and harmless utilization</div><div>• Advocate green leasing</div></div>
Climate change		
<div><div>• Extreme weather</div><div>• GHG emissions</div><div>• Energy shortage</div><div>• Water shortage</div></div>	<div><div>• Physical risks and transformation risks brought by the dynamics and uncertainty of climate change may lead to asset impairment or loss</div><div>• Changes in the climate and environment lead to changes in investor sentiment and expectations in the capital market, causing sharp fluctuations in asset prices</div><div>• Adjust the technology and business structure, respond to the high cost caused by climate change regulations, bring in stable input and output</div></div>	<div><div>• Formulate <i>SOHO China Management Policy to Address Climate Changes</i></div><div>• Prepare carbon neutrality strategy, continue energy efficiency optimization, and greenhouse gas emission trading</div><div>• Identify and response to climate change risks</div><div>• Quantify and disclose greenhouse gas emission data for years</div></div>
Quality and service		
<div><div>• Goodwill and brand value</div><div>• Protection of customers' rights</div><div>• Service satisfaction</div></div>	<div><div>• Pioneer green leasing and customer environmental health in the domestic market, provide quality services and improve brand value and goodwill</div><div>• Improve service, see and respond to the real needs of customers, increase customer satisfaction and maintain good customer relations</div></div>	<div><div>• 8 projects have passed the WELL HSR certification to improve the health building management system</div><div>• Passed the certification of <i>GB/T 19001-2016/ISO 9001:2015 Quality Management System Requirements</i> to implement the quality management of property services</div><div>• Develop and implement the <i>400 Workflow Process Rules</i> and respond effectively to customer feedback</div><div>• Commitment to treating customers and marketing fairly</div><div>• Conduct office environment satisfaction survey</div><div>• Conduct internal and external customer satisfaction surveys</div><div>• Strengthen the pandemic control to curb Covid-19</div></div>

Issues	Potential ESG risks/opportunities	Actions
Supply chain management		
<div><div>• Fulfill contracts in good faith</div><div>• Responsible supply chain</div><div>• Green procurement</div></div>	<div><div>• Be realistic and pragmatic, satisfactorily perform the contract terms and conditions as required, and build a good image</div><div>• Assess and screen suppliers, improve suppliers' environmental and social performance, select qualified suppliers, and promote sustainable supply chains</div><div>• Integrate the concept of green and low carbon development into procurement, prefer environmentally-friendly products and services which save water, energy and materials, connect green production and green consumption, build a green market with the upstream and downstream of the supply chain</div></div>	<div><div>• Strengthen the closed-loop management: supplier access, contract signing, evaluation and withdrawal</div><div>• Issued the new version of <i>SOHO China Green Procurement and Sustainable Supply Chain Management Policy</i> which requires suppliers to make ESG commitments</div><div>• Conduct ESG training on suppliers</div><div>• Purchase green environmentally-friendly products and services</div></div>
Employment and labor		
<div><div>• Compliant employment</div><div>• Health and safety</div><div>• Employee satisfaction and employee retention</div></div>	<div><div>• Avoid legal disputes or legal penalties caused by child labor, discrimination, forced labor and infringement of employees' legal rights, which affect the corporate image</div><div>• Pay attention to the health and safety of employees' working environment, improve employee satisfaction, motivate employees, and inject inexhaustible impetus for corporate innovation and overall benefit improvement</div></div>	<div><div>• Insist on lawful employment, practice equal pay, and create an inclusive culture</div><div>• Optimise employee selection, education and retention and plan to build the Employer Brand</div><div>• Create a healthy and safe working environment for employees and protect their physical and mental health</div><div>• Conduct employee satisfaction survey to respond to employees' real needs</div></div>
Business ethics and anti-corruption		
<div><div>• Prevent corruption and misappropriation</div><div>• Prevent insider trading</div></div>	<div><div>• Increase business ethics and anti-corruption training, prevent favoritism and fraud, make business operations more transparent and effective, and boost the stakeholder confidence in stable operation</div><div>• Prevent insider trading and protect the fairness, equity and transparency of the market</div></div>	<div><div>• Issue the <i>Integrity Standards and Business Ethics Management Policy</i> to avoid violations of business ethics</div><div>• Improve the three lines of defense in business ethics governance: Board of Directors, Internal Audit Department and Business Department</div><div>• Complete the business risk assessment process</div><div>• Publish complaints and reporting channels to manage whistle blowing</div><div>• Hold business ethics training and publicity</div><div>• Conduct legal training related to insider trading</div></div>

# Listening to the voices of stakeholders

The voice of stakeholders is crucial to the Company’s sustainability. SOHO China communicates with stakeholders and enhances sustainable capability through responding to stakeholder expectations and demands. The Company fully considers the opinions of internal and external stakeholders when defining and managing sustainability issues.

## Stakeholder engagement

SOHO China has established a regular communication policy for stakeholders. The Company thoroughly listens to the opinions and suggestions of the government, shareholders, clients, partners, communities, employees and other stakeholders, and communicates with multiple parties through reports, e-mail, telephone, meetings, forums and questionnaires. The Company integrates the concerns of all stakeholders into operation and decision-making to optimise ESG performance through communication. Further, the Company makes public disclosure on the annual ESG report to gain more recognition and confidence of stakeholders.

Stakeholders	Demands and Expectation	Actions	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"><li>Improving return on investment</li><li>Reducing business risk</li><li>Protecting shareholders' rights</li><li>Protecting intellectual property</li><li>Information disclosure</li></ul>	<ul style="list-style-type: none"><li>Improving operational efficiency</li><li>Improving ESG governance structure</li><li>Strengthening risk management</li><li>Maintaining mutual trust with investors</li><li>Regularly disclosing financial reports and ESG reports</li><li>Completing the intellectual property protection mechanism</li></ul>	<ul style="list-style-type: none"><li>Shareholders' meeting</li><li>Information disclosure</li><li>Company website</li><li>Investor Q&amp;A</li><li>Briefings by media and research institutions</li><li>Roadshow</li></ul>
Government and regulatory agencies	<ul style="list-style-type: none"><li>Compliant operation</li><li>Paying taxes</li><li>Energy utilization</li><li>Comprehensive disposal of waste</li><li>Water resource management</li><li>Addressing climate change</li><li>Urban renewal and construction</li></ul>	<ul style="list-style-type: none"><li>Complying with local laws and regulations</li><li>Complying with business ethics</li><li>Regularly submitting regulatory reports</li><li>Actively paying taxes and responding to national policies</li><li>Full life cycle green management</li><li>Actively addressing climate change</li><li>Empowering regional cultural and economic functions</li></ul>	<ul style="list-style-type: none"><li>Oversight and inspection</li><li>Regular management</li><li>Conference</li><li>Public consultation</li></ul>
Employees	<ul style="list-style-type: none"><li>Career path and promotion</li><li>Healthy and safe working environment</li><li>Compensations, benefits and equal opportunities</li><li>Creating an inclusive work environment</li><li>Increasing employee satisfaction</li></ul>	<ul style="list-style-type: none"><li>Protecting labor rights</li><li>Focusing on talent diversity</li><li>Building a competitive salary system</li><li>Diversifying training channels</li><li>Caring about the physical and mental health of employees</li><li>Public recruitment</li></ul>	<ul style="list-style-type: none"><li>Employee training</li><li>Employee satisfaction survey</li><li>Feedback to complaints</li><li>Regular meetings</li><li>Communication channels for employee</li><li>Performance evaluation</li></ul>

Stakeholders	Demands and Expectation	Actions	Communication Channels
Partners and suppliers	<ul style="list-style-type: none"><li>Fulfilling contract</li><li>Building sustainable supply chains</li><li>Green procurement</li></ul>	<ul style="list-style-type: none"><li>Cooperating in good faith</li><li>Supplier compliance audit</li><li>Signing sustainable supply chain policies and commitments</li></ul>	<ul style="list-style-type: none"><li>Supplier training</li><li>Supplier evaluation</li><li>Conference</li><li>Bidding and procurement process</li></ul>
Clients	<ul style="list-style-type: none"><li>Green building and leasing</li><li>Healthy and safe building environment</li><li>Responsible marketing</li><li>Improving service i both quality and quality</li><li>Client complaints and feedback</li><li>Client information and privacy protection</li></ul>	<ul style="list-style-type: none"><li>Compliant sales service</li><li>Ensuring service quality</li><li>Issuing green lease guidelines</li><li>Passing the building environmental health certification</li><li>Complaint handling mechanism</li><li>Client information confidentiality mechanism</li></ul>	<ul style="list-style-type: none"><li>Client satisfaction survey</li><li>Conference</li><li>Public inquiry</li><li>Feedback to complaints</li><li>Hotline of client service</li><li>Official website and new media</li></ul>
Community	<ul style="list-style-type: none"><li>Community engagement</li><li>Rural revitalization</li><li>Charity</li></ul>	<ul style="list-style-type: none"><li>Holding many community activities</li><li>Bridging the educational gap</li><li>Supporting rural revitalization</li><li>Offering social assistance</li><li>Encouraging employees to participate in volunteer activities and give back to the society</li></ul>	<ul style="list-style-type: none"><li>Public/community activities</li><li>Volunteer activities</li><li>Public inquiry</li><li>Media communication</li></ul>

Definition of material issues

In 2022, SOHO China, referring to the latest edition of the *Environmental, Social and Governance Reporting Guide* issued by the Stock Exchange of Hong Kong Limited and the *GRI Standards* issued by the Global Sustainability Standards Committee (GSSB), engaged independent consultants to carry out thorough stakeholder surveys, aiming to provide

effective information for ESG reports and company-wide ESG strategies. In addition, the Company further expanded the overall survey sample this year from 266 last year to 334 this year, listened to more expectations and requirements of external stakeholders for sustainability, and guided the Company to further optimise its sustainability.

Identification of material issues

01  
Identify

With reference to GRI Standards, HKEX ESG guide and mainstream ESG rating frameworks at home and abroad, industry policy analysis and peer benchmarking, an issue bank covering 27 ESG topics were formed in 2022.

02  
Assess

To better understand the expectations of stakeholders, the Company conducted a questionnaire survey on stakeholders with a larger sample size through independent third-party consultants, including employees, tenants, consumers, shareholders and investment institutions, government and regulators, suppliers, partners, media/industry associations/business organizations, and invited stakeholders to evaluate the importance of each issue from their own perspective. A total of 334 valid questionnaires were collected.

03  
Prioritize

According to the principle of materiality and stakeholder engagement, the issues were prioritized according to the significance of the sustainable development of stakeholders and the Company, and disclosed in the form of matrix.

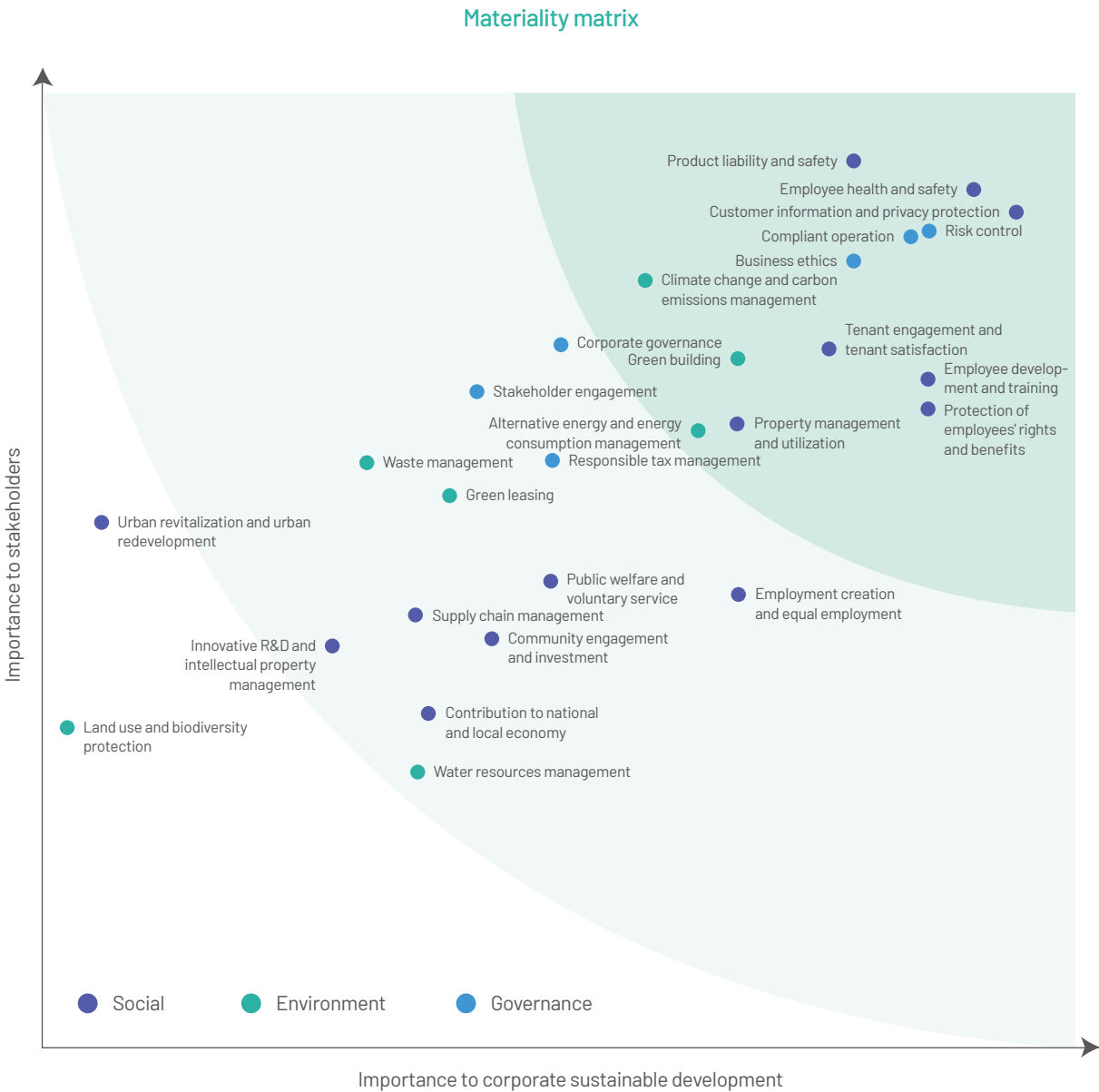
04  
Review

External experts provided suggestions on material issues and ranking; the management of the Company reviewed the material issues and their ranking.

> SOHO China materiality matrix

Considering the opinions and concerns of internal and external stakeholders, the Company evaluates the potential economic, environmental and social risks and opportunities brought to the Company's business and society, and reflects

the importance of the issues from the perspective of internal and external stakeholders. A total of 27 ESG issues of concern by the Company and stakeholders in the 2022 materiality matrix are shown as follows:



➤ SOHO China's highly material issues in 2022

Environmental	Climate Change and Emissions Management	Green Buildings	Alternative Energy and Energy Consumption Management
Social	Product Liability and Safety	Employee Development and Training	Tenant Engagement and Tenant Satisfaction
	Employee Health and Safety	Protection of Employees' Rights and Benefits	Property Management and Utilization
	Client Information and Privacy Protection		
Governance	Risk Control	Compliant Operation	Business Ethics

➤ Statement on SOHO China materiality changes in 2021

Material Issues	Change	Reasons
Climate Change and Carbon Emission Management	Name change	Changing "address climate change" to "climate change and carbon emission management"
Land Use and Biodiversity Conservation		Changing "pollution and emission reduction and environmental protection" to "land use and biodiversity conservation" , which is better applied to the current real estate industry
Water Resources Management		To optimise SOHO China's environmental performance in a multi-dimensional way, "energy management and resource conservation" is divided into three categories: "water resources management", "waste management", and "alternative energy and energy consumption management"
Waste Management		
Alternative Energy and Energy Consumption Management		
Tenant Engagement and Tenant Satisfaction		SOHO China puts customers' rights first and is committed to providing customers with full-cycle protection. It changes "quality and service" to "tenant engagement and tenant satisfaction"
Product Liability and Safety		Changing "product quality and safety" to "product liability and safety"
Innovative R&D and Intellectual Property Management		SOHO China is a non-manufacturing enterprise, and its product R&D and intellectual property have little impact on production and operation. Therefore, "R&D and innovation" and "IPR protection" were merged into "Innovative R&D and intellectual property management"
Employment Creation and Equal Employment		"Compliant employment and protection of employee rights and interests" is divided into "employment creation and equal employment" and "protection of employees' rights and benefits"
Protection of Employees' Rights and Benefits		
Business Ethics		In addition to anti-corruption, fair competition, conflict of interest, reporting and complaints are all important elements of business ethics. "Anti-corruption" is changed to "business ethics"

Material Issues	Change	Reasons
Green Leasing	Adding new topics	Leasing and property services are SOHO China's core businesses. The Company aims at green and sustainable development, advocates green leasing, and promotes the upgrading of business operations, so issues "green leasing" and "property management and utilization" are added
Property Management and Utilization		
Urban Revitalization and Urban Redevelopment		The government and regulatory agencies have expectations for the Company to drive regional development. As a top commercial real estate company, SOHO China is committed to promoting common prosperity among different regions. Therefore, the issues "urban revitalization and urban redevelopment", "community engagement and investment" and "responsible tax principles" are added
Community Engagement and Investment		
Responsible Tax Principles		
Corporate Governance		Compliance management and risk management are the foundation of the Company's sustainable operation, so the issues "corporate governance", "compliance operation" and "risk control" are added
Compliant Operation		
Risk Control		





# 02

## Consolidating the Green Background with a Sense of Responsibility

While embedding the green and low-carbon concept into the full life cycle management of buildings, SOHO China actively reacts to the health appeal of “Being People Oriented”, assesses and manages the impact and opportunities of climate change on the Company’s business, and identifies opportunities for close cooperation with all stakeholders on sustainability, jointly building green, healthy, comfortable, and climate-resilient high-quality buildings.

This chapter relates to the following major sustainable development issues

SDGs focus in this chapter

- Climate change and carbon emission management
- Green building
- Water resources management
- Alternative energy and energy consumption management
- Green leasing
- Land use and biodiversity protection
- Waste management





SOHO China sticks to the tenet of "being quality-oriented, intelligent monitoring, sophisticated management, and professional innovation" to reach the environmental goal of "higher quality, higher efficiency, and lower cost". The Company taps the potential to improve building quality for the sake of environmental and social benefits, continues to improve sustainable operation with digital technology, keeps the insight on cutting-edge technology, embraces professional management innovation, pursues harmonious coexistence between nature, human beings and buildings and promotes the appreciation of building assets.

SOHO China’s Green Sustainability Policies and Rules At a Glance

<i>SOHO China Environment Management Policy</i>	<i>SOHO China Green and Healthy Building Policy</i>
<i>SOHO China Biodiversity Protection Policy</i>	<i>SOHO China Community Investment Management Policy</i>
<i>SOHO China Green Lease Policy</i>	<i>SOHO China Management Policy to Address Climate Changes</i>
<i>Energy Data and Performance Management System</i>	<i>Energy Conservation Management System</i>
<i>Management Rules on Public Area Lighting</i>	<i>Management Rules on Energy Conservation in the Office</i>
<i>Management Rules on Equipment Operation and Energy Conservation at Commune by the Great Wall</i>	<i>Property Collection and Payment Business Management System</i>
<i>Management Rules on Water Saving Management</i>	<i>Rules on Management Platform of Equipment and Facilities</i>
<i>Management Rules on Waste Management</i>	

Improving environmental management

SOHO China strictly complies with the national laws and regulations on energy consumption management, resource utilization, carbon emissions and other environmental protection, and effectively practices and implements the requirements of the GB/T24001-2016/ISO 14001:2015 environmental management system. The Company develops the *Quality, Environment, Occupational Health and Safety Management Manual*, and regularly audits the environmental management system and analyse the needs of stakeholders to continuously improve the environmental management system. In 2022, SOHO China reported no violation of environmental laws and regulations.

