



2023

Environmental, Social and Governance Report

Lead Low-Carbon Transition of Green Building,
Achieving Harmony and Coexistence

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Message from Chairman of the Board

In retrospect, 2023 presented us with a landscape fraught with challenges and trials. The real estate enterprises, including SOHO China, have been facing sustained pressures in funding, debt, sales, and pricing. However, amidst these adversities, everyone in SOHO China still demonstrated commendable resilience, diligence, and unity in the face of formidable external pressures. On one hand, we timely adjusted our strategies, diligently explored new markets, and developed more customers to prioritize rental rates. On the other hand, simultaneously, we remained steadfast in upholding our responsibilities, maintaining a high standard of service quality, and ensuring a safe and efficient work environment for hundreds of thousands of individuals who work in SOHO China's office buildings.

The more challenging the environment, the less we can afford to prioritize short-term gains. It becomes increasingly imperative for us to pursue a path of development that features controllable risks and long-term objectives. Our past successful experiences have taught us that alongside pursuing economic benefits, we must steadfastly adhere to sustainable development strategies, leveraging ESG principles as our guiding compass to seek a green and healthy development. In 2023, we made significant progress and achievements in areas such as sustainable value expansion, climate change response, green leasing, and charity and public welfare endeavors. These accomplishments, akin to stars in the night sky, embody the zeitgeist of SOHO China while articulating our resolve to jointly script a new chapter of green development with all stakeholders in the future.

Improve the value model to achieve collective sustainable development. In 2023, SOHO China further strengthened the top-level design of sustainable development by expanding the existing ESG value model to encompass six critical pillars: governance, environment, clients, partners, employees, and society, which delivers the values and ideals of resilient, green and low-carbon, dedicated service, win-win together, people oriented and gratitude, which ultimately form a new ESG value model of the "hexagonal warrior". SOHO China also fully integrated with the UN's 17 Sustainable Development Goals (SDGs) and deeply aligned its corporate values with the ESG development vision, providing solid strategic guidance for the company's long-term sustainable development.

Focus on climate change and jointly share the responsibility of energy conservation and carbon reduction. While attaching great importance to global climate change issues, SOHO China is pleased to release the *Climate Action Report (Climate-related Financial Disclosure)* with pleasure to make climate information more transparent and actively respond to the hot topics of capital market attention. At the same time, we officially submitted a letter of commitment and emissions reduction targets to the Science Based Targets initiative (SBTi), promising to reduce absolute emissions by 42% from Scope 1, Scope 2, and Scope 3 generated by the most relevant value chains of business in 2030 compared to 2021. In 2023, the Yang Zheng Library, donated by SOHO China, was completed and used as China's first zero-carbon library building. It won the great honor of the world's first LEED V4.1 ID+C Platinum Certification. Nowadays, when climate issues become increasingly severe, SOHO China has never suspended its efforts to address climate change, and we will continue such efforts in the enterprise development process in the coming decades.

Practice green leasing and jointly create green and low-carbon communities. In this year, SOHO China's green leasing contract terms were upgraded from "light green", which concerns the ideals of energy conservation and carbon reduction, to more practical "dark green" to jointly call on more stakeholders to implement the green leasing concept. At the same time, SOHO China has formulated the *Green Leasing Guidelines* to help every customer who enters SOHO China's buildings transition towards a healthier and more environmentally friendly working method. In "Low-Carbon Lifestyle" activities, a series of ESG activities, the company conducted interesting activities such as green leasing knowledge Q&A and office waste recycling to help participants better understand green leasing services and experience low-carbon life. In addition, SOHO China continues to carry out promotion campaigns on green leasing and ESG concepts through its 400 hotline and electronic screens in some specific projects. By now, 601 companies have signed latest green leasing contract, of which more than ten times increase compared to 46 in 2022, which is a massive leap for SOHO China in the cause of green leasing promotion.

Devote to public welfare and charity to jointly benefit social and people's well-being. SOHO China upholds the belief in fostering a civilized society where material prosperity harmonizes with spiritual growth, believing that by helping others, we nurture and enrich our souls. In the past year, the Company actively participated in various community, rural, and volunteer activities. Since it opened this year, Yang Zheng Library has held a series of public welfare community activities, receiving 13,000 readers accumulatively, enormously meeting neighborhoods' spiritual and cultural needs. In terms of rural education, Yang Zheng Kindergarten,

donated by the SOHO China Foundation, added 19 new virtue-themed courses in 2023 and comprehensively strengthened the professional training of teachers, aiming to provide high-quality educational resources to impoverished areas continuously. In terms of volunteer activities, SOHO China actively explored diversified volunteer activities, with more than 3,000 people in volunteer activities and over 900 hours of volunteer service throughout the year.