In addition, SOHO China’s ESG Committee has set up an environmental management working group to coordinate the efforts by business departments in environmental management, formulate and track environmental management objectives and performance, and improve the green sustainable strategy. The Company hires third-party energy-saving service consultants or professional trainers every year to carry out position-specific energy-saving training and assessment for the company's environmental management specialists so that they can learn the cutting-edge energy-saving technology application and energy-saving management concept in time, thus building a professional environmental management team.

At the same time, the Company encourages all employees to participate in environmental management, regularly carries out energy conservation advocacy and education activities, raises the environmental awareness of all employees, and integrates the concept of green sustainability into their work and life. In addition, the Company pursues a green and low-carbon workplace, advocates paperless office and flexible offices, effectively saves resources and reduces the carbon footprint of employees’ commuting.



Environmental Management System Certificate

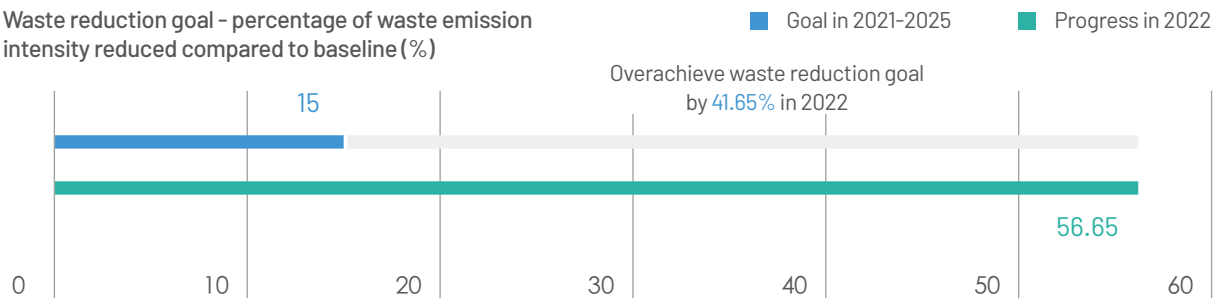
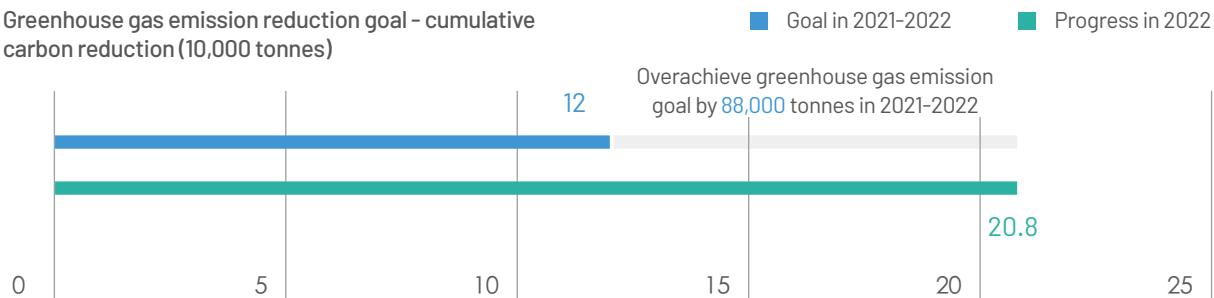
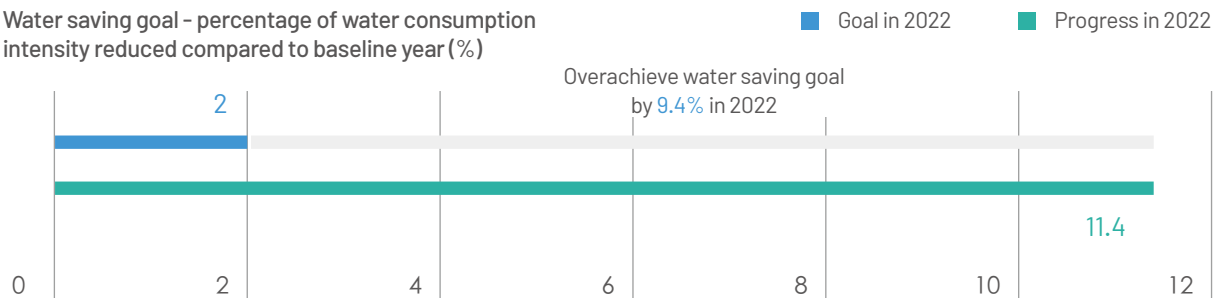
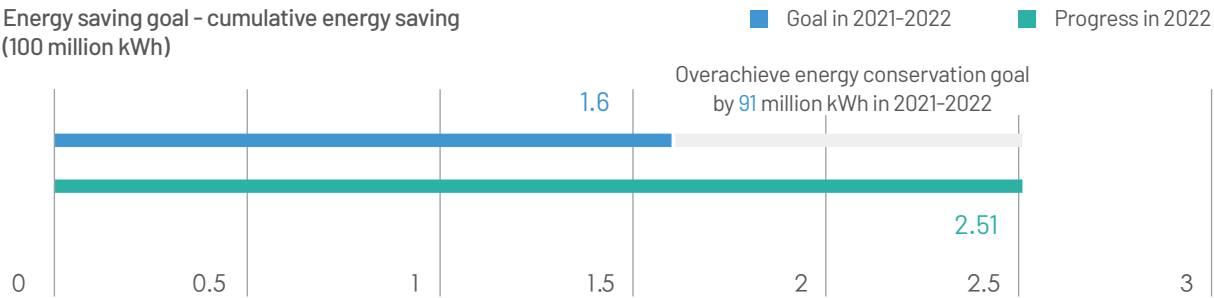
## Fulfilling green commitment

SOHO China promises to reduce the environmental impact of the full life cycle of buildings. By virtue of many years of practical experience in green and low-carbon buildings, taking into account the principles of leadership, scientificity and enforceability, the Company continuously completes

the environmental management objectives and indicator system, regularly reviews and analyses the progress of the objectives and practical results to systematically improve the performance of environmental management. Furthermore, the Company discloses the latest progress in the Company's ESG report every year to explain its responsibilities in environmental protection to all stakeholders.

### SOHO China 5-Year (2021-2025) Environmental Management Goals and Progress

	5-Year Environmental management goals	Progress in 2022	Status
Resource utilization	<b>Goal of Energy Saving:</b> With the <i>Standards for Energy Consumption of Building (GB/T 51161-2016)</i> as the benchmark, the total energy consumption should be reduced by at least 20%, more than 80 million kWh per year, and the total conservation over the five years should be more than 400 million kWh.	<ul style="list-style-type: none"><li>The energy consumption per unit area in 24 projects managed by SOHO China is 0.065 MWh/m<sup>2</sup>.</li><li>The total energy consumption of the 24 projects managed by SOHO China is 135 million kWh less than that of the <i>Standards for Energy Consumption of Buildings (GB/T 51161-2016)</i>, and the annual rate of energy saving is 33.6%.</li><li>SOHO China has saved 251 million kWh of energy from 2021 to 2022.</li></ul>	Exceeding the annual goal
	<b>Goal of Water Saving:</b> With 2017-2019 annual average water consumption per square meter as the benchmark, the annual water saving should be at least 2% per year, and the total water conservation over the five years should be at least 10%.	<ul style="list-style-type: none"><li>The water consumption per unit area in 24 projects managed by SOHO China is 0.607 tonnes per square meter, saving 0.078 tonnes per square meter compared with the average consumption of 0.685 tonnes per square meter in 2017-2019, and the rate of water saving is 11.4%.</li></ul>	Exceeding the annual goal
Emissions	<b>Goal of Greenhouse Gas Emission Reduction:</b> With the <i>Standards for Energy Consumption of Building (GB/T 51161-2016)</i> as the benchmark, the annual reduction of carbon should be more than 60,000 tonnes based on energy conservation, and the total reduction over the five years should be more than 300,000 tonnes.	<ul style="list-style-type: none"><li>The annual rate of energy saving in 24 projects managed by SOHO China is 33.6%, equivalent to 112,000 tonnes of carbon reduction.</li><li>SOHO China has saved 251 million kWh of energy, equivalent to 208,000 tonnes of carbon reduction from 2021 to 2022.</li></ul>	Exceeding the annual goal
	<b>Goal of Waste Reduction:</b> By strengthen the green operation, and advocate paperless offices, the reduction of waste intensity by at least 15% within five years based on the benchmark in 2020.	<ul style="list-style-type: none"><li>The waste emission intensity in 24 projects managed by SOHO China is 0.00074 tonnes per square meter, which is 0.00096 tonnes per square meter lower than that of 0.0017 tonnes per square meter in 2020, and the rate of waste emission reduction is 56.65%</li></ul>	Exceeding the goal



## Taking root in intelligent management

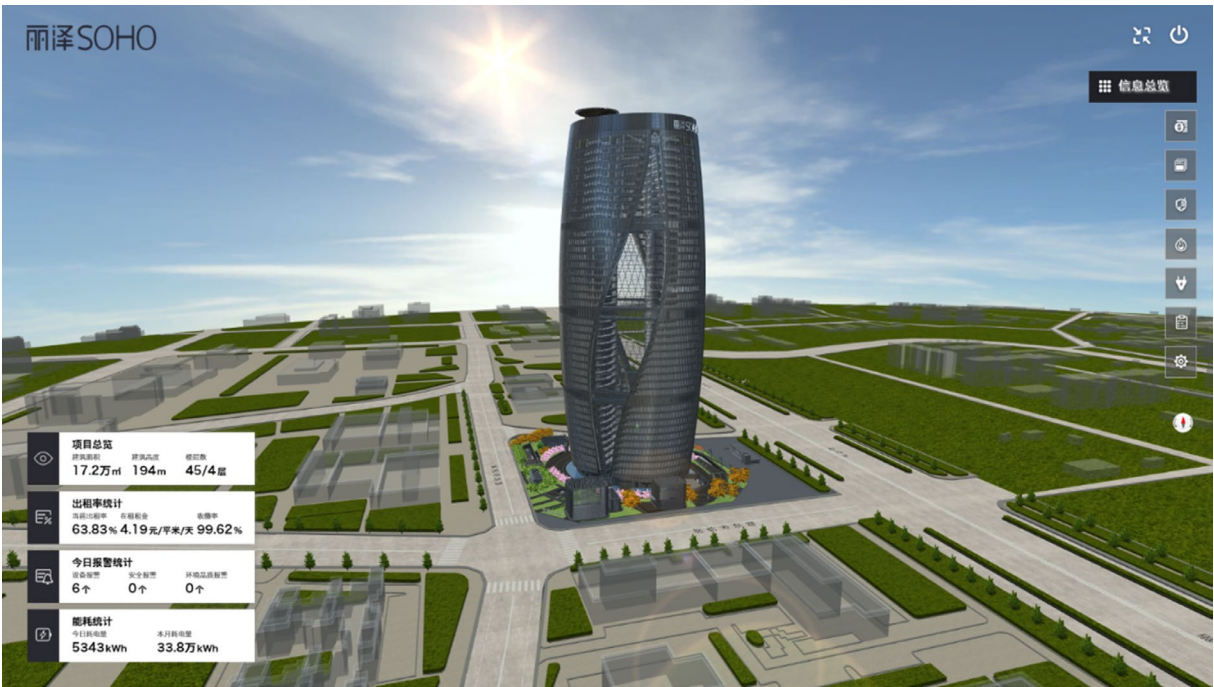
SOHO China is committed to “Intelligent Monitoring” and “Refined Management” for environmental stewardship policy, and has been exploring digitalization for many years to have comprehensive knowledge of the energy consumption in various projects and equipment and facilities, timely capture the potential of energy efficiency and emission reduction, and build green and low-carbon intelligent buildings while delivering good building experience for customers. Since 2013, SOHO China has established an Energy Conservation Center, which started its digital journey of energy saving, carbon emission reduction and green operation. In the same year, the Company also comprehensively deployed and applied the energy management platform to acquire building energy consumption data, conduct dynamic analysis, enable performance-oriented energy efficiency management, optimizing the integrated centralised management of projects in different regions. In addition, SOHO China also engaged a third-party professional consulting agency to assist in platform data monitoring and professional training to build digital talent teams.

By 2022, SOHO China has 25 two-dimensional energy management platforms (EMP), 8 three-dimensional BIM energy management platforms, a zero-carbon operation platform (ZCOP), 16 customer electricity fee management platforms (CEM), and 25 facilities management platforms (FM). That helps the Company build a sound digital environmental management system, fully discover data value, and take lead in low carbon sustainability.

### Digital energy management platform

100%

of projects covered



Soho China visual 3D BIM energy management platform

### Case: Deploying client electricity fee management platforms to jointly reduce carbon emissions

To further enable clients to accelerate their own sustainability process and jointly contribute to carbon reduction, SOHO China establishes client electricity fee management platforms (CEM), and replaces time-of-use electricity meters for clients free of charge. While ensuring that clients pay according to the peak and valley time-of-use electricity price, SOHO China ensures that the client-side power consumption data is connected to the energy management platform hourly, laying a management foundation for guiding the client's electricity consumption habits and jointly promoting energy efficiency. By 2022, SOHO China has built 16 client electricity fee management platforms and managed more than 10,000 electricity meters. It explores opportunities to deepen cooperation with customers on low-carbon development while ensuring that the market-oriented electricity discount secured by the Company are fully shared with clients.

#### Open and transparent information on electricity consumption

- Checking electricity consumption
- Self-service online payment
- Fully sharing the benefits of market-based power purchases

#### Monitoring abnormal electricity consumption

- Monitoring customer-side electricity consumption data in real-time manner
- Alarm for abnormal electricity consumption
- Providing timely maintenance

#### Analysis and guidance of electricity consumption habits

- Conducting monthly energy consumption analysis
- Cooperating with the Green Leasing Working Group to assist customers in optimizing electricity consumption habits



# Tackling climate change

In the *Emission Gap Report 2022*, the United Nations Environment Programme warned that there is still a large gap between what countries have committed to, in terms of future carbon emission reductions, and what would be needed to meet the Paris Agreement targets of limiting the temperature increase to 1.5°C and the global impact of climate change is increasingly intensifying and irreversible. All countries, cities, regions, companies and individuals need to take immediate action to make use of the final window of opportunity and assume the responsibility for climate governance.

In response to China's carbon peaking and carbon neutrality goals and facing the challenges shared by mankind in this century, SOHO China places great emphasis on the potential risks of climate change, formulates the *SOHO China Management Policy to Address Climate Changes* and incorporates climate change into the Company's ESG risk system as the core issue, and gradually builds the ability to identify, assess and analyse climate change risks and opportunities, which is then incorporated in its carbon neutrality strategic layout to build a future-oriented resilient enterprise.

## Response to Task Force on Climate-Related Financial Disclosures (TCFD)

### Governance

- The Board of Directors reviews the actions taken to deal with the issues arising from climate change, including the materiality matrix analysis result covering "climate change and carbon neutrality", disclosures in response to "climate change and carbon neutrality" in the ESG reports.
- The ESG Governance Committee under the Board of Directors identifies ESG risks and opportunities including climate change risks, and evaluates their impacts on the Company; regularly reviews *SOHO China Management Policy to Tackle Climate Changes*; approves and allocates human resources and funds needed to identify, mitigate and manage climate-related risk opportunities.
- The Company establishes the environmental management working group of the ESG Governance Committee and sets up full-time environmental stewardship personnel to maintain an effective energy and carbon data management system, set energy consumption management performance goals for each project, and monthly review the process; efficiently utilises the human and financial resources used to identify, mitigate, manage and monitor climate-related issues to reach the predetermined goals.

### Strategy

- The Company identifies physical and transition climate risk by using the research data of domestic and foreign literature on climate change according to the trends of the real estate industry and the climates in the region where the project is located, completes the list of risks and opportunities related to climate change, and provides beneficial support for risk management.
- Physical risks: typhoons, excessive rainfalls, floods, extreme heat, extreme coldness, sea level rise, global warming.
- Industry transition risks: policy and legal risks, technology risk, market risks.

### Risk management

- Climate-related risks are included in the Company's ESG risk management system to be identified, assessed and managed (see Sustainability Management - ESG Risk Management for details).

### Metrics and targets

- The Company collects, monitors and analyses the energy consumption and emission data in real time through the energy management platform, formulates the five-year (2021-2025) energy efficiency goals and greenhouse gas emission reduction goals, monthly reviews and tracks the progress and develops improvement plans.
- The Company discloses the progress of goal achievement in the ESG report every year to evaluate the Company's management performance in response to climate change (see Improving environmental management-Fulfilling green commitment).

## Building presence in carbon neutrality

As a pioneer and practitioner of green building, SOHO China considers the environmental impact of the full life cycle of the building, including carbon emissions, at the beginning of the project development, laying a good foundation for building its presence in carbon neutral strategy. SOHO China now focuses on the operation and management of current projects and has reached the Company's carbon peak through continuous energy conservation and optimization management. In the future, based on the firm energy data management and the practical experience of zero carbon operation platform, the Company will carry out a feasibility

study on the overall emission reduction path to explore a science-based and reliable zero-carbon operation strategy for current buildings.

In 2022, SOHO China actively participated in voluntary emission reduction trading in accordance with the *Interim Rules for the Administration of Greenhouse Gas Voluntary Emission Reduction Trading* issued by the National Development and Reform Commission, and the Company traded 22,000 tons of carbon allowance, with a carbon trading income of RMB 2.56 million.

### Case: Responding to the goal of "carbon peak and carbon neutrality" and move towards zero-carbon smart management

In 2022, SOHO China used the newly built Yang Zheng Library as a pilot innovation project, and established a zero-carbon operation platform (ZCOP) to transform from energy management to zero-carbon management. That move is the commitment to zero-carbon or carbon-negative operation and amasses practical experience for the future layout of zero-carbon operation management in buildings. Apart from energy management, the platform adds renewable energy micro-grid system management to maximise the Library's energy efficiency and even achieve zero energy consumption. At the same time, the Library can reuse energy storage through photovoltaic power generation and wind power generation to truly realise carbon-neutral operation.



SOHO China zero-carbon operation platform



SOHO China's Action Plan for Exploring Carbon Neutrality

●	Reach carbon neutral strategy	<ul style="list-style-type: none"><li>Reach zero carbon operation before 2050</li></ul>
●	Develop a carbon neutrality strategy	<ul style="list-style-type: none"><li>Develop short-term (five-year) emission reduction targets</li><li>Decide on science-based medium and long-term emission reduction targets and emission reduction paths</li></ul>
●	Implement innovative model projects	<ul style="list-style-type: none"><li>Adopt new technologies and equipment for energy saving and environmental protection</li><li>Timely add photovoltaic power generation system, wind power generation system and green power procurement projects</li><li>Conduct carbon asset management and carbon trading</li></ul>
●	Quantitative carbon footprint and data management	<ul style="list-style-type: none"><li>Conduct carbon verification under domestic standards and figure out the carbon emissions of 24 projects under management</li><li>Use the energy management platform to better manage energy consumption and carbon emissions data</li></ul>

SOHO China Greenhouse Gas Emissions<sup>3</sup>

Indicators	2022	2021
Greenhouse gas emissions (Scope I and Scope II)(tonnes) <sup>4</sup>	214,044.10	227,993.53
Direct greenhouse gas emissions (Scope I)(tonnes) <sup>5</sup>	4,095.27	3,377.07
Indirect greenhouse gas emissions (Scope II)(tonnes) <sup>6</sup>	209,948.83	224,616.46
Greenhouse gas emissions per square meter of building area throughout the year (tonnes per square meter) <sup>7</sup>	0.052	0.055

<sup>3</sup> The environmental data in this annual report is collected from 24 projects managed by its property service.

<sup>4</sup> The greenhouse gas inventory includes carbon dioxide, methane and nitrous oxide, mainly from purchased electricity and natural gas. The greenhouse gas accounting is presented by carbon dioxide equivalent.

<sup>5</sup> Greenhouse gas emissions (Scope I) refer to the greenhouse gas emissions generated by the consumption of natural gas in 24 projects managed under its property service. The emission calculation coefficients refer to the *National Development and Reform Commission's Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions*.

<sup>6</sup> Greenhouse gas emissions (Scope II )refer to the greenhouse gas emissions generated by the consumpton of purchased electricity in 24 projects managed under its property service. The emission calculation coefficients refer to the *Average Carbon Dioxide Emission Factor of China's Regional Power Network in 2011 and 2012 issued by the National Development and Reform Commission*.

<sup>7</sup> By the end of 2022, SOHO China property managed 24 projects, occupying a total building area of 4,126,867.42 square meters. The total public building area is 1,392,420.95 square meters, excluding the area used by customers for office, business and residence. The intensity of greenhouse gas emissions in this report is calculated with total building area.

Identifying climate change risks

Sudden extreme weather or long-term changes in climate laws pose a huge challenge to the real estate industry's ability to resist risk. SOHO China benefits from long-term quality management and green building strategic layout so that its assets have certain resilience to adapt to climate change risks at the beginning. In 2022, the Company

developed a list of risks and opportunities related to climate change, conducted literature research and model analysis, identified the possibility of climate-related risks and their potential financial impact, which provides a reference for the Company's future strategic decisions and risk control strategies.

SOHO China Climate Change Risk Identification and Potential Financial Impact

Risk type	Description	Potential financial impact
Physical risk - acute physical risk	The main property assets of SOHO China are located in Beijing, Shanghai and Hainan. Sudden natural disasters such as typhoons, rainstorms, extreme temperatures (including extreme heat and cold), wildfires, etc. may cause damage to building hardware or make it more difficult to be operated and maintain, and then lead to interrupted operation or additional maintenance costs of buildings.	Operating costs ↑
Physical risk - chronic physical risk	The continuous high temperature (including the intensified urban heat island effect) or sea level rise caused by climate change may lead to the loss of regional population, and then affect the rental market while requiring stronger indoor temperature control systems in buildings and more protection from employees from high temperature and workplace injury.	Operating costs ↑ Operating income ↓
Transformation risk - policy and legal risk	Risks in policy and regulation on transforming energy structure towards low carbon (including carbon emission trading, carbon tax, etc.) may cause companies to split the cost with the government.	Operating costs ↑
Transition risk - market risk	Customers have higher requirement for green offices in the context of carbon peaking and carbon neutrality. The inability to improve building energy efficiency and develop green buildings may cause the Company to lose customers. In addition, the poor environmental performance of the Company's property assets or disqualifications in green building may result in less confidence in the capital market in the Company's green transformation and missing opportunities in green finance.	Financing cost ↑ Operating costs ↑ Operating income ↓
Transition risk - technology risk	To further move towards zero-carbon operation, the Company needs to timely employ digital systems, renewable energy systems, and other green low-carbon technologies for carbon emission management, leading to rising investment in science and technology.	Operating costs ↑
Transition risk - reputation risk	Investors, the upstream and the downstream of supply chains and local communities and other stakeholders are concerned about the real estate industry's performance in environmental management and labor rights protection, which puts more pressure on the Company to disclose information and improve the management, thus resulting in more management costs.	Operating costs ↑





## Tackling climate change risks

SOHO China has implemented risk control strategies in physical risk and transformation risk based on the results of climate change risk assessment. By aligning with other companies' climate resilience solutions and integrating industry experts' suggestions, it effectively coordinates internal management resources, while maintaining high standards for quality operation and high sensitivity to climate change risk. In this way, the assets managed by the Company feature strong climate adaptability in the full life cycle.

### Response to physical risk

- All projects in SOHO China have established emergency plans and risk early warning mechanisms for flood control and rainstorms to prevent extreme weather events
- Projects in Shanghai and Hainan set management strategies for property operation in response to typhoon weather to prevent the occurrence of secondary disaster such as basement flooding from causing damage to asset value
- Respond to natural and unnatural fire risks, all projects regularly carry out fire drills to ensure the safety of customers and employees' lives and property
- In response to extreme high temperature events, SOHO China has developed an emergency plan and risk alert system to ensure the smooth operation of the project's electrical and mechanical systems, and each project is equipped with a UPS (Uninterruptible Power Supply) system for emergency power supply
- There is an emergency snow removal plan to ensure high-quality operation of the project in response to extreme low temperatures

### Response to transition risk

- SOHO China lists the requirements of the green building assessment system as the design standard, minimizes the environmental impact during development and construction, and obtains the certified green building design label as much as possible
- The Company implements the operation plan meeting the green and healthy building standards, improves energy and water efficiency, produces industry-leading environmental performances, and tries to obtain the certified green and healthy building operation marks
- The Company formulates the *Green Leasing Advocacy Contract*, practices green leasing, conveys the SOHO China's sustainability concept to tenants, and jointly promotes green buildings with tenants
- Communicate with all stakeholders about the Company's response and latest progress on the issue of "climate change and carbon emissions management" through ESG reports, the Company's official website, media and other channels



Case: SOHO China built a “strong wall” for flood control

All projects of SOHO China continue to cast their attention to the rainfall and flood season warnings issued by the local meteorological department. All projects are equipped with flood control emergency plans and facilities to protect the buildings and customers' lives and properties. In 2022, the rainfall in Beijing was 20 to 40 percent higher than usual. Projects in Beijing, such as Galaxy SOHO, set up an anti-wind and flood control team to timely launch the flood control emergency plan, which effectively arranges and implements the measures – purchase flashlights and raincoats, fill the sandbags, and inspect the roof, underground garage and the entrance and exit. The projects also transmit indoor risk avoidance and prevention measures to all employees and customers with all kinds of risks that may be caused by excessive rainfalls in advance.



Creating green and healthy space

SOHO China aspires to uphold the innovative architectural philosophy and construct buildings of the times. In 2009, SOHO China led China's green, low-carbon and sustainable building construction due to its advanced perspective, and accumulated the building concept featuring green and low carbon. As the public continues to improve and refine their demands for space ecosystem, health and comfort, SOHO China focuses more on people's health and well-being, re-imagines the physical and mental needs of building users, explores the way to build a green and health-oriented building value system, and promotes the sustainability of the Company and industry.

Green Building Commitments

- All new projects should comply with the two-starred design requirements or above in *China's Assessment Standard for Green Building*<sup>8</sup> and the *Leadership in Energy and Environmental Design* (LEED)<sup>9</sup> Certification requirements of gold grade or above.
- All current projects shall be certified and labeled by China's *Assessment Standard for Green Building*, *LEED* and *WELL HSR*<sup>10</sup>. Certified projects still need to continuously invest in and monitor buildings to renew certification.

SOHO China Green and Healthy Building Management Policy and System At a Glance

SOHO China Green and Healthy Building Policy

SOHO China Community Investment Management Policy

SOHO China Biodiversity Protection Policy

SOHO China Management Policy to Address Climate Changes

<sup>8</sup> China's *Assessment Standard for Green Building* (three-star system) is the green building rating standard applicable to all kinds of civil buildings. Based on the climate, environment, resources, economy and culture of the region where the building is located, a comprehensive assessment on the safety and durability, health and comfort, convenience, resource conservation, and livability of the building throughout its life cycle is carried out, which includes four levels: basic level, one-starred level, two-starred level, and three starred level.

<sup>9</sup> The *Leadership in Energy and Environmental Design* (LEED) is released by the United States Green Building Commission (USGBC), and is a widely recognised green building rating system worldwide, including four certification levels: certification, silver, gold and platinum.

<sup>10</sup> *WELL HSR* is *WELL Health-Safety Rating for Facility Operations and Management*, released by the International Institute of Health and Building Research (IWBI) under the guidance of the US Centers for Disease Control and Prevention, the World Health Organization and the National Institutes of Health, aims to help companies or institutions improve the healthy and safe operation and management of buildings and facilities in the post-pandemic era. This certification helps space users show their confidence in health and safety practice and management.

Green building full life cycle management in SOHO China

Green rule

- Promise to avoid damaging or disturbing important or sensitive areas, including green land, agricultural land, wetlands and other natural protection areas
- Carry out environmental impact assessment including but not limited to climate change adaptability, biodiversity assessment, land use, soil pollution, air pollution, noise pollution, light pollution and other environmental impact assessments of construction sites according to the national and regional laws and regulations
- Committed to promoting the vitality of urban economy, community and environment with focus on urban renewal, urban public space construction, rural revitalization, brownfield utilization and other project development opportunities

Green design

- Require all new projects to meet the design requirements of *China's Assessment Standard for Green Building* at the two-star level or above and the *Leadership in Energy and Environmental Design* (LEED) Gold level or above, and participate in the *WELL Healthy Building Standard* and other certifications as far as possible
- Give priority to the use of green and environment-friendly materials or raw materials, purchase high-performance equipments, layout digital building management system, and integrate renewable energy utilization technology as much as possible

Green construction

- Ensure that the constructors strengthen the management of air, water, noise and waste to meet regulatory compliance and comply with green construction certification standards
- Protect the ecological environment of the project site and surrounding areas, and strictly implement water and soil conservation plans and measures

Green and healthy operation

- Encourage current operating buildings to apply for the certification of "established building" in the standards of green building and healthy building, or take improvement measures to meet the certification standards or requirements
- Set environmental objectives for current buildings. Relevant objectives and processes will be disclosed in the Company's annual report or ESG report/website
- Conduct regular building audits and inspections to ensure that the energy and resource use efficiency of buildings is improved, waste emissions are reduced, and health and welfare are guaranteed

Key performances

Certification for building design and construction:

9 projects

certificated and labeled with LEED

1 project

certified by *China's Assessment Standard for Green Building*

2.2 million square meters

the total certified area

Certification for building operation:

4 projects

certified by *China's Assessment Standard for Green Building*

8 projects

certified by the *WELL HSR*

1.9 million square meters

the total certified area

2.2 million square meters

total area of certified buildings

54.2%

percentage of certified building area to total building area

90%

percentage of certified construction asset value to total asset value

Refining green operation

> Energy management

SOHO China has formulated the *Energy Data and Performance Management System* and the *Energy Conservation Management System*, set up a leading group for energy conservation, which is led by the Company's management committee concurrently to supervise, manage and implement energy-related planning and deployment and practice. Based on digital management tools such as an energy management platform, facilities management platform, and zero-carbon operation platform, the Company monitors energy data of facilities and projects in real time, which provides solid data for formulating energy performance indicators in each project and tracking the progress to reach energy goals.

In addition, the Company conducts an internal audit on energy through monthly energy efficiency assessment and inspects the energy efficiency rate of each project relative to the national standard. Furthermore, it sets up a performance assessment linked to energy management for the general manager from the asset management company and the manager from each project's property engineering department, to manage the process for reaching the energy objectives. In 2022, the 24 projects managed by SOHO China all reach the annual energy goal.



Case: Building leadership in energy transformation and accelerate global R&D of zero-carbon technology

In 2016, SOHO China became a member of the Breakthrough Energy Coalition, which was initiated by Bill Gates and founded by 28 business leaders of the world's top Internet companies and investment groups. Breakthrough Energy Coalition is committed to accelerating the development and promotion of technologies needed to build a zero-carbon economy. SOHO China pledged to continue to invest US\$20 million and has poured more than 88% by the end of 2022.

Case: Sky SOHO (Tianhui Business Plaza) energy-saving renovation project took lead in green, low-carbon and sustainable operation

In July 2022, Sky SOHO was comprehensively renovated to save energy by adding a 222.4-kilowatt rooftop photovoltaic power generation and energy storage system to optimise the energy structure. Meanwhile, Sky SOHO took energy-saving measures, such as installing an intelligent group control system in the machine room, renovating frequency conversion of ventilator units, air conditioning box, and cooling tower ventilator, and improving the operation of the roof smoke ventilator, to effectively increase energy utilization rate. In addition, Sky SOHO integrates the current energy management system into the refined intelligent operation and maintenance to further save more energy.

This comprehensive energy-saving renovation project is estimated to save 3.655 million kWh of energy every year, equivalent to 2,571.6 tonnes of emissions reduced, and the comprehensive energy-saving rate will reach 10.5%.

Case: Sanlitun SOHO employs intelligent technology to improve the energy efficiency of the refrigerating system

Sanlitun SOHO is a commercial, office and residential community project in the heart of the Sanlitun Business District in Beijing. Its refrigerating and air-conditioning system used nearly half of the energy in the building. To continuously make energy-saving operations more efficient, Sanlitun SOHO renovated the refrigeration station by introducing the group control system and the intelligent control system to make it intellectualised, automatic and refined and maximise the energy saving potential.

Group control management system of refrigeration station	Intelligent control management system of refrigeration station
Centralized monitoring of all equipment in the whole refrigeration station system to complete automatic operation management	The system produces energy-saving and optimized operation instructions regularly to guide professional management personnel to operate on site and achieve accurate control

Group control and intelligent control

SOHO China Energy Consumption<sup>11</sup>

Indicators <sup>12</sup>	2022	2021
Total energy consumption (MWh) <sup>13</sup>	267,603.17	284,830.28
Natural gas (MWh) <sup>14</sup>	13,506.39	11,137.72
Direct energy consumption (MWh)	13,506.39	11,137.72
Purchased electricity (MWh)	254,096.78	273,692.56
Indirect energy consumption (MWh)	254,096.78	273,692.56
Annual energy consumption per square meter of building area (MWh/m <sup>2</sup> ) <sup>15</sup>	0.065	0.069
Annual energy saving rate (%) <sup>16</sup>	33.6	28.9

<sup>11</sup> The environmental data in this annual report is collected from 24 projects managed by its property service.

<sup>12</sup> The emission of air pollutants is only applicable to the projects under construction and measures had been taken according to the EIA report to meet the standards; the emission of water pollutants is only applicable to the projects under construction, and measures had been taken according to the EIA report to meet the standards.

<sup>13</sup> There is no use of diesel, coal and other direct energy within the scope of disclosure. The energy consumption is calculated with conversion factors provided in the *General Rules for Calculation of Comprehensive Energy Consumption (GB/T 2589-2020)* published by the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China and the Standardization Administration of China, including electricity and natural gas.

<sup>14</sup> The reason for rising natural gas consumption in 2022: a total of 8 projects use natural gas, and 7 of them are Shanghai projects used for gas boiler heating. Affected by the cold wave in 2022, the heating period was extended, resulting in an increase in the overall gas consumption.

<sup>15</sup> As of the end of 2022, the total building area of 24 projects managed by SOHO China property service was 4,126,867.42 square meters. The total area of the building public area was 1,392,420.95 square meters, excluding the area used by customers for office, business and residential purposes. The intensity of greenhouse gas emissions in this report is calculated with the total building area, which is consistent with 2021.

<sup>16</sup> The annual energy saving rate is calculated according to the provisions of the *Standards for Energy Consumption of Buildings (GB/T 51161-2016)*. The calculation formula is: annual total energy consumption compared with the national standard energy saving rate=(annual total energy consumption standard - annual total energy consumption)/annual total energy consumption standard \* 100%

> Water resources management

In accordance with the requirements of national and regional water resources management and water saving regulations, SOHO China has formulated the *Water Conservation Management System*, which clarifies the goals of water saving management, and includes them into the water saving performance assessment to encourage projects to sustainably use water through lean management, innovative water saving technologies and other ways. Also, the Company prefers to level-1 and level-2 water-saving appliances. All

projects use water-efficient facilities such as double-flush toilets, low-flow faucets, induction faucets and flush valves. In addition, the Company actively explores the application of water recycling technologies such as water reclamation systems. In the SOHO Tianshan Plaza project, an automatic green sprinkler water reuse system has been installed to improve the efficiency of water resource utilization, which can recycle approximately 5,100 tonnes per year.

Case: SOHO Zhongshan Plaza promoted the lean management of water resources to save water

In 2022, SOHO Zhongshan Plaza conducted a water balance test and a comprehensive water consumption data survey of the project's offices, stores, cooling towers, boilers, air conditioning systems and other venues to accurately analyze the water consumption situation and form customized water conservation management measures and rectification planning plans. In addition, SOHO Zhongshan Plaza was retrofitted with water meters to realize water consumption by category, laying the foundation for refined water resource management.

SOHO China Water Consumption

Indicators	2022	2021
Tap water (tonnes)	2,504,755	2,744,720
Annual water consumption per square meter of building area (tonnes/square meter) <sup>17</sup>	0.607	0.671
Annual water saving rate (%) <sup>18</sup>	11.4	2.0

> Waste management

SOHO China has formulated the *Waste Management System* and practices the principle of "Reduce, Resource, Harmless" waste management. In 2022, the Company negotiated with the garbage truck suppliers around waste data management, and waste recycling, set up different waste management accounts, and break down the waste data management

process to make waste data reliable and track the final flow of various waste. The Company further standardises the division of responsibilities from waste dumping, collecting, transporting, classifying, temporarily storing and clearing, and scientifically manages the domestic waste, construction waste and hazardous waste generated in the public area.

<sup>17</sup> The water consumption density in this report is calculated with the total building area.

<sup>18</sup> The annual water saving rate is the reduction rate of the annual total water consumption of the public area compared with the average water consumption of the public area in 2017-2019.

Case: Optimizing garbage room deodorisation and disinfection

In November 2022, SOHO China improved environmental sanitation in the garbage room. It worked with professional deodorizing companies to install spraying and deodorizing systems in Sanlitun SOHO and Galaxy SOHO garbage rooms. After environment-friendly and harmless liquid deodorant is sprayed in the garbage room, the odor gases such as ammonia, hydrogen sulfide, methyl mercaptan, and methyl sulfide generated by the garbage can be efficiently decomposed and absorbed, which improves the sanitary quality in the garbage room and protects the health and safety of employees.

SOHO China Waste Discharge<sup>19</sup>

Indicators	2022	2021
Non-hazardous waste (tonnes) <sup>20</sup>	1,022.72	1,768.09
Domestic waste (tonnes)	138.6	116.3
Kitchen waste (tonnes)	38.9	0.06
Construction waste (tonnes)	760.7	1,629.9
Office paper (tonnes)	84.51	18.16
Hazardous waste per square meter of building area (tonnes/square meter)	0.0007	0.0013
Hazardous waste (tonnes)	3.53	1.64
Waste cartridge (tonnes)	0.012	0.03
Waste ink box (tonnes)	0.001	0.95
Waste fluorescent tubes (tonnes) <sup>21</sup>	3.34	0.23
Other electronic waste (tonnes)	0.18	0.23
Hazardous waste per square meter of building area (kg/square meter)	0.0025	0.0012
Comprehensive utilization of waste (tonnes) <sup>22</sup>	161.38	-
Comprehensive utilization rate of waste (%)	15.7	-

<sup>19</sup> The Company is not a production-oriented company, and the data of packaging is not applicable to the company.

<sup>20</sup> Kitchen waste is sourced from the Company's canteen of the Commune by the Great Wall.

<sup>21</sup> In 2022, the Company replaces lamps in property's public area with more energy-saving and non-hazardous LED lamps, resulting in an increase in waste fluorescent tubes.