The winds sweep the dark clouds between mountains and bring clarity after obscurity, bright sunshine will come after a dark night. In 2024, we may still face numerous uncertainties and changes, but every step counts, and every effort we made in the past serves as the wellspring of our confidence. We possess the courage and capability to overcome difficulties derived from our embrace of new technologies and changes, the diligent performance of every employee and department within the company collaborating, and more significantly, from the proven path of sustainable development being scientific and enduring. Moving forward, we'll continue to leverage ESG as our guide for action, bringing together different entities into a unified whole, harmonizing theory with practice, and accelerating the integrated development of economic, environmental, and social values with a rigorous and pragmatic attitude. The achievements of 2023 underscore our tremendous potential and advantages, a spring full of development opportunities is just around the corner. We're eager to share experiences and work with our industry peers and all walks of life to forge a brighter future.

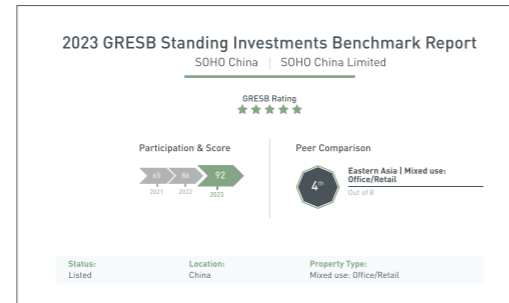
Chairman of the Board, SOHO China

Xu Jin

ESG milestones

Obtained a five-star rating from the Global Real Estate Sustainability Benchmark¹ (GRESB)

In 2023, SOHO China won the GRESB five-star rating with a total score of 92 out of 100 points, ranking fourth among eight peer enterprises in East Asia. SOHO China outscored its peers in management aspect, including leadership, risk management, stakeholder engagement and the Company maintained promising trends in energy, greenhouse gas, waste, water, building certification, etc., becoming a leader in the industry.



The latest GRESB scores of SOHO China in 2023

Set science-based targets and made a commitment to 1.5°C temperature control

In November 2023, SOHO China formally submitted a letter of commitment to the Science-Based Targets initiative (SBTi) initiated by several established organizations, including the World Wildlife Fund (WWF), the Center for Global Environmental Information (CDP), the World Resources Institute (WRI), and the United Nations Global Compact (UNGC). This commitment entails adherence to the stringent 1.5°C threshold and active participation in the global transition to net-zero emission.

Setting a science-based target (SBT) is pivotal to SOHO China's sustainable development strategy. It also illustrates the Company's determination to fulfill its social responsibilities and proactively address climate change challenges. SOHO China will systematically advance key initiatives in low-carbon and sustainable development through refined low-carbon pathway planning, leveraging corporate influence and initiative while supporting the global climate crisis through tangible action.

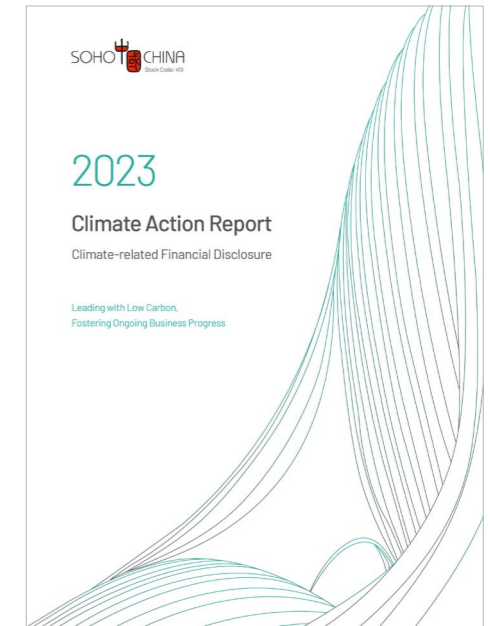


SBTi Certificate

Released China's first domestic 2023 SOHO China Climate Action Report (Climate-related Financial Disclosure) in the real estate industry

In April 2024, SOHO China was pleased to release the 2023 SOHO China Climate Action Report (Climate-related Financial Disclosure) to closely integrate climate issues into the company's operations and development strategy, the first in China's domestic real estate industry. We have established a comprehensive management loop encompassing "governance - strategy - risk management - indicators and targets". It's the first time we undertook climate scenario analyses for 24 self-owned and managed projects to comprehensively evaluate and tackle physical and transition risks and assess their financial impact. We systematically planned a low-carbon transition path and continued to enhance environmental performances in resource efficiency, building energy efficiency, and carbon emission reduction. We collaboratively fostered a more eco-friendly leasing and energy consumption environment.