<sup>22</sup> The amount of comprehensive waste utilization is obtained from the data provided by the waste removal suppliers of each project, and is the sum of the recyclable and compostable volumes.



## Responding to demands for health

In the post-pandemic era, customers are prominently demanding the health of buildings and space. A healthy building is not a new concept for SOHO China. The Company formulates strict quality management requirements for sanitation, health services, air quality, water management,

and planting maintenance in buildings to protect the health of building users in an all-around way. In addition, SOHO China's accounts on Weibo regularly publicise the indoor air quality of each project for public review so as to pursue more comfortable building space with stricter standards.



In 2022, the Company held a comprehensive test on building health and safe operations in accordance with *WELL HSR* international health standards, and optimised the management system of building health operations. Eight projects, including Wangjing SOHO, Guanghua Road SOHO2, Lize SOHO, Qianmen Street, Waitan SOHO, SOHO Tianshan Plaza, Gubei SOHO, and SOHO Fuxing Plaza, were certified with *WELL HSR*, with a certified area of 1,562,400 square meters, accounting for 37.86% of the total.

In addition, in order to further listen to customers' demands and suggestions on building health, the Company carried out an office environment satisfaction survey, solicits

customers' opinions on air quality, drinking water supply, lighting, indoor temperature, outdoor landscaping, and sanitation in buildings, and formulated optimization plans and project practice arrangements based on the survey results. The Company also conducts property quality inspections involving cleaning and sanitation management, greening management, safety facilities management, lighting facilities management and other health and safety details, and uses the monthly quality inspection results as a monitoring indicator to upload important and follow-up closed-loop issues to SOHO China's Operations Coordination Platform (OMS) for further rectification.

### SOHO China Health Building Management System

Emergency plan	<ul style="list-style-type: none"><li>Formulate emergency plans for fire control, flood control, epidemic prevention, etc., carry out emergency drills with residents of the project, and optimize emergency communication and other emergency management plans</li><li>Each project shall be equipped with a standing first-aid kit, and the validity of drugs and first-aid supplies shall be checked regularly</li></ul>
Assistance to hand washing	<ul style="list-style-type: none"><li>Ensure that the design and layout of the washroom can more easily meet the user's requirements for hand washing and hygiene</li><li>Provide visual cues of the publicity signs of the seven-step washing method to strengthen the user's attention to hand hygiene</li></ul>
System assessment	<ul style="list-style-type: none"><li>Regularly clean the air outlet and replace the filter screen of air handling unit and fresh air unit to ensure the operation effectiveness of fresh air system</li><li>Monitor the PM2.5 data every day and publish the results on Weibo. If the limit is exceeded, take countermeasures in time to ensure the excellent air quality of buildings</li></ul>
Health and cleaning	<ul style="list-style-type: none"><li>Formulate a detailed cleaning and disinfection plan, and specify the cleaning according to the schedule</li><li>Regular training on prevention of cross infection for cleaning staff</li></ul>
Pathogen control	<ul style="list-style-type: none"><li>Conduct regular water quality inspection to ensure water safety</li><li>Set up strict management system for the water system in the project to strictly prevent Legionella contamination, and provide direct drinking water system</li></ul>
Employee benefits	<ul style="list-style-type: none"><li>Provide comprehensive health benefits, health policies and services, including health insurance and annual physical examination, dental cleaning and psychological consultation</li><li>Post health tips for employees every month</li></ul>





## Advocating green leasing

SOHO China works with customers to optimise the way to operate sustainable management and bring environmental, social and economic win-win benefits to both sides. In 2022, in accordance with the *SOHO China Green Leasing Policy*, the Company established a green leasing working group whose focus is to implement a green leasing standardization process. The members of the green leasing working group are composed of the heads of functions and the general managers of property in each region, who allocates high-quality and reliable human resources and materials under the leadership of the Company's ESG working group and the Leasing Management Committee,. In addition, the Company has conducted training for all members of the working group on the concept of green leasing and green decoration to ensure the efficient development of green leasing projects.

Besides, the Company has formulated *Green Leasing Advocacy Contract*, which has been formally incorporated into the standard housing lease contract. While explaining the green terms and green action suggestions to all new customers and current customers, SOHO China also introduces the various green lease services available to customers to jointly build and create a sustainable office environment. In 2022, 46 customers signed the *Green Leasing Advocacy Contract*, with a signed area of about 22,500 square meters.

### Standardised Process of Green Leasing

#### Green delivery

The office projects of SOHO China have been designed and constructed in accordance with the LEED standard for green buildings, obtaining 8 LEED Gold standards and 1 LEED Silver standard. Prior to delivery, the projects are equipped with green facilities such as energy-saving lamps, water-saving equipment, the establishment of decoration and waste partitions, and a designed area for kitchen waste classification to achieve the goal of energy conservation and emission reduction.

#### Green leasing

Sign a green lease with customers, and distribute the *Green Lease Guidelines* during the check-in phase to interpret and guide the green lease, green decoration and renovation.

#### Green decoration

Through the *Green Leasing Guidelines*, provide customers with green decoration guidance and support, and help customers use energy-saving and environmental protection materials and facilities during decoration; Customers can consult with specialists about green decoration through customer hotline, WeChat applet and other channels.

#### Green service

Organize green leasing publicity activities irregularly to spread the concept of green leasing; provide free energy monitoring for customers, provide energy optimization suggestions to reduce customer energy consumption; implement the building health operation management in accordance with *WELL HSR*.

#### Green promotion

Conduct green rating for tenants, and give the title of "Green Rental Star" to customers who have reached the corresponding rating, and give publicity and promotion.

#### Rent incentive

The Company will give preferential rent as incentives for new signing customers whose MSCI rating has reached level BBB or above.



SOHO China Green Leasing Service	
Green promotion	Organize green leasing and environmental protection publicity activities to effectively promote the concept of "green, low-carbon and sustainable operation"
Green decoration	Assist customers to interpret the <i>Green Lease Contract</i> and the <i>Green Lease Guideline</i> , and support customers to practice green decoration
Energy conservation management	Provide customers with energy consumption data analysis services, based on the client's energy consumption data, to provide performance-oriented energy-saving optimization proposals
Waste management	The building is equipped with a garbage classification area to provide convenient services for customers' garbage classification collection and treatment
Environmental health management	Low-pollution environmental hygiene measures and environmentally friendly low-pollution materials are used for daily disinfection, and intelligent and efficient cleaning equipment is utilized
Resource management	Low-flow urinals, low-flow sensor faucets and other water-saving equipment are applied in public restrooms, and energy-saving lamps and light sources are applied for lighting in public areas
Opinion listening	Communicate with customers through surveys and tenant communication meetings from time to time to discuss action plans and respond to tenant feedback

Case: Releasing *Green Lease Guidelines*

[Click to view the SOHO China Green Leasing Guidelines](#)

In order to help customers reduce the negative impact on the environment during housing furnishing and leasing, and guide them to create healthy, comfortable and environmentally friendly indoor space, SOHO China's green leasing working group prepares the *Green Leasing Guidelines* according to the latest domestic and international standards for green furnishing, green buildings, and healthy buildings, and timely provided the guidance as soon as customers move in and decorate houses. The guidance offers comprehensive strategic suggestions and reference standards from green furnishing, comfortable equipment and environmental protection management to effectively develop customers' awareness and practice in all aspects of green leasing such as green decoration and renovation. Also, the Company also sets up 400 hotlines to answer customers' questions about this field at any time, and practically guide and support them to effectively implement specific measures of green leasing.



SOHO China Green Leasing Guidelines

Case: Launching NEV charging piles to support green commuting

Charging infrastructure is an important guarantee for the green travel of electric vehicle users. To make it more convenient for building customers or visitors to use electric vehicles, SOHO China continues to launch NEV charging facilities to assist customers or visitors in green travel, and indirectly contribute to emission reduction. By the end of 2022, there were 511 charging piles in property service projects managed by SOHO China.



# 03

## Providing Quality Service with Professionalism

SOHO China sticks to the customer-orientated principle with focuses on customer needs and is committed to providing customers with excellent services throughout the value chain. The Company promotes the high-quality development of customer service, attaches great importance to customer privacy protection and responsible marketing, actively improves customer satisfaction, and strives to implement technology empowerment, builds SOHO China digital platform, and effectively promotes the implementation of customer needs in all aspects.

This chapter relates to the following major sustainable development issues

SDGs focus in this chapter

- Product liability and safety
- Customer information and privacy protection

- Property management and utilization
- Tenant engagement and tenant satisfaction





# Protecting customer rights

SOHO China always puts customer rights first. The Company provides full-cycle protection for customers' interests by comprehensively optimizing the customer feedback mechanism, deeply strengthening responsibility marketing, and effectively protecting customer privacy.

## Policies and Systems on Customer Services in SOHO China at a Glance

- |  |   |
|--|---|
| <i>SOHO China Fair Hospitality and Marketing Management Policy</i> | <i>IT Information Security Management System</i>                              |
| <i>Complaint Report Handling Policy</i>                            | <i>Information Security Organization Management System</i>                    |
| <i>Property Site Management System</i>                             | <i>IT Management System</i>   |
| <i>Customer Shop Sign Management System</i>                        | <i>Information Security Incident Reporting and Handling Management System</i> |
| <i>Customer Satisfaction Survey System</i>                         | <i>Management Measures for Property Quality Inspection and Evaluation</i>     |
| <i>Mysterious Visitor Survey System</i>                            | <i>Quality Talent Pool Management System</i>                                  |

## Customer feedback and response

### > 400 Workflow

SOHO China fully respects customer feedback and has established and implemented the *400 Workflow Standard* based on its call center system platform, which orderly circulates customer feedback and disposes of it in a closed-loop manner. Customers can make complaints and give feedbacks through various channels such as phone, email, Weibo, etc. The Company has also subdivided customer demands into five categories: ESG-related issues, sales/ rental business, facilities maintenance, complaints and suggestions, and other business consultations. The Company sets defined times to respond to different demands.

The Company requires employees to offer services on call for repairs within 15 minutes, with 98.99% of door-to-door services being delivered timely. For other business demands, the Company communicates and responds to customers within the day. While solving problems, the Company timely conducts customer satisfaction surveys to effectively ensure the high efficiency and quality of services.

### Key performances

The Company dealt with

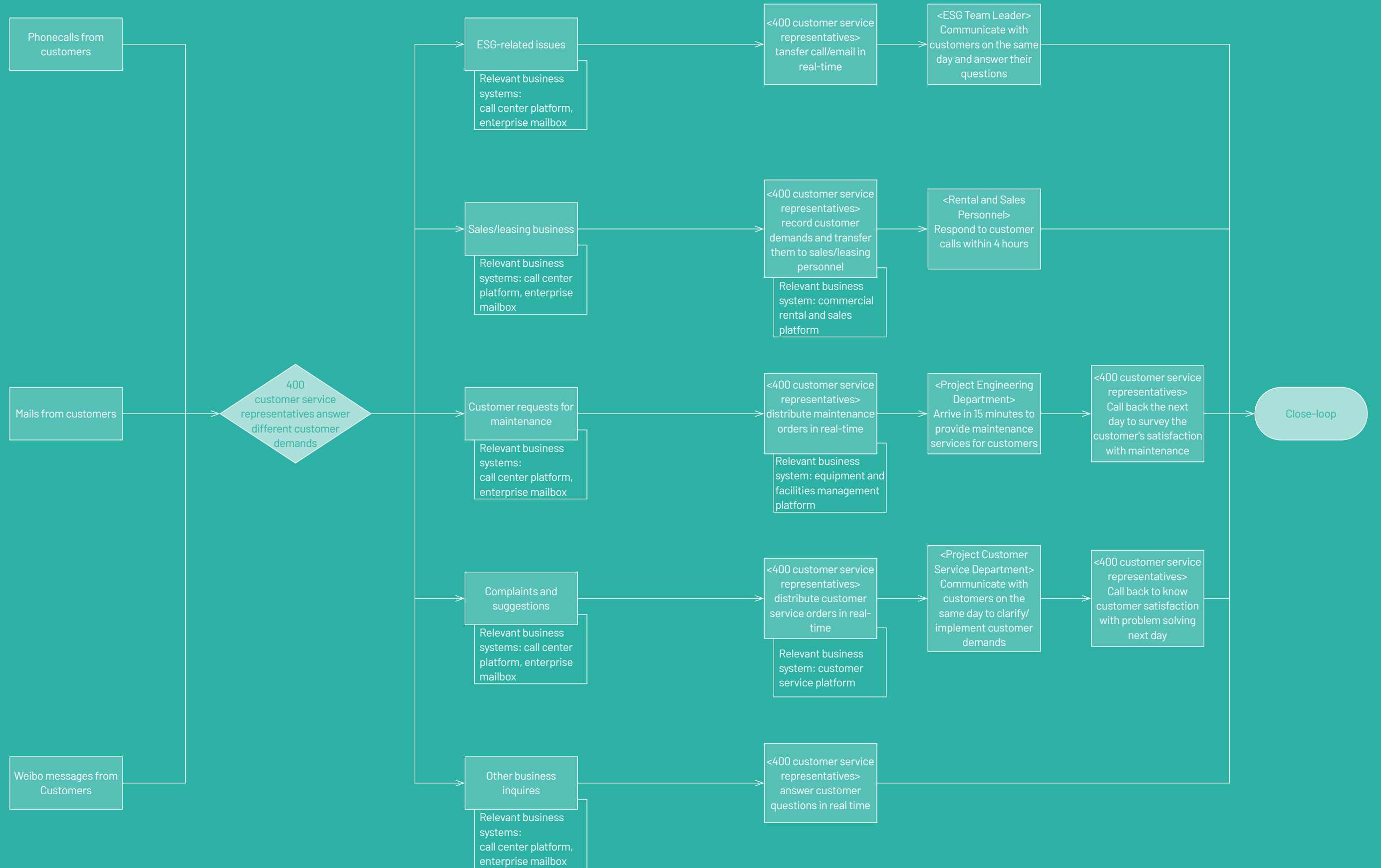
**37,148** orders

for repair throughout the year

with a completion rate of

**100%**







## > Improving capability in customer service

SOHO China is well aware that high-quality customer service is a fundamental requirement for safeguarding customer rights. In 2022, SOHO China continued to improve internal service training systems such as the *Customer Service Center Standard*, *Training Guide on Call Center & Customer Service Management Platform*, and *Scripts for Call Center Service*. Through regular diversified service training, the Company further enhances its overall customer service capabilities.

SOHO China's call center provides internal training for customer relationship specialists on a monthly basis. The call center manager conducts diversified service training for agents, including training on standard language use, training on professional knowledge, training on listening and responding skills, and team-based case studies. The call center manager also conducts random quality inspections on call recordings every week, analyses and evaluates the recordings from three aspects: service standards, service capabilities, and service efficiency, and provides real-time feedbacks and sharing on the actual performance of agents.

In 2022, we received 3,840 commendations from customers, including 3,411 commendation calls and 399 commendation letters. There were 35 customer complaints in 2022, a 14.6% decrease in the number of complaints compared to last year, with a 100% completion rate of requests for maintenance.

## Responsible marketing

SOHO China strictly complies with laws and regulations such as the *Advertising Law of the People's Republic of China*, *Measures for the Administration of Internet Advertising*, and the *Anti-Unfair Competition Law of the People's Republic of China*. The Company establishes internal policies such as the *Fair Hospitality and Marketing Policy*, *Property Site Management System*, and *Customer Shop Sign Management System* and strictly controls the information communication on channels such as paper media, television, the Internet, and streaming media, ensuring the legality, truthfulness, and accuracy of promotional content. The Company has strict screening and management procedures for advertisements and clearly stipulates that multiple departments must jointly

review advertisements for sale or lease to avoid customers making incorrect associations or interpretations regarding slogans, product names, content, etc. Those measures effectively reduce the negative social impacts and legal risks caused by the inappropriate promotion of the brand.

The Company also regularly educates and trains employees from business departments on responsible marketing and offers interpretation about the *Fair Hospitality and Marketing Policy* on the online knowledge management platform to ensure that all employees' marketing behaviors are in line with responsible marketing.

### Key performances

3,840

number of client positive feedbacks

14.6%

complaints number decrease compared to last year

100%

completion rate of requests for maintenance





## Data security and customer privacy protection

SOHO China strictly follows laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Regulations on the Management of Mobile Internet Application Information Services*, and *Personal Information Protection Law of the People's Republic of China*. The Company improves systems such as the *Information Security Management System*, *Information Security Organization Management System*, *IT Management System*, and *Information Security Incident Reporting and Handling Management System*, and newly releases the *Internal Data Use System* and *Platform System Management Rules*, continuously promoting the information security system.

In 2022, the Company closely followed the newly released ISO 27001:2022 *information security management system* and comprehensively implemented information security management in terms of information security, cybersecurity, and privacy protection. The business systems were comprehensively reviewed by indicators such as infrastructure, cybersecurity, control security, and access. Security measures were still used and optimized in the leasing system certified Level 2 for information security protection. In addition, the Company set different user roles for core systems such as the leasing system to restrict the data presented externally and desensitize sensitive information to prevent data leakage at the source. The Company also upgraded internal data backup

comprehensively, covering file server backup, server data backup, database backup, email backup, client data backup, etc. Daily backups were made to the core system to effectively protect data assets.

In 2022, the Company mainly improved the regulations for IT emergency handling in the Information Security Management System to further optimize the handling and response plans. Additionally, we conducted quarterly emergency drills for sudden failures, including emergency recovery drills for business system failures, emergency drills for network device/link recovery, and emergency drills for data backup recovery. The scope of the drills covered important core business systems, all network domains, server-side, and other important data to ensure the effectiveness of emergency plans.

In 2022, the Company actively promoted data privacy and security awareness to all employees and conducted online training on information security in 2022 and property information technology training. In addition, to respond to increasingly frequent social engineering attacks, we also arranged email security training and conducted simulation attacks to increase the information security awareness and prevention of all employees.

This year, SOHO China had no litigation cases related to customer privacy.

### Case: Simulation drill on phishing email attack

In November 2022, SOHO China's IT department conducted a simulated phishing email attack drill for all employees. The drill took place without any prior notices and reached different positions in different batches to make it real. By sending phishing emails with external links to employee mailboxes, the test results indicated that some employees still need to raise their awareness of phishing emails, since they are vulnerable to certain information security risks. The IT department promptly provided enhanced training and exams on information security basics for employees who did not pass the test, which effectively improved the awareness of email security among all employees and further lowered the Company's information security risks.





## Optimizing customer experience

SOHO China is all-round customer experience oriented. Relying on a digital service platform system, the Company holds sincere attitudes, and sophisticated technical strengths and proactively responds to diverse customer needs. Besides, the Company combines internal service evaluations with external service satisfaction evaluations to form a service quality system that fits the Company's operating mode and customer expectations.

### Optimizing service quality

#### > Quality management system

SOHO China follows international standards to manage property services and facilities. It is certified with ISO 9001 quality management system and also develops the *Quality, Environment, Occupational Health and Safety Management Manual* to improve safety management, environmental hygiene, facility management and maintenance, greening and diversified professional services, and other services.

In addition, the Company creates a SOHO China-style quality management system and formulates the *Property Quality Inspection and Evaluation Management Measures* to implement monthly quality inspections and special inspections for all property projects. According to the property quality assessment standards, each property project is evaluated and scored, monthly quality reports are held to communicate and solve problems in a timely manner, and rectification opinions are practised for each project. Property quality is assessed from multiple aspects such as customer service, environmental management, equipment and facility management, security service, sign management, basic management, smoking control management, and operator management. SOHO China evaluates the quality of property services comprehensively, multi-dimensionally, and stereoscopically to maintain its consistent image.

To meet the need for quality services, SOHO China formulates the *Quality Talent Pool Management System* to train versatile talents and engage more outstanding employees in quality-related work. The quality department selects personnel from the talent pool every month to inspect the quality and rate them based on indicators, which better inform employees of service quality standards.

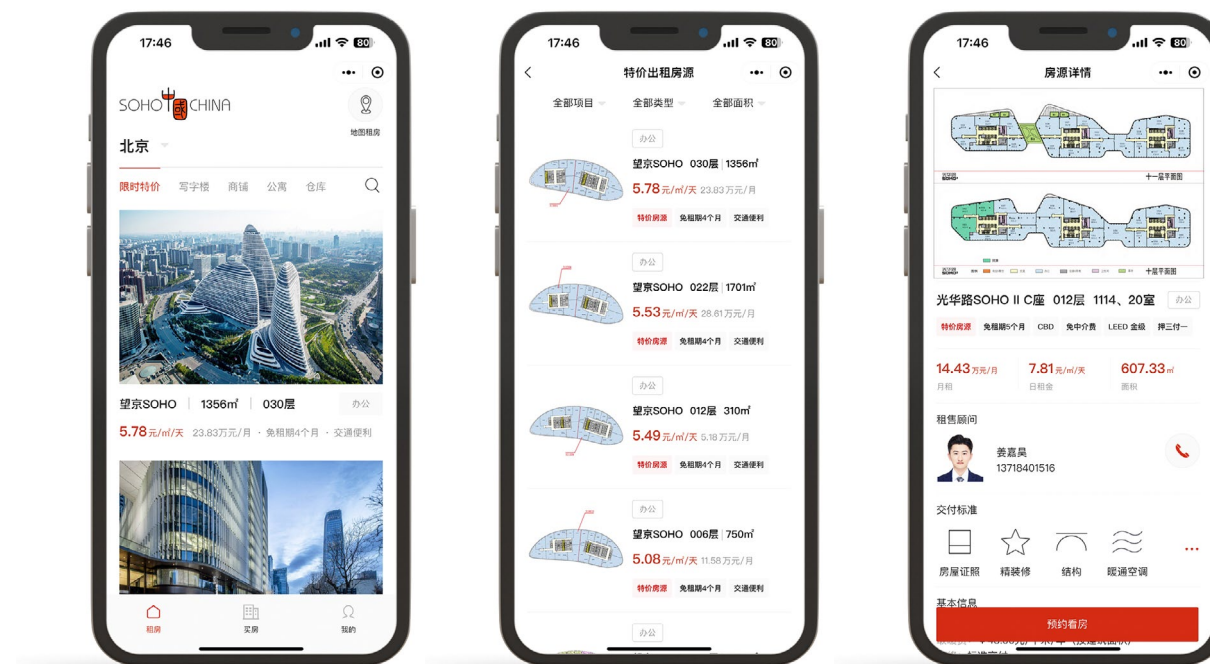


Quality Management System Certificate

#### > Digital empowerment

The Company provides customers with more intimate and efficient services through multiple digital platform systems such as call center systems, customer service platform systems, and commercial leasing systems. On the call center system, customers can inquire about the property, transfer phone calls for leasing, request indoor facilities maintenance and give complaints. The call center representatives answer questions from customers in detail and make timely callbacks, delivering SOHO China's excellent service value at every link to customers. The customer service management system involves customer information management, check-in management, check-out management, home decoration management, visit management, work order processing, and other services, which integrate collaboration mechanisms across departments and improve the management efficiency of customer service. The digital commercial leasing platform system covers the entire process of leasing business management, including house provisions, viewing, signing, payment, billing service, commission, bonus, and financial accounting. Customers can log in to the SOHO digital leasing mini-program to access information about house provisions.

In 2022, the Company upgraded and updated its digital commercial leasing platform. Based on its strong internet digital communication, the Company fully revised the platform on PC and mini-program by launching a new customer buying module and a limited-time special. Customers, intermediaries, and salespeople could use their mobile phones to access real-time information about the Company's leasing and selling housing provisions, such as dynamic changes in prices and promotions. Housing provision information was comprehensively enriched. To meet customers' demands for transportation accessibility and a green environment, feature labels such as LEED Gold and LEED Silver have been added to facilitate customers in searching for houses that meet their needs quickly and accurately. The commercial leasing platform also optimized the internal approval process by simplifying the previous five-stage approval for projects to two-stage approval. That improvement reduced the time for approval from one week to one day, greatly accelerating the internal approval and shortening the waiting time, thus providing convenient and efficient quality services to customers.



SOHO commercial property rental and sales mini-program

> Driving growth through concerted efforts

In 2022, the COVID-19 pandemic in China continued to reoccur. SOHO China provided a series of anti-pandemic services to effectively prevent the spread of the pandemic and ensure customers work and live normally. The Company added multiple pandemic control posts to check health QR codes and take temperatures for people and vehicles in and out. Every day, the Company disinfected the park comprehensively and thoroughly, and timely organised the Company, property managers, and catering merchants to conduct the nucleic acid test and monitoring to protect customers’ health and safety. In 2022, to enhance customers’ trust in the health and safety of buildings, SOHO China applied for WELL HSR certification. The certification focuses on six management and operation measures, including cleaning and disinfection procedures, emergency preparedness plans, health service resources, air and water resource

management, stakeholder engagement, and communication. Eight of these projects have been certified, demonstrating SOHO China's ability to manage building health during the post-pandemic era. In response to the national initiative to alleviate the operating pressure of customers during Covid-19, the Company actively issued rent reduction policies and provided rent subsidies. In 2022, SOHO China waived a total of RMB 36.77 million in rent and deferred rent costs of RMB 193 million.

SOHO China is well aware that SMEs are the source of economic development. Therefore, it offered rent subsidies for SMEs to support their boom and contribute to vitalizing the market. In 2022, SOHO China provided rent discounts of RMB 82.28 million to SMEs.



SOHO China built a strong line of high-quality anti-epidemic services

Customer satisfaction survey and improvement

Customer satisfaction has been an important yardstick for SOHO China to improve its service quality. The Company combines internal surveys with the external third-party surveys to conclude the most objective and true customer satisfaction survey results, which provides valuable data for further improvements.

The Company's internal customer satisfaction surveys are mainly classified as the property project survey and headquarters survey. Each property project carries out a satisfaction survey to the tenants every six months and collects and understands customer satisfaction by issuing a satisfaction questionnaire or telephone survey. Also, the call center platform of the headquarters conduct customer satisfaction surveys among a certain proportion of customers every month and invites customers to evaluate the overall service attitude and service ability of the property company by means of questionnaires and telephone surveys. The monthly customer satisfaction survey results, included in the performance evaluation of these project general managers, are publicised and ranked, and the common problems identified will be analysed and improved urgently. In 2022, the Company's customer satisfaction survey covered 100% of the property customers, and the average score was 98.43 points, higher than the average score of 98.15 points last year.

The Company's external customer satisfaction surveys mainly include mysterious visitor surveys and net promoter score (NPS) surveys by third party companies. From March to June 2022, the third party company carried out mysterious visitor surveys on 23 projects of the Company. Two mystery shoppers experienced and evaluated each project in the role of potential customers from eight aspects, including telephone service, parking management, security management, information desk service, rental service, building environment, and park environment, and scored them by 26 secondary indicators and 113 specific indicators. At the same time, the Company reported the analysis report of the mysterious visitor survey and the third party company's NPS to the general manager's meeting, followed up on the personalised problems with target solutions, and carry out special plans to rectify the common problems.

In 2022, the average customer satisfaction score of the company's mysterious visitor surveys was 96.74 points, which maintained a stable upward trend compared with 96.21 points last year. In 2022, the Company hired a third party company to carry out the NPS survey for all small owners and leaseholders. Among 6,930 questionnaires distributed, 100% of them received the NPS survey, and 410 questionnaires were collected. The response rate<sup>23</sup> of the questionnaire was 5.92%. Based on the results of this survey, the company will continue to follow up the issues concerned by customers, and continue to improve customer satisfaction.

Key performances

98.4 points

The average score of comprehensive project customer satisfaction in 2022

96.7 points

The average score of customer satisfaction in the mysterious visitor surveys in 2022

<sup>23</sup> Affected by the pandemic in 2022, the effective response rate of the customer's NPS survey failed to meet the expectation.





# 04

## Creating a Win-Win Ecosystem with a Sense of Synergy

SOHO China sticks to the concept of "Symbiosis, Co-creation and Win-Win" with all partners. While ensuring a high-quality value chain, SOHO China transmits sustainability ideas to suppliers, actively explores cooperation in green, low-carbon and sustainable development, and creates a value-driven sustainability ecosystem.

This chapter relates to the following major sustainable development issues

- Supply chain management

SDGs focus in this chapter





SOHO China strives for green, responsible and clean supply chain development, helps suppliers improve their operation, continuously enhances their performance, and establishes mutually beneficial and sustainable partnership.

SOHO China Sustainable Supply Chain Management Policies and Systems at a Glance

- SOHO China Green Procurement and Sustainable Supply Chain Management Policy
- Measures on the Management of Procurement and Tendering
- Contract Performance Management System of Asset Management Companies and Property Management Companies
- Suppliers Management System
- Sporadic Procurement Management System

Jointly building quality supply chain

SOHO China strictly abides by the laws and regulations such as the *People's Republic of China Tendering and Bidding Law*, and sticks to the responsible procurement ideas of fairness, openness, and sustainability. In addition, the Company has formulated and improved internal systems such as the *SOHO China Green Procurement and Sustainable Supply Chain Management Policy*, *Supplier Management System*, and *Measures on the Management of Procurement and Tendering* to deepen the development and management of the supply chain's quality.

The Company's supply chain procurement has been fully digitalised, and suppliers can register, get enlisted in supplier database, apply for prequalification, submit bids, inquire questions, bid, attend online bidding, sign contracts, evaluate, and make payments on the procurement platform. This ensures fair, transparent, and efficient procurement between both parties. The Company strictly select suppliers under transparent procurement in strict accordance with *Supplier Management System* by reviewing suppliers' information and conducting relatedness investigation. In 2022, SOHO China had 418 suppliers that performing the contract.

Number of Suppliers for SOHO China in 2022<sup>24</sup>

Suppliers by region	Number
Suppliers in East China	139
Suppliers in South China	17
Suppliers in Central China	5
Suppliers in North China	242
Suppliers in Northwest China	8
Suppliers in Northeast China	1
Suppliers in Hong Kong, Macao and Taiwan	1
Overseas suppliers	5
Total	418

Evaluation and review of contract performance are necessary conditions for building a quality supply chain. In 2022, the Company revised and improved the evaluation standards for various types of suppliers to ensure that suppliers can provide compliant and high-quality products and services. The Company evaluates 15 types of suppliers at three levels: the capability to perform the contract, acceptance of completed projects, and maintenance. Suppliers with a total score of 70 or more in the capability to perform the contract can request payment. In addition, to ensure the compliance and effectiveness of communication between both parties, the Company also notifies, interviews, warns and terminates contracts with suppliers through letters to inform them of progress, quality, and services. In 2022, SOHO China sent and received 306 letters to/from the suppliers.

Number of Letters to/from Suppliers for SOHO China

Letter Type	Unit	Number
Notice	Letter	248
Letter of Thanks	Letter	25
Warnings	Letter	31
Contract Termination	Letter	2

<sup>24</sup> The number of suppliers in 2022 covers suppliers with performance records for the reporting period. The number of suppliers in 2021 covers all suppliers in the inventory.



## Promoting responsible supply chain

SOHO China regards sustainability as the primary issue throughout. The Company insists on transmitting the concept of sustainability to the supply chain, responsibly selects, cooperates, and guides partners, and encourages partners to jointly perform their responsibilities towards mutually recognised sustainability strategies.

### Life-cycle management on suppliers

The Company has formulated the *SOHO China Green Procurement and Sustainable Supply Chain Management Policy*, which clarifies that the policy applies to all suppliers. The online procurement platform also requires suppliers to sign the *Supplier Green Procurement and Sustainable Supply Chain Commitment* when registering on the platform. In addition, the *SOHO China Code of Conduct and Business Ethics Management Policy* clearly demands anti-corruption measures for contractors, suppliers, and all business partners, and further requires their compliance with ethical standards by signing the *Supplier Green Procurement and Sustainable Supply Chain Commitment*.



SOHO China always stresses the environmental and social performance of suppliers and identifies and assesses ESG risks throughout the life cycle of suppliers. The Company integrates the evaluation of supplier sustainability performance into the whole process of the procurement:

- **Before being shortlisted:** all suppliers need to apply for ESG-related certification, system, management system and other information separately;
- **When shortlisted:** all suppliers need to agree to sign the commitment to green procurement and sustainable supply chains; in addition, the Company regards ESG as a plus for supplier assessment. Under the same conditions, green and sustainable suppliers are given the priority to be shortlisted, to promote suppliers to improve their management in terms of environment, occupational health, safety, and product quality, and encourage them to develop more green and environmentally friendly products and services;
- **After shortlisted:** include ESG indicators as mandatory items in supplier performance evaluation; contracted suppliers were invited to carry out ESG training to further implement sustainable development among suppliers.

### Contractual Performance and Behavioral Requirements of Suppliers

Environment	Environmental Protection	
	<ul style="list-style-type: none"><li>• Formulate environmental protection policies, assess environmental impacts, and protect the ecological environment</li></ul>	<ul style="list-style-type: none"><li>• Optimize resource use, reduce pollutant emissions and strengthen waste management</li><li>• Prioritize green materials usage</li></ul>
Society	Labour and Human Rights	
	<ul style="list-style-type: none"><li>• No forced labor, child labor during employment, etc</li><li>• No discrimination against or bullying against candidates and staff for any reason</li></ul>	<ul style="list-style-type: none"><li>• Avoid arrears in staff wages</li></ul>
	Health and safety	
	<ul style="list-style-type: none"><li>• Formulate health and safety related policies and provide staff with the safe and healthy working environment</li></ul>	
Governance	Business Ethics	
	<ul style="list-style-type: none"><li>• Comply with anti-corruption, anti-monopoly and other applicable laws and regulations</li></ul>	

### Case: SOHO China purchased environment-friendly papers and energy-saving lamps

SOHO China needs to purchase nearly RMB10 million of toilet paper for customers every year. During the procurement, the Company demands that suppliers' products must meet the FSC standards, and protect forest resources with customers.

In 2022, SOHO China also renovated and optimized the lamps of some projects and purchased green energy-saving lamps in large quantities. For example, Galaxy SOHO purchased 925 energy-saving lamps to replace the lamps under eaves and halogen lamps, which greatly saved power consumption in buildings.

### Case: ESG training for SOHO China's suppliers in 2022

The Company continues to improve the ESG management of suppliers and strengthen their attention on sustainable development. In November 2022, SOHO China carried out ESG training on suppliers. The director of the Company's bidding and procurement center conducted training on *SOHO China's Green Procurement and Sustainable Supply Chain Management Policy* to suppliers, attended by 140 suppliers. At the same time, SOHO China invited a third-party professional organization to train suppliers on ESG trends, SOHO China's ESG highlights, ESG challenges and prospects of SOHO China, to clarify its efforts and determination to implement sustainability and further enhance the awareness of suppliers.





# 05

## Establishing a Resilient Organization with a Sense of Belonging

SOHO China firmly believes that employees are the cornerstone of corporate development. The Company sticks to the people-oriented talent development philosophy and remembers the cultural DNA: honesty, solidarity and creativity. It establishes a sound employee management system, takes humanised employee management measures, and fully protects the legitimate rights of employees. Also, it creates an inclusive and diverse culture, offers various welfare schemes, and protects employees' occupational safety and physical and mental health. Furthermore, the Company provides strong support for employees' career paths, and enables them to give full play to their talents with considerate services.

This chapter relates to the following major sustainable development issues

- Protection of employees' rights and benefits
- Employee development and training
- Employment creation and equal employment
- Employee safety and health

SDGs focus in this chapter





Summary of SOHO China's  
People-oriented Policies and  
Systems

- SOHO China Board of Directors (BOD) Diversified Policy
- SOHO China Management Policy for Employment and Labor Standards
- SOHO China Employee Handbook
- Recruitment Management System
- Recruitment Management System of Asset Management and Property Management Companies
- Internal Referral and Reward System of Talent Scout Award
- Performance Assessment System
- Quality Talent Pool Management System
- Incentives to Encourage Employees' Continuous Learning
- Incentive Management System for Innovation, Government Rewards and Reasonable Suggestions
- Property Employee Professionalism Handbook
- Intern Management System

Protecting employees' rights

To protect the legitimate rights and interests of employees and create a good workplace, SOHO China strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Company Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Minors*, and the *Law of the People's Republic of China on the Protection of Rights and Interests of Women*. It has also formulated internal rules and regulations such as the *SOHO China Management Policy for Employment and Labor*, *SOHO China Employee Handbook*, *Recruitment Management System*, and *Performance Assessment System*, to comprehensively protect employees' rights in recruitment, employment, training, promotion, termination, salary, working hours, holidays, and other aspects.

The Company adheres to the principles of lawful and equal employment and opposes the use of child labor and forced labor. The Company strictly abides by the laws and regulations prohibiting the employment of child labor and forced labor, and its employment policies clearly state that all employees must be at least 18 years of age. The human resources team is responsible for rigorously verifying the identity documents of job applicants during recruitment. According to internal regulations, the Company prohibits any form of child labor and forced labor. In case of any violation of these rules, employees are encouraged to report and complain about that, and the Company conducts a detailed investigation and takes serious actions. In 2022, SOHO China did not violate any laws or regulations regarding child labor or forced labor, the labor contract signing rate of full-time staff was 100%, and labor dispatching complied with national regulations.

The Company is committed to creating a fair, equitable, reasonable, and competitive salary and benefits system and performance evaluation system for employees, and insists on equal pay for equal work while continuously improving and optimizing policies. The Company has established regular performance evaluation and feedback mechanisms for employees at all levels, set business-specific evaluation indicators that fit development plans, and focused on motivating and promoting employee growth. The Company adopts an online evaluation system for monthly assessments, and links the evaluation to performance bonuses. Also, the Company provides timely intangible and tangible rewards to employees who have a good record track, thus ensuring that everyone is entitled to objective and fair compensation and performance rewards. In 2022, 100% of SOHO China's employees were subject to performance evaluation assessments.

Employment Statistics in 2022 <sup>25</sup>

Total employee number				1,721
Total employee number by type				
Regular employees under labor contract		1,721		3
Dispatched workers				
Total employee number by level				
Executives		10		131
Mid-level management				1,580
Junior employees				
Total employee number by gender				
Male		1,243		478
Female				
Total employee number by age group				
30 years old and below		345		817
31-39 years old				559
40 years old and above				
Total employee number by region				
Beijing		1,226		472
Shanghai				23
Hainan				

<sup>25</sup> Except for the number of staff divided by type, staff demographics in this report include regular staff under labor contract only.