The release of this first *Climate Action Report* not only bolsters transparency in the area of disclosure of climate information, but also actively addresses capital market concerns for SOHO China. Under the unfavorable environment of the weak office leasing market, SOHO China has proactively adapted itself to significant changes in climate regulations and society and continuously adjusted its business model to avoid or mitigate the threats brought by climate change to achieve the target set by *The Paris Agreement*: "to limit the increase in the global average temperature in this century to well below 2°C, while seeking further to limit the temperature increase to 1.5°C", and to take the responsibilities of enterprises.



2023 SOHO China Climate Action Report (Climate-related Financial Disclosure)

¹ 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 recognized and applied by real estate funds, developers, real estate investors, and other institutions. More information can be found on the official GRESB website: <https://www.gresb.com/ni-en/>

Case: China's first zero-carbon library was constructed to support the development of green buildings

On 7 April, 2023, the Yang Zheng Library, China's first zero-carbon library, was officially unveiled and put into use. Located in Mapaoquan Town, Tianshui City, Gansu Province, this library for public welfare has a construction area of nearly 800 square meters, and was constructed with a donation of RMB20 million from the SOHO China Foundation. It is China's first zero-carbon library, marking SOHO China's brand-new exploration of zero-carbon architecture and reflecting the Company's enthusiasm to the national policy of carbon peak and carbon neutrality.

When the design of the Yang Zheng Library was initiated two years ago, there was no zero-carbon building technology standard in China. To overcome technological difficulties, the SOHO China Foundation invited the China Academy of Building Research to jointly review zero-carbon building technologies and build performance-based design models, and also researched multiple suppliers of passive doors and windows, thermal insulation materials, photovoltaic power generation, intelligent building systems, etc. to explore how to minimize building energy consumption, while maximizing energy utilization efficiency to minimize carbon emissions. In 2023, Yang Zheng Library has generated 53,232 kWh of electricity while reducing carbon emissions by 30,928 kg, equivalent to planting 719 trees, achieving a negative-emissions operation.

Currently, the Yang Zheng Library has won multiple international and domestic architectural certifications, including Zero Energy Building Certification, WELL-HSR Certification, and the world's first LEED V4.1 ID+C Platinum Certification. LEED V4.1 ID+C Platinum Certification is the first LEED Platinum Certification project obtained by SOHO China and marks the historic breakthrough of SOHO China in its exploration of green buildings. This library is an innovative practice and exploration, and the design concepts and practical methods accumulated there will set a model for energy conservation and carbon reduction in the domestic construction industry.



Economic development

0.92 million square meters
Leasable property area

RMB
1,672 million
Rental income

78%
The average occupancy rate of investment property

82%
Gross profit margin of leasing business

41%
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

5
Number of green buildings with operation label

8
Number of buildings certificated with WELL HSR

80 million kWh
Total annual energy savings

20%
Energy saving rate

68,084 tonnes
Greenhouse gas emission reduced

Social responsibility

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

99.81 points
Customer satisfaction

RMB
63.07 million
Annual rent deducted

26.5 hours
Average training hours for employees

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

95%
Employee participation rate

908 hours
Employee volunteer service time

RMB
5.44 million
Contributions to society by SOHO China and our affiliated companies

Strengthening Corporate Governance through Development

Stable corporate governance is the cornerstone of enterprise development. Taking law-abiding and compliance as a prerequisite for all operational activities, SOHO China established a sound governance mechanism and risk control procedures. It continuously optimized the ESG governance framework and ESG policy system. As always, we maintained smooth communication with stakeholders to control operational risks and to ensure the sustainable and healthy development of the Company.

SDGs focus in this chapter:



This chapter relates to the following major sustainable development issues:

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

Compliance and steady operation

Seeing law-abiding and compliance as essential prerequisites for the Company's stable development, SOHO China strictly abides by relevant laws and regulations. It has established a system for controlling risks in business operations and ethics to improve the Company's compliance