Employee Turnover in 2022

	312	15.3%	
	Total number of resigned employee	Employee turnover rate <sup>26</sup>	
Number of employees left by business category	38	274	
	Sales personnel	Non sales personnel	
	33%	14.2%	
	Turnover Rate	Turnover Rate	
Number of employees left by gender	196	116	
	Male	Female	
	13.6%	19.5%	
	Turnover Rate	Turnover Rate	
Number of employees left by age group	111	152	49
	30 years old and below	31-39 years old	40 years old and above
	21.2%	15.6%	9.2%
	Turnover Rate	Turnover Rate	Turnover Rate
Number of employees left by region	208	104	0
	Beijing	Shanghai	Hainan
	14.5%	18.1%	0%
	Turnover Rate	Turnover Rate	Turnover Rate

<sup>26</sup> The turnover rate in this report is calculated as: the number of employees left in the Reporting Period/(the number of employees on the first day of the Reporting Period+the number of new employees in the whole year)\* 100%



## Creating an inclusive culture

SOHO China actively maintains a diverse and inclusive employment environment, committed to promoting equality and non-discrimination in all business areas. According to the *SOHO China Employee Handbook*, the Company avoids discrimination and harassment in any form during employment, promotion, training, and termination, including but not limited to gender, race, age, religion, physical condition, and marital status of employees. The *SOHO China Board of Directors (BOD) Diversified Policy* promises to comprehensively consider factors such as gender, age, cultural and educational background, race, professional experience, skills, knowledge, and other factors when nominating and reappointing directors, to form the board of directors composed of professionals with the required skills, experience, and diverse perspectives. This implements the Company's diversity policy and further achieves sustainable balanced development.

SOHO China values the protection and care of female employees' rights and interests. The Company's labor contract clearly stipulates that the Company cannot terminate labor contracts with female employees during pregnancy, childbirth, and lactation. The Company also supports female employees' work-life balance and creates a good and inclusive office by setting up nursery rooms, distributing small gifts on International Women's Day, and other means.

The Company also pays attention to the careers and development of disabled people and provides employment opportunities for them. The Company sets a target proportion of disabled employees among our workforce, stipulating that the proportion in 2022 should be no less than 0.2%, and that proportion in 2023 should be no less than 0.3%, increasing by 0.1% each year until that reaches no less than 0.5%. The Company arranges special pre-job training for each disabled employee depending on the specific requirements of their positions, helping them gain vocational skills and plan for long-term and good career development.

### Overview of SOHO China Employee Diversity

Percentage of managerial staff by gender (%)

40%

Male executives

60%

Female executives

Total employee number by educational background

2

Doctor's degree

33

Master's degree

310

Bachelor's degree

533

College degree

843

Technical secondary school and below

Total employee number by ethnic background

55

Number of ethnic minorities

## Opening up the channel for growth

### Broadening talent pipeline

SOHO China values talent attraction and cultivation and enables their long-term career path within the Company. Based on internal regulations such as the *Recruitment Management System*, *Recruitment Management System of Asset Management and Property Management Companies* and *Intern Management System*, SOHO China has established a reasonable and comprehensive talent recruitment management system, which clarifies recruitment principles and procedures. The Company has set up a talent pool, and all qualified candidates who are not hired are included in it. Personnel is arranged to regularly maintain and update the talent pool to supply backup candidates for key positions to quickly fill vacancies, which effectively shortens the recruitment cycle and ensures a continuous talent pipeline from outside.

In order to maintain competitiveness in the talent market and attract a wide range of talent, the Company conducts regular salary surveys, and even more surveys amid significant fluctuations. In 2022, the Company participated in the Aon Hewitt Global Salary Increase Survey and based on the survey report, the Company improved its salary strategy and adjusted the salary range for some positions.

The Company also engages with universities through visits to provide practice opportunities and facilities. At the same time, the Company uses diverse recruitment channels to actively reach out to more talents through the internet, campus recruitment, headhunters, job fairs, and other methods. The Company has established a reward system to encourage employees to recommend suitable talents, and those employees who make successful referrals will receive bonuses of different levels. In 2022, nearly 40% of new employees in frontline positions at SOHO China were successfully hired by internal referrals.

To further attract outstanding talent, SOHO China launched an employer branding plan in 2022 both online and offline. Online, the Company updated the talent development section on its official website with three main themes: a comprehensive employee learning and training system, warm employee cares, and rich employee activities. These themes showcase SOHO China's care and training on talent, and its core corporate culture of "honesty, solidarity and creativity" Offline, the Company organised its human resources staff to learn about employer branding and relevant cases, better informing every candidate of the positive corporate image of SOHO China.

### Overview of SOHO China New Employee





### Case: Tsinghua internship project

During the summers of 2021 and 2022, 30 HVAC (heating, ventilation and air conditioning) engineering undergraduates from Tsinghua University visited and interned at Wangjing SOHO through Tsinghua Internship Base Project. They mainly visited key equipment rooms such as the refrigeration room, air conditioning room, and control room. To thank SOHO China for its ongoing support to the HVAC department at Tsinghua University, Tsinghua University presented a plaque to Wangjing SOHO as an "Internship Practice Base for Environmental and Energy Application Engineering Majors at the Department of Architecture and Energy Application Engineering at Tsinghua University."



## Enriching training and empowerment

SOHO China has a complete and comprehensive employee training system and related mechanisms. The Company conducts employee training both online and offline, providing employees with rich targeted training and incentives to meet their diverse needs for advanced development.

Based on the *Incentives to Encourage Employees' Continuous Learning*, the Company encourages employees to continuously learn and improve their professional capabilities and expertise. The Company not only covers the exam costs for employees who obtain professional titles and certificates but also provides incentives to those who obtain bachelor's degrees or higher through learning. In 2022, there were 56 people who pass the exams for professional titles and qualifications, and the Company reimbursed RMB 57,315 in related expenses. The Company awarded a total of RMB39,000 to incentivise 13 employees who obtained degrees through part-time learning. In addition, 15 teachers at the Yang Zheng Kindergarten, sponsored by the Company, are pursuing undergraduate degrees and were subsidized with RMB30,600 in tuition fees. Three kindergarten staff who obtained qualification certificates were reimbursed RMB10,200.

Upholding the core corporate culture of "honesty, solidarity and creativity," SOHO China revised the *Management System on Innovation, Governmental Award, and Awards for Reasonable Proposal* in 2022. The Company encourages employees to be proactive in learning and innovating, closely follows up on national development policies, explores new processes, new methods, and improvements, and dares to propose reasonable suggestions for processes and services. Based on the improvement in performance, employees are given corresponding amounts of incentives.

In addition to reimbursing exam fees and rewarding academic achievement, the Company has developed hierarchical departmental training plans for all employees to help them to address challenges in learning and work and unleash their potential. In 2022, in order to improve the leadership of the management staff, we adopted the "Personal Strengths and Leadership Assessment" from a third-party consulting firm and invited professional consultants to conduct one-on-one assessments and interpretations so that each manager has a knowledge of their personal strengths and leverages them in their positions. For frontline staff from the leasing department, we created an exclusive professional training program that invited external senior lecturers and internal executives to serve as trainers and offer training in various projects each quarter.

Meanwhile, based on the knowledge management platform, SOHO China helps all employees update their knowledge and expand their skills anytime, anywhere. The knowledge management platform mainly includes four sections: information, learning, testing, and community. The learning section includes internal rules and regulations, work manuals and checklists, general and professional training courses, open courses, and special training courses; the general training courses cover law and finance, information technology, artificial intelligence, ESG, and professional training courses cover project management, property management, leasing management, energy management, and equipment facilities. In addition, employees can share their learning experiences online and compete for rankings through the community, which creates a good learning environment featuring both common progress and healthy competition. In 2022, to better promote digital management on the platform, we optimised several functions, such as login via QR code, attendance with QR code, and employee real-name authentication system to assist in collecting training data more efficiently and managing the training process.

Seven Principles of Professional Training for SOHO China’s Property Team

Forward-looking	Focus on the long-term development and talent echelon construction of property companies, analyze and predict the needs of different levels and different professionals of property companies, and carry out planned and targeted training for the sustainable development of property companies.
Sharing	Fully share resources of all projects, departments and employees, and promote high-quality training resources in various ways in all business lines.
Development	Fous on the summary of internal knowledge and experience, and focus on the development of internal quality courses, so as to promote the information flow communication between each project and department, and ensure that the knowledge update speed of employees is synchronized with the external market.
Special and general	The training content should be properly focused on the management skills and professional skills training of managers at all levels, as well as the strengthening of executive power and corporate culture construction; Strengthen the training of key business manuals and knowledge of each project operation department.
Effectiveness	Enhance the pertinence and effectiveness of training work, and pay attention to the quality of training work. Before each training, carefully collect knowledge points and teaching materials, and select lecturers. Take online examination as the main form of training effect.
Three combination	Combine training with communication, training with practice, and training with motivation.
Time management	Focus on department business knowledge, supplemented by education and qualification training, and handle the relationship between work and learning.

General training

Content	Trainee
Compliance training for senior executives of listed companies	Senior executives
Interpreting the satisfaction survey scorecard	Team manager
Training on special additional deduction of individual income tax and personal pension policy	All employees
Legal learner - lecture on legal popularization	
Training on employee professional ethics	
General training on ESG	

Special functional training

Content	Trainee
Self-held project training	New employees for leasing business
Finance/law training for leasing personnel	
Leasing market analysis	All employees from the leasing business
Trust sale law	
Qualification certification on rental position - training	
Training on security and criminal incident management, central control room management, anti-terrorism drill, medical rescue skills	Security management staff
Rules and requirements for safety inspections on holidays and related training	Security management staff
Guidance of waste classification management regulations and special training of classified knowledge	Customer service
Special training for customer service for better customer service quality	Customer service
Special series training on daily cleaning, garbage removal, greening maintenance, stone maintenance, exterior wall cleaning, rodent control and killing, operation standards and specifications under extreme weather	Environmental staff
Special series training on the use and precautions of cleaning equipment	Environmental staff
Special series training on equipment maintenance, maintenance operation management and precautions	Engineering staff
Special series training on various operating systems such as building automation systems, energy metering systems, visitor systems, media systems, etc	Engineering staff
Special series training on refrigeration in summer, flood prevention, fire prevention, and host maintenance	Engineering staff and Security management staff
BI manual training for employees, special training for safety production	Engineering staff
Special series training on shopping malls and office buildings patrol management, and patrol requirements	All employees from the property business
Series training on etiquette and communication skills	All employees from the property business
Series training on fire safety awareness, emergency treatment series training, fire equipment and facilities use and fire drill	All employees from the property business
Series training on emergency handling training and special plan	All employees from the property business
Special training on environment, occupational health and safety	All employees from the property business
Special training on corporate culture	All employees from the property business



Employee Training in 2022

23,651

Total number of trainees

100%

Percentage of trainees

37,328.9

hours

Total training hours of employees<sup>27</sup>

21.7

hours

Average training hours per employee

Percentage of trained employees by level

100%

Executives

100%

Mid-level management

100%

Junior Employees

Average training hours by level

15.2

hours

Executives

14.5

hours

Mid-level management

22.3

hours

Junior Employees

Percentage of trained employees by gender

100%

Male

100%

Female

Average training hours by gender

21.8

hours

Male

21.5

hours

Female

<sup>27</sup> Total hours of training for employees is calculated as  $\sum (\text{class hours} \times \text{total number of employees actually participating in training})$

Employee promotion and recognition

SOHO China has established a defined promotion channel for its employees. In addition to regular performance evaluations, the Company has implemented the *Quality Talent Pool Management System* to train versatile employees and encourage more outstanding employees to engage in work related to quality. The Company selects outstanding talents from property projects into the quality talent pool. Every month, personnel are selected from the talent pool to assist the quality department with monthly inspections and complete monthly inspection reports. The quality department's management staff will evaluate their performance, and those who pass the evaluation are qualified to company-level competition.

SOHO China encourages employees to make innovations and challenge themselves and provides them with challenging opportunities. Managerial positions and above are appointed based on competition. When there are vacant positions, internal employees are encouraged to apply and compete with external candidates to select the most suitable talent. Managerial positions and above are open to any applicants. The human resources department issues the job offering and encourages internal employees to sign up. To ensure fairness, the assessment committee will organise an open compete-for-job based on primary qualification. In 2022, 22 employees were promoted through internal open compete-for-job. At the same time, the Company also encourages employees to broaden their career directions. After meeting the job requirements and passing the new job assessment, employees can apply for internal transfers freely.

Case: SOHO China Seasonal Commendation for Exceptional Leasing Professionals

SOHO China Seasonal Commendation for Exceptional Leasing Professionals for the second and third seasons in 2022 were held in Beijing and Shanghai. At the meeting, the two Co-CEOs of SOHO China expressed their thoughts on the current work and recognised the excellent achievements of the leasing and asset management team amid COVID-19. Also, they commended the excellent teams and individuals, thanked them for their efforts, and encouraged excellent staff to create more outstanding achievements.





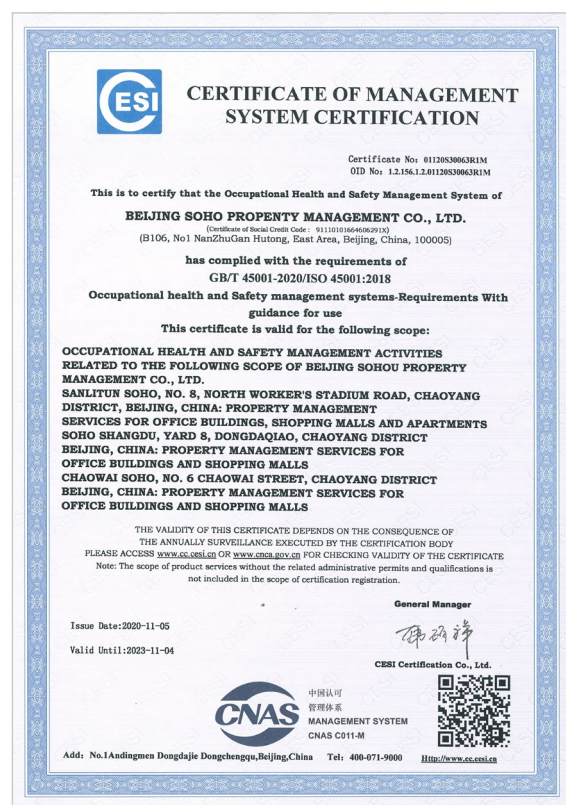
## Improving health and well-being

SOHO China pays attention to the safety and health of each employee and strictly adheres to national laws and regulations regarding employee health and safety, including the Law of the *People's Republic of China on Work Safety*, the Law of the *People's Republic of China on the Prevention and Control of Occupational Disease*, and other laws and regulations. Among them, Beijing SOHO Property Management Co., Ltd. has obtained the ISO 45001:2018 Occupational Health and Safety Assessment Series and has formulated internal systems such as the *Quality, Environment, Occupational Health and Safety Management Manual*, the *Environmental and Occupational Health Operation & Control Procedures*, the *Emergency Preparedness and Response Control Procedures*, the *Control Procedures for the Identification of Sources of Danger and the Evaluation and Control of Risks*, and the *Measures for Handling Major Death and Injury Accidents in Project Management* to safeguard the occupational health and safety of employees at work.

SOHO China sticks to the "People Oriented and Caring for Health" principle, sets the occupational health and safety indicators of no more than 10 work-related injuries each year and no more than one emergency, and holds the senior management accountable for overall occupational health and safety management. In 2022, there were seven work-related injuries, zero emergencies and 4,690 working hours lost due to work-related injuries. In addition, the Company's quality department is responsible for reviewing the progress of occupational health and safety goals, insisting on continuous improvement, and ensuring the implementation of safety management goals in a systematic and comprehensive manner. In the 2022 employee satisfaction survey conducted by the Gallup Organization, the Company added health and safety-related questions, such as "My company is making efforts to help me improve my physical health", which received a score of 4.61 (out of 5) and exceeded 91% of globally evaluated companies.

The Company also conducts internal and external reviews annually to seek improvement in occupational health and safety management, further enhancing the effectiveness of the system. Once a problem is discovered, timely corrective and preventive measures are taken, and relevant safety training is arranged in a timely manner to ensure that employees understand relevant knowledge and firmly ensure safety.

In addition, the Company also attaches importance to the safety management of outsourced personnel and contractors and tries its best to minimise the harm, losses, and impacts of the Company's business on personnel health and safety. This includes outsourced workers responsible for cleaning services, security services, maintenance of important equipment such as elevators and fire protection equipment, greening, septic tank cleaning, exterior wall cleaning, garbage removal, etc. In 2022, SOHO China did not have any major safety accidents. In the past three years, there was zero fatal work-related accidents.



The Occupational Health and Safety Assessment Series (ISO45001) certificate

### Key performances

7

Work-related injuries in 2022

0

Emergencies in 2022



Fire safety management	The company has formulated the <i>Regulations on Management of Fire System Equipment and Facilities</i> , regularly inspecting and maintaining fire equipment and facilities, and conducting regular fire drills.
Safety goods management	<p>The Company provides frontline employees and special operation personnel with protective measures that go beyond industry requirements based on the nature of high-risk and special work, including noise-canceling earplugs, insulated boots, insulated gloves, and anti-static clothing as labor protection supplies.</p> <p>The Company's safety-related goods include labor protective items, anti-pandemic items, anti-heatstroke items, cold-proof items, and safety signs. In 2022, the Company invested RMB3.22 million in safety-related goods management.</p>
Green and healthy operation	<p>The Company equips safety facilities in accordance with relevant laws and regulations. The Company provides and regularly maintains fire safety measures, including fire water systems, fire automatic alarm systems, and others to ensure the first response to fire emergencies. In addition, the Company installs alarm devices in public spaces and opens up evacuation secret channels to ensure safety in public places.</p> <p>In 2022, the Company maintained 26 safety equipment items, including elevator annual inspection, high-pressure preventive testing, maintenance of combustible gas alarm equipment, maintenance of generator equipment, cleaning of water tanks, air testing in underground spaces, and safety valve calibration. The Company invested RMB38.25 million in safety equipment maintenance.</p>
Hazard management	The Company has established the <i>Control Procedures for the Identification of Sources of Danger and the Evaluation and Control of Risks</i> to comprehensively identify seven major hazard sources, including mechanical energy, thermal energy, chemical energy, radiation, and others. The Company also conducts risk assessments and completes the <i>List of Major Hazardous Sources</i> to take effective management measures.
Emergency event handling	The Company has established the <i>Emergency Preparedness and Response Control Procedures</i> to manage and effectively respond to extreme weather conditions such as floods, snowstorms, and lightning, as well as safety incidents such as fires, robberies, explosions, water leaks, power outages, elevator entrapments, machinery accidents, food poisoning, electric shocks, and others.
Safety training	<p>According to <i>SOHO China Employee Handbook</i>, the Company regularly organises health and safety training and drills for employees to strengthen their safety awareness, improve safety management level, and help the effective implementation of safety management policies, objectives, and management plans, in order to minimise occupational safety incidents.</p> <p>Types of health and safety training and drills include: identifying explosive materials, fire emergency plans, elevator entrapments, sudden illness of mental patients, firefighting, customer property theft, water leaks, falling objects from heights, fights and brawls, and others.</p>

<sup>28</sup> Data on SOHO China security measures cover 23 property management projects in Shanghai and Beijing (excluding Hainan projects).

Case study: Fire emergency drill

In September 2022, Chaowai SOHO conducted a regular drill on the fire emergency response plan by simulating a sudden fire incident. This drill helped employees to react quickly and correctly in case of fire accidents, and to handle them in a timely manner, protecting the personal safety of employees and clients.

The Company simulated a scenario where thick smoke suddenly emerged from the cleaning room next to the elevator on the 3rd floor of Building A, triggering the smoke detector to report a fire alarm. The duty personnel immediately notified the patrol staff to go to the scene with an emergency box to check the cause of the alarm. Within 6 minutes, the following emergency procedures were carried out:

- The patrol staff confirmed the fire situation on site and found that the combustibles in the garbage bin in the cleaning room were on fire.
- The patrol staff immediately reported the fire situation on site and used the fire extinguisher equipped in the emergency box to extinguish the fire on site.
- The voluntary fire brigade was organised, and the fire emergency plan was activated.
- The control room was notified to adjust the consumer host control and turn on the emergency broadcast.
- The on-site fire extinguishing was carried out, and personnel was organised to guide the evacuation on site.



2022 Occupational Safety Management

Work-related fatalities <sup>29</sup>	Person	0
Number of work-related injuries	Case	7
Emergency event	Case	0
Lost hours from work-related injuries	Hours	4,690
Rate of incidents per 200,000 hours <sup>30</sup>	%	0.388
Number of fire drills	Times	30
Number of participants in fire drill	Person	488
Employee health check-up coverage	%	100

<sup>29</sup> The statistical scope of work-related fatalities covers all employees of SOHO China and contractors with business cooperation during the Reporting Period

<sup>30</sup> Rate of incidents per 200,000 hours is 200,000 man-hours accident rate=(number of accidents/total man-hours of all employees)\* 200,000

Employee health and care

SOHO China continues to provide employees with warm care measures to ensure their physical and mental health from three dimensions: workplace environment, physical health and mental health. By constantly enriching the welfare mechanism, the Company advocates alternating work with rest, which reflects the Company's humanistic care. In addition, in the post-pandemic era, the Company has built a solid anti-pandemic backing to support employees' orderly work and life.

> Protect physical and mental health

Workplace environment health	<ul style="list-style-type: none"><li>Pay attention to the cleanliness and hygiene of the office environment, regularly disinfect and sterilise the office area, and install the fresh air system and air purifier to improve the air quality.</li><li>Provide direct drinking water for the office space with conditions, and regularly check the water quality and replace the filter element.</li><li>Set up a fitness area and activity room for the office space with conditions, and provide fitness equipment, billiards table, table tennis table and other activity facilities, so that employees can relax.</li></ul>
Physical health	<ul style="list-style-type: none"><li>Purchase commercial medical insurance for employees and their spouses and children, and regularly provide medical services such as annual physical examinations and professional dental cleaning for employees. In 2022, the coverage rate of health examination service was 100%, and 91% of employees completed health check.</li><li>Prepare daily medicine regularly, and issue health tips to all employees from time to time, such as reminding employees to stay away from a sedentary lifestyle, preventing seasonal influenza, etc.</li><li>Provide cold and heatstroke prevention measures in winter and summer, such as mung bean soup and other heatstroke-beating drinks, and warm pads for staff working outdoor in winter.</li></ul>
Mental health	<ul style="list-style-type: none"><li>Attach great importance to the psychological status and growth of employees. The company's commercial insurance is equipped with free psychological counseling services. The Company sends psychological health care tips to all employees, instructing employees to call the psychological counseling hotline when necessary, and helping employees sort out and relieve emotional stress.</li></ul>



> Establishing anti-pandemic backstop

COVID-19 has brought tremendous impacts on the world while the repeated outbreaks and severe controls have also brought unprecedented challenges to the Company. In such difficult times, SOHO China followed governmental guidance

and fought against the pandemic with a science-based attitude to face the difficulties and work hard to protect every employee.

Building anti-pandemic backstop with actions

In order to deal with COVID-19, the Company has established necessary pandemic prevention measures in strict accordance with national requirements to ensure the safety and health of employees. The main measures of the Company include:


- Implementing strict disinfection measures, and clean and disinfect public areas, toilets, elevator rooms, garbage rooms and other areas in different periods
- Starting the ventilation system to increase the number of air changes and effectively increase the air cleanliness
- Advocating working at home and reasonably arrange working hours at home
- Allowing front-line employees to shift their duties to minimise the possibility of infection
- Providing epidemic prevention materials, such as antigen self-test kits, medical masks, basic drugs, etc
- Providing disinfectant, wash-free hand sanitiser, etc in public areas

In 2022, during the severe pandemic, the Company helped employees to relax and fight the pandemic through online medical lectures and various online activities.

Online lecture on anti-pandemic knowledge

The Company invited medical experts to hold online anti-pandemic knowledge lectures, to provide all employees with situation analysis, COVID-19 diagnosis and treatment plan and policy interpretation, daily pandemic control science popularization and anti-pandemic guide, to help employees know related knowledge, alleviate anxiety, and better protect themselves and their families.

Online reading session during Covid-19 Pandemic



比尔·盖茨  
气候经济与人类未来  
HOW TO AVOID A CLIMATE DISASTER  
比尔·盖茨给全世界的解决方案

时间：  
5月18日 - 周五 16:30 - 17:30

主持人：  
SOHO中国副总裁 黄莉宇

第一本书：  
《气候经济与人类未来》  
比尔·盖茨给全世界的解决方案

The vice president of the Company led all employees to read books to enrich life and work at home, and to express care to all employees.

Cooking competition during Covid-19 Pandemic



The Company invited employees to show the delicious food they cooked when they worked at home and vote on and reward the most popular food with prizes, so as to cheer them up.

Cloud fitness



The Company encouraged employees, whether working at home or on duty, to exercise online, shared their fitness videos and rewarded them with beautiful gifts.

> Enriching welfare mechanism

Based on statutory benefits such as social insurances and housing fund, the Company purchases supplementary medical care and supplementary accident insurance for all employees and employees may voluntarily choose to buy the insurance for their family member, which enriching

the welfare mechanism. The Company has a charity fund to provide love relief for employees suffering from serious diseases or major accidents.

SOHO China Welfare Policy

Five insurances and one fund	Supplementary accident insurance	Supplementary medical insurance	Physical check	Dental cleaning service
Fitness activities	Mother-and-baby room	Benefits for birthday	Benefits for festival	Subsidy for heatstroke prevention
Statutory annual leave, extra annual leave, paid sick leave, personal leave, marriage leave, maternity leave, childcare leave, breastfeeding leave, family planning leave, bereavement leave				

## > Hosting employee activities

SOHO China pays attention to the employees' work-life balance. The Company encourages employees to participate in a variety of employee activities, including birthday parties, sports meetings, badminton matches, table tennis matches, long-distance running festivals, basketball matches and other cultural sports activities. In 2022, the Company also

provided diversified activities for employees. The colorful activities are conducive to promoting the exchange and interaction between employees, expanding the scope of communication, cultivating interests and hobbies, improving the cohesion of the SOHO China team, and helping each employee to maintain health and vitality at work and life.

### Themed birthday party



The Company prepared delicious cakes and fruits to celebrate the birthday of employees who were born in July, providing an unforgettable and beautiful afternoon during the busy work.

### Table Tennis Friendship Competition 2022



The Table Tennis Friendship Competition 2022 of the Company was held in the Chaowai SOHO. In the tug-of-war battle, each pair of strong doubles teams cooperated with each other, making the competition more exciting. Enthusiastic players passed on a healthy and positive attitude to everyone.

### Chasing the Light Annual Gala 2022



At the beginning of 2022, the Company held an online annual meeting, and prepared wonderful programs and rich activities to start the New Year with all employees.

## Responding to employees' concerns

### Employee complaints and communication channels

SOHO China remains committed to "transparent, fair and just" operations. In order to establish bottom-up communication channels for employees, the company has formulated various internal policies and procedures, such as the *Employee Complaint Policy*, *Performance Complaint Policy*, and *Complaint Report and Handling Policy*, and established and maintained important complaint reporting channels primarily through telephone hotlines and reporting email addresses. The company has standardised the complaint reporting process from registration to handling and feedback. In 2022, the Company optimised the effectiveness of the confidentiality mechanism and clearly specified that after receiving a complaint, an internal audit investigation will be conducted, and information will not be disclosed externally until the investigation results are available. The Company encourages employees to raise any concerns about their work to their supervisors or even higher management through channels such as interviews and democratic communication meetings. Similarly, employees can appeal to the HR department regarding performance assessment issues, and the company will organise an appeals committee that allows employees to present evidence. The committee will discuss and make a final decision, and the results will be provided to the employees.

SOHO China conducts an annual employee satisfaction survey to listen to employees' needs and thoughts, identify and solve problems. Based on the survey results, the Company develops action plans and formulate improvement measures for each problem, such as holding regular team and department meetings, listening to reasonable suggestions from employees, and requiring each project team to develop employee training and learning plans, etc, so as to improve employees's management and service capabilities and enhances their sense of belonging and loyalty. In 2022, the Company invited the Gallup Organization to conduct an employee satisfaction survey and developed a detailed survey plan that clarified the key content and timeline for each stage of the survey. The survey was conducted by department or project, and a total of 1,721 questionnaires were distributed, with 1,622 valid responses received. Compared to 2021, employee engagement increased by 2% to reach 94%. Employee satisfaction was measured from aspects such as learning and growth, teamwork, managerial support, employee retention, and occupational health and safety. The survey results showed that in 2022, SOHO China

employees' overall satisfaction was higher than the 88 percentile of other participating real estate companies in China, indicating that SOHO China scored higher than 88% of the other companies.

In the employee satisfaction survey questionnaire 2022, the company added the NPS index to measure loyalty or willingness to recommend, which asked, "I would recommend SOHO China as an ideal place for career development to others." The survey results indicated that SOHO China employees' loyalty or willingness to recommend the Company was higher than 77% of other participating companies in the real estate industry and well above the average.

### Key performances

1,721

questionnaires distributed

1,622

valid feedbacks received

94%

Employee participation rate

88 quantiles

Overall employees satisfaction was higher than other participating real estate companies in China

86 quantiles

Higher than other participating real estate companies all over the world





# 06

## Engaging in Community Development with a Sense of Happiness

SOHO China has been committed to giving back to the society. The Company has been long paying attention to community investment and rural development listening to the voices of all stakeholders, and continuously contributing to public welfare, education, environment, community and other aspects to help lead a better life. Since its establishment, SOHO China Foundation has actively participated in public welfare causes such as rural revitalization, education and poverty alleviation through diverse channels, and continued to take social responsibility.

This chapter relates to the following major sustainable development issues

- Public welfare and voluntary services
- Contribution to national and local economy
- Community engagement and investment
- Urban revitalization and redevelopment

SDGs focus in this chapter





SOHO China contributes to the revitalization of urban and rural buildings and actively constructs educational infrastructure in remote and underdeveloped areas. The Company participates in regional economic assistance and rural revitalization, donates money and supplies, provides educational resources, builds rural facilities, and pandemic prevention and control and disaster relief to promote public welfare and philanthropy and continue to give back to society.

## Summary of Policies and Systems on SOHO China's Contributions to Public Welfare

*SOHO China Community Investment Management Policy*

*Constitution of the Urban Culture Foundation*



## Connecting the community

### > Community care

The Company regards community integration and collaborative development as an important part of its contribution to society. The Company expects to understand the needs of the community and increase community connections through active communication and interaction. The Company will incorporate the needs of the surrounding community

residents for living and working into building planning, and provide diverse community activities for them. It is the Company's sincere aspiration to benefit more community residents and work together to build a beautiful and harmonious community. In 2022, SOHO China held 67 art and cultural activities.

### Case: Thanksgiving Themed Activity – Sending a Postcard full of Gratitude

At the end of 2022, SOHO China led the community residents to bid farewell to the past year in a special way. The Company launched the "Gratitude Postcard campaign" at Leeza SOHO, Wangjing SOHO, Galaxy SOHO, and Sanlitun SOHO. Tenants and community residents were invited to write down their unspoken thanks on gratitude postcards. The Company sent out thousands of postcards which said gratitude to parents, loved ones, children, and even themselves. In 2022, the Company redefined the saying – bid farewell to the old and welcome the new – with the form of gratitude.





### Case: Mid-Autumn Festival "Same Moonlight - Mid-Autumn Garden Party" Event

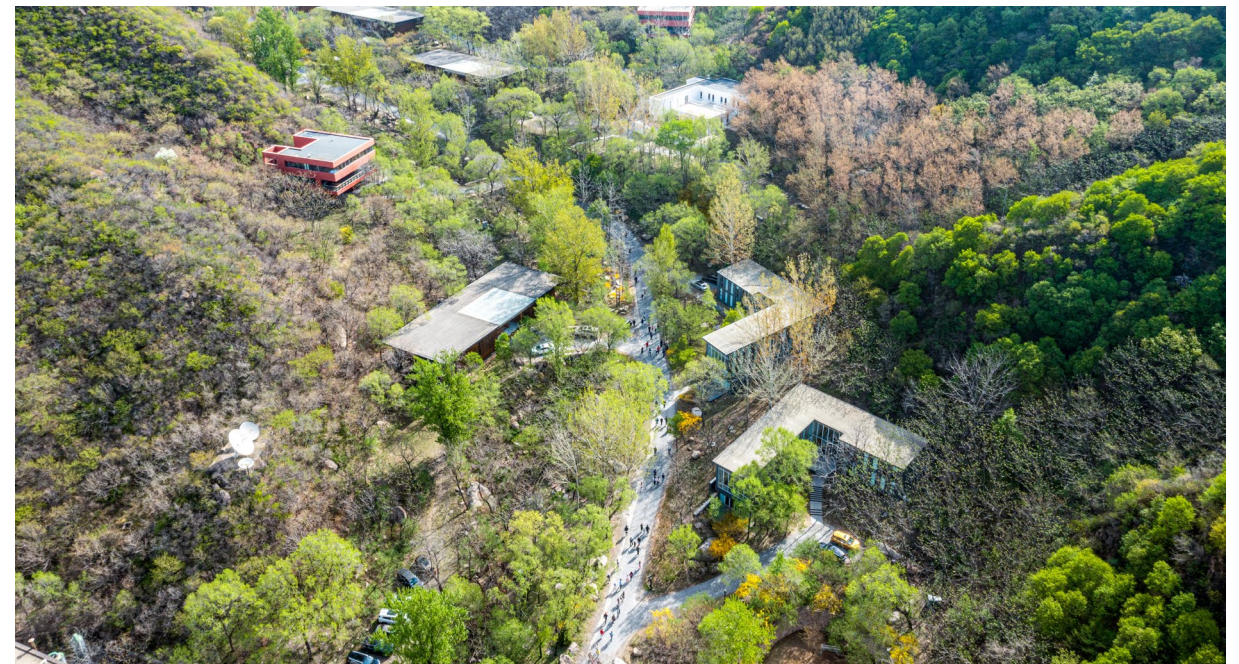
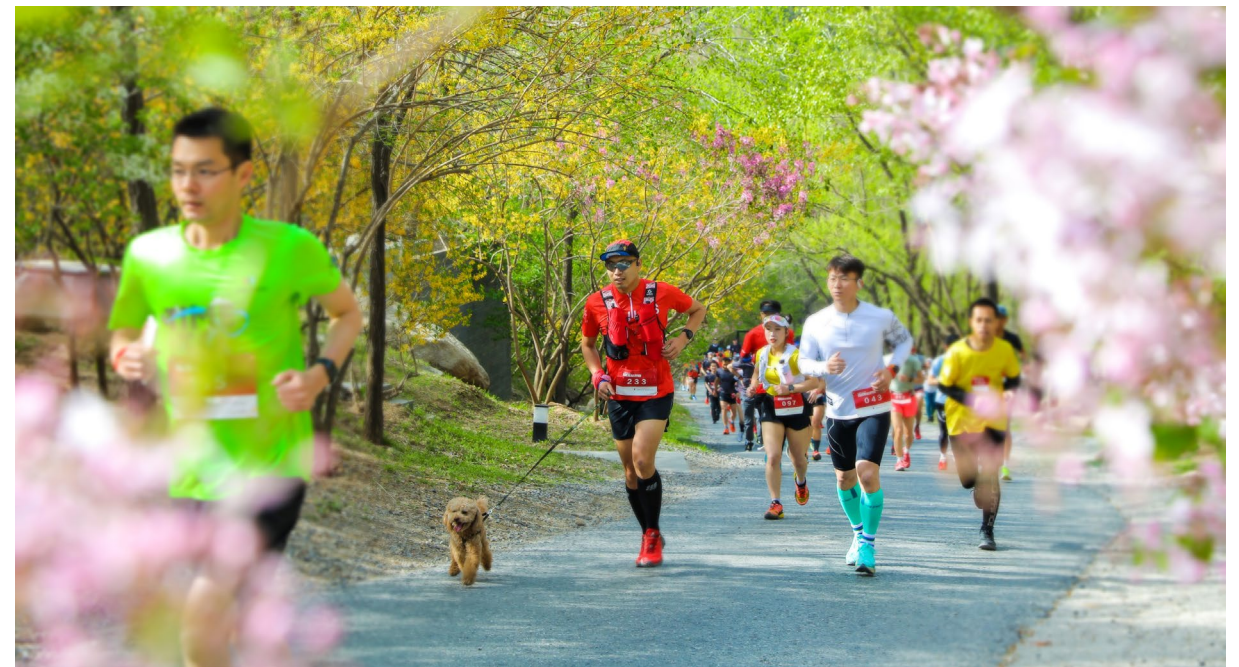
SOHO China has held Mid-Autumn Festival events for the past three years. Considering that many people were unable to return to their hometowns and reunite with their families during the holidays due to the pandemic, the Company hoped to alleviate homesickness through festive and warm activities. In 2022, SOHO China's Mid-Autumn Festival event, themed "Same Moonlight - Mid-Autumn Garden Party", was held at six SOHO China projects at the same time. There was a wide range of traditional games and activities such as riddles guessing, mooncake making, bookmark writing, garden parties, and releasing lotus lanterns. Models in Hanfu were invited to showcase Chinese fashion. All those elements provided an immersive experience for participants. The event attracted over 5,000 active participants from nearby communities and offices.



### > Vitality and health

### Case: "Commune by the Great Wall - Cross-Country Race"

Since 2015, SOHO China's "Commune by the Great Wall" Cross-Country Race event has been held twelve consecutive events. In 2022, the "Spring Cross-Country Race by the Great Wall" was held on 23 April as scheduled. This spring race set two tracks. Taking into account both the experience and entertainment, a challenging 15km track combining roads and mountain trails was set up for enthusiasts, with the finish line at the top of the Great Wall. For families who love sports, a 6km track was set up mainly for mountain hiking, with the finish line at the Children's Commune. Both tracks combine natural scenery with the beauty of the Commune's architecture. Running along the route, participants enjoyed the colorful flowers and rolling mountains in spring, as well as the popular architecture of the Commune, such as bamboo houses, red houses, and large dormitories. This allowed participants to forget the fatigue and appreciate the beauty of life through exercise.





## > Show concern on the earth

### Case: "Earth Hour" event

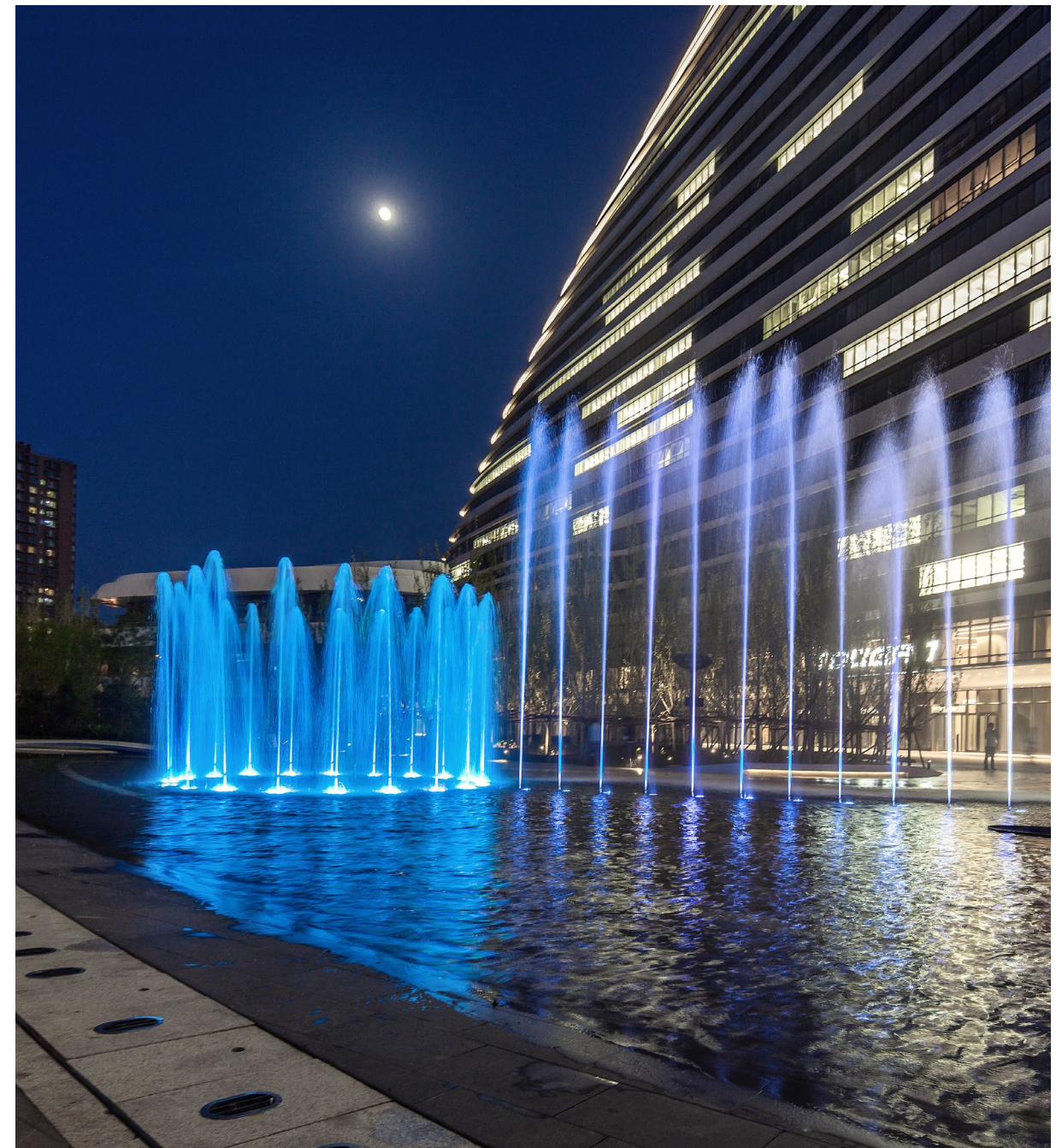
SOHO China has been committed to practicing environmental protection and social responsibility and integrating green building concepts into its projects. In order to better promote low-carbon travel and green concepts, on 25 March, 2022, Leeza SOHO joined hands with the World Wide Fund for Nature (WWF) to hold the "Earth Hour" event, with more than 600 participants. The event included experiences such as human-powered bicycles, exploring ecological knowledge puzzles, helping animals on maps find their way home, and participating in a one-hour lights-out event. This event was actively attended by employees in the office building, visitors, and residents in the surrounding communities. Through various interactive activities, participants learned about environmental knowledge and received green concepts.



## > Humanities in architecture

### Case: Music Fountain in Wangjing SOHO

SOHO China invests heavily in landscaping and greenery every year, such as the unique music fountain in the water landscaping at Wangjing SOHO. The music fountain utilises fountain equipment produced by Oase, Germany, which is famous worldwide for building multimedia music fountains and ecological water features without using any products harmful to the environment. The harp-shaped fountain, dazzling lights, and graceful music all create a perfect fusion of art and architecture. The music fountain in Wangjing SOHO has become a popular tourist attraction in Wangjing where residents and office workers in the surrounding community can enjoy themselves in the water scenery amid the hustle and bustle.





## Revitalising the countryside

SOHO China is committed to exploring a new way of rural revitalization. It focuses on educational welfare to build a bridge between urban and rural areas, and narrow the educational gap, reduce the imbalance of resources, and raise cultural awareness in rural areas.

### > Yang Zheng Kindergarten

In 2020, the SOHO China Foundation donated RMB30 million to establish a non-profit project -the Tianshui Yang Zheng Kindergarten, bringing advanced teaching facilities, high-quality educational resources, and professional teaching team to children in the area. Poor and left-behind children are given the priority to be enrolled, which solved the problem of less preschool education in local kindergartens. As of now,

there are 180 children enrolled. SOHO invests about RMB4 million each year in its daily operations and maintenance. In 2022, the SOHO China Foundation donated another RMB4 million for the operation and management. In November of the same year, the SOHO China Foundation, together with SOHO China employees, donated RMB121,660 to rural children and purchased 6,083 books.



Tianshui Yang Zheng Kindergarten

### > Bai Cao Garden

In 2022, SOHO China invested RMB4 million to build the supporting project "Bai Cao Garden" for Yang Zheng Kindergarten. The Garden covers an area of 300 square meters and is equipped with advanced technology and equipment, including a greenhouse with a soilless cultivation system, a filter R0 reverse osmosis water purification system, a water-fertiliser integration system, a greenhouse smart control Internet of Things system, and a full-spectrum

supplementary lighting system. It was completed and put into use officially in July 2022. As an intelligent study and planting base, Bai Cao Garden allows children to witness the entire process of plant growth with the joy of planting. Each child in the kindergarten can claim a plant of their own to vividly learn about natural science. Bai Cao Garden will become a natural study base for children.



Tianshui Bai Cao Garden



## > Yang Zheng Library

Cultural revitalization is the soul of rural revitalization, and libraries play an important role in China's public cultural construction. In order to improve the social civilization in rural areas, support rural cultural revitalization, and enrich the spiritual and cultural life of rural residents, SOHO China invested RMB20 million in 2021 to build the Yangzheng Library in Shizui village, Maiji District, Tianshui City. The library, designed and built with the highest green building standards

and zero-carbon operation, was completed and put into use in December 2022. The Yang Zheng Library has a rich collection of reading resources and creates a strong cultural atmosphere. It is not only a place for students, teachers, and surrounding residents to learn, broaden their horizons and improve their cultural literacy, but also a great contribution to the rural public cultural system and beautiful countryside.



## > Panjizhai School

Since 2005, SOHO China Foundation has been donating hardware and software to students in Western China, including building school buildings, playgrounds, and toilets, installing heating, donating tablet computers, and providing

uniforms for teachers and students. The total amount of donations has exceeded RMB30 million. In 2022, SOHO China donated RMB320,000 to Tianshui Panjizhai School to purchase uniforms for 1,800 students.



## Practicing public welfare

Since its establishment in 2005, Beijing SOHO China Urban Cultural Foundation (SOHO China Foundation) has been actively involved in major charitable activities, in addition to education and poverty alleviation efforts in Western China. In particular, the foundation has made multiple donations for pandemics and disasters. The SOHO China Foundation upholds the mission of boosting social material advancement while promoting progress and growth in its spirit. Therefore, the foundation actively initiates charitable assistance projects and encourages and engages SOHO China employees in every charitable project.

The SOHO China Foundation is managed by the Beijing Federation of Literary and Art Circles and the Beijing Municipal Civil Affairs Bureau. Its major projects are reported to the Beijing Federation of Literary and Art Circles and the Beijing Municipal Civil Affairs Bureau. The foundation undergoes an annual review and publishes its annual report on the website of Charity in China. In 2022, SOHO China and the SOHO China Foundation invested RMB30.06 million in public welfare causes.



- In 2007** • Donated RMB10 million to improve the education in Huangnan Tibetan Autonomous Prefecture, Qinghai.
- In 2013** • Donated RMB5 million for earthquake rescue and post-disaster reconstruction in Ya'an
- Since 2016** • Carried out public welfare projects with the Shanghai Special Care Foundation, aiming at serving the disabled and improving their physical, psychological and spiritual conditions, and donated RMB6.5 million.
- In 2021** • Donated RMB10 million to the Red Cross Society of China Zhengzhou Branch to purchase disaster relief materials and support reconstruction.
- In 2021** • Donated RMB10 million to the Red Cross Society of Tianshui for pandemic control.

Major Donations of Soho China Foundation Since its Establishment



Receipts Of Soho China's Donation of RMB20 Million for Epidemic Prevention and Control and China Red Cross Humanitarian Medal



# About this Report

## Introduction

This report is the 7th Environmental, Social and Governance (ESG) Report released by SOHO China Limited , and also the Company's second stand alone ESG report. It aims to introduce SOHO China's sustainability concept and practices, promote stakeholder engagement, and ensure continuous progress of the Company. The Board of Directors reviewed and approved this report, and oversaw the contents contained.

## Scope of Report

This report focuses on SOHO China, and includes the operations of SOHO China and its 24 property management projects. The report covers events that took place between 1 January and 31 December in 2022. Note that some information may concern events in 2022 or prior to 2021 to make it more comparable and forward-looking.

## Basis of Preparation

This report was compiled with reference to Appendix 27 of the Listing Rules of the Stock Exchange of Hong Kong Limited (hereinafter referred to as "the HKEX") *HKEX ESG Reporting Guide*, and the GRI Standards and the United Nations Sustainable Development Goals (UNSDGs).

## Presentation Principles and Data Source

This report follows HKEX's principles of materiality, quantitative, balance and consistency in the *HKEX ESG Reporting Guide*. The Company identifies sustainability issues that are crucial to the Company's business and related to it through industry evaluation and materiality assessment. Material issues will be disclosed first. The information and data cited are from the Company's statistical data and relevant documents, and have been collected, summarised and reviewed by the Company. This report contains qualitative and quantitative data and information to illustrate the Company's past and latest sustainability performance. Unless otherwise stated, the data are calculated using a unified method.

SOHO China undertakes that this report does not contain any false records or misleading statements, and is responsible for the authenticity, accuracy and completeness of its contents.

## Assurance of Report

Assurance of Report TUV Nord China provides assurance and review for SOHO China's 2022 ESG report according to the Company's requirements.

The main purpose is to examine the materiality, completeness and responsiveness of the report according to the report verification standards, review the integrity and consistency of the economic, environmental and social performance indicators disclosed in the Report, and check the balance, comparability, accuracy, timeliness, clarity and reliability of the Report according to the principle of report quality control.

## Note on Names

In this report, "SOHO China", "the Company", and "we"all denote "SOHO China Limited".

## Access to this Report

This report, published in traditional Chinese and English, is available for browsing and download on the HKEX website: <https://www.hkexnews.hk> and SOHO China ESG website: <https://esg.sohochina.com>

### > HKEX ESG Indicator Indexes

Aspect	Indicator No.	Content	Page
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	P35-36、 53
	A1.1	The type of emissions and respective emission data.	P52、 54
	A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P43
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P54
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P54
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P37-38
A2: Use of Resources	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	P53-54
	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources can be used for production, storage, transportation, buildings, electronic equipment, etc.	P35、 50-53
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	P52
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P53
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P50-52
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	P53
A2.5	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company is not a manufacturer, so these indicators do not apply to it.



Aspect	Indicator No.	Content	Page
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	P35-36、 48
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P36、 48-49
A4: Climate Change	General Disclosure	Polices on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	P35、 41
	A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	P41-47
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	P85-86、 89-92、 98、 108
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P87
	B1.2	Employee turnover rate by gender, age group and geographical region.	P88
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to providing a safe working environment and protecting employees from occupational hazards.	P99
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P99、 103
	B2.2	Lost days due to work injury.	P103
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P101-102、 104-107
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P94-98
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P97
	B3.2	The average training hours completed per employee by gender and employee category.	P97

Aspect	Indicator No.	Content	Page
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to preventing child and forced labour.	P85-86
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P86
	B4.2	Description of steps taken to eliminate such practices when discovered.	P86
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P79-82
	B5.1	Number of suppliers by geographical region.	P80
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	P79、 81-82
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P81-82
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P81-82
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	P65、 69-71
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company is not a manufacturer, so these indicators do not apply to it.
	B6.2	Number of products and service related complaints received and how they are dealt with.	P65-69、 73-76
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P18
	B6.4	Description of quality assurance process and recall procedures.	The Company is not a manufacturer, so these indicators do not apply to it.
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P71



Aspect	Indicator No.	Content	Page
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer; relating to bribery, extortion, fraud and money laundering	P13、16
	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.	P16
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	P16-17
	B7.3	Description of anti-corruption training provided to directors and staff.	P25
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	P111
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P112-120
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P117-120

> GRI Standards index

Chapter	Content	GRI Standards
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Two milestones in ESG		
Data: SOHO China in 2022		202-1、415-1
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	Sustainability management	2-22、2-24
	Listen to the voices of stakeholders	2-4、2-29、3-1、3-2、3-3

Chapter	Content	GRI Standards
Responsibility Consolidate the Green Base with a Sense	Improve environmental stewardship	2-27、3-3、302-1、302-3、302-4、302-5、303-5
	Address climate change	2-27、3-3、201-2、305-1、305-2、305-4、305-5
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	Advocate green leasing	3-3、306-1、306-2、306-3、306-4、306-5
Professionalism Provide Quality Service	Protect customer rights	3-3、206-1、418-1
	Optimise customer experience	3-3、417-1、417-2、417-3
Synergy Create a Win-Win Ecosystem with a Sense	Jointly build quality supply chain	3-3、2-27、204-1、308-1、308-2、414-2
	Promote responsible supply chain	3-3、406-1、409-1、414-1、414-2
Belonging Establish a Resilient Organization with Sense	Protection of employees' rights	2-7、2-20、2-23、2-27、201-1、3-3、401-1、401-2、402-1、405-2、408-1、409-1
	Create an inclusive culture	3-3、401-3、405-1、406-1
	Open the channel to growth	3-3、403-5、404-1、404-2、404-3
	Improve health and well-being	3-3、2-27、401-2、403-1、403-2、403-3、403-6、403-7、403-8、403-9、403-10
	Respond to employees' concerns	3-3、403-4
Happiness Engage in Community Development with a Sense	Connect the community	3-3、411-1
	Revitalise the countryside	3-3、203-1、415-1
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# Report Assurance Statement



## Assurance Statement of Environmental, Social And Governance Report

TUV NORD (Hangzhou) Co., Ltd. ('TUV NORD' for short) has been commissioned by the management of SOHO China Limited ('SOHO China' for short) to carry out an independent assurance of 2022 Environmental, Social and Governance Report ('ESG report' for short).

SOHO China is responsible for the collection, analysis, aggregation and presentation of information within the Report. TUV NORD is responsible for conducting this work (assurance of the report) is in accordance with terms of reference agreed in the scope of engagement with SOHO China. SOHO China is the intended users of this statement.

This statement is based on the assumption that the data and information provided in the report is complete and true.

### Assurance Scope

- We evaluate the accuracy and reliability for key performance, information and management system in the environmental, social and governance areas revealed in the Report which happened in 2022.
  - We evaluate the collection, analysis, aggregation of the information and data.
  - Due to finance data had been audited by the third party, and published in SOHO China 2022 annual report, so the correctness of the financial data in the report is not in our assurance scope.
- The online assurance of the Report was done from Feb. 9<sup>th</sup>,2023 to Feb.10<sup>th</sup>,2023.

### Assurance Methodology

- Assurance process including following activities:
- Review the document information which provide by SOHO China;
  - Interview the person who collected the report information;
  - View the related websites and media reports, verify the data and information through sampling method;
  - Refer to the Environmental, Social and Governance Reporting Guide published by the Stock Exchange of Hong Kong Limited ("HKEX"), we evaluate the report;
  - Refer to AA1000AS (V3) Assurance methodology;
  - Assurance activity is based on TUV NORD CSR report assurance management procedure.

### Assurance conclusion

- SOHO China 2022 ESG Report provides an appropriate and objective view of the sustainability & social programs and performances during 2022. The data in report is reliable and objective, TUV NORD didn't find the system error or substantial error.
- **Materiality**  
SOHO China commissioned an independent agency to conduct stakeholder survey, focusing on 27 topics such as "Product liability and safety", "Compliant operation", and "Green leasing". The Company disclosed important objective performance in the environmental, social, and governance fields in 2022, and promptly responded to expectations for investors and other stakeholders.
  - **Quantitative**  
The report uses "Data highlights: SOHO China in 2022" and other forms to disclose some key environmental and



- social performance in a quantitative manner, with a certain degree of quantification;
- **Balance**  
The report discloses the case and data such as the risk audit result, number of customer complaints, which has certain balance;
  - **Consistency**  
The SOHO China Operations Management Department is responsible for collecting, recording, organizing, and analyzing the information and processes used in the preparation of reports. The sampled data during the verification process can provide traceability, ensuring the quality and substance of the information to a certain extent.

### Suggestion for improvement

- Through assurance and evaluation, we had following improvement suggestion on ESG practice and management:
- Be able to disclose important key performance data in the environmental, social, and management fields for three years or more, increasing the comparability of the Report;
  - The Company invited a third party to conduct an office environment satisfaction survey, and should establish practical and feasible solutions for the low sub items in the survey to improve customer satisfaction;
  - Suggest increasing disclosure of social responsibility management performance for outsourcing parties.

### Special statement

- This statement excluding:
- The activity beyond information disclosure;
  - The position, idea, faith, object, future developing direction, and promise which stated by SOHO China.

### Statement of Independence and Competence

TUV NORD Group is the world's leader certification authority in inspection, testing and verification, operating in more than 70 countries throughout the world and providing services which includes management systems and product certification; quality, environmental, social and ethical auditing and training; environmental; social responsibility and sustainability report assurance.

As one of the global branches of TUV NORD Group, TUV NORD (Hangzhou) Co., Ltd.affirms its' independence from SOHO China and confirms that there is no conflicts of interest with the organization or any of its subsidiaries and stakeholders when conducting the assurance of the Report. All information in this report was provided by SOHO China, and TUV NORD was not involved in the report preparation process.

TUV NORD (Hangzhou) Co., Ltd .

The team leader:Ms.Huang Li  
Date :March 20<sup>th</sup>, 2023

The Authorized person: Mr.Song Haining  
Date: March 20<sup>th</sup>, 2023

Note: In case of conflict between the Chinese and English versions of the declaration, please refer to the Chinese version.



# Reader Feedback

Thank you for reading SOHO China ESG Report 2022. In order to provide more valuable information to you and other stakeholders, and motivate SOHO China to enhance the capability and level of ESG management, you' re warmly welcomed to offer your suggestions in the following ways:

11/F, Tower A, Chaowai SOHO, 6B Chaowai Street, Chaoyang District, Beijing, China	Fax: +86-10-65671064
Post code: 100020	Email: sohohotline@sohochina.com

1. Which stakeholders do you belong to?

☐ Government and Regulatory Bodies

☐ Shareholders and Investors

☐ Tenants/Consumers

☐ Staff

☐ Suppliers/Business Partners

☐ Community

☐ Media and NGOs

☐ Trade Association/Business Organization

☐ Others (            )

2. Do you think whether this report fully reflects SOHO China's environmental, social and governance performance?

☐ Yes

☐ Basically

☐ No

3. Do you think whether this report fully responds to the expectations and appeals of SOHO China's stakeholders?

☐ Yes

☐ Basically

☐ No

4. Do you think whether the quantitative information reflected in this report is objective, true and valid?

☐ Yes

☐ Basically

☐ No

5. Do you think whether the text in this report is well-organised and easily understood?

☐ Yes

☐ Basically

☐ No

6. Do you think whether the format design of this report helps you understand relevant information?

☐ Yes

☐ Basically

☐ No

7. Do you have any other opinions and suggestions on SOHO China's ESG management work and ESG report?



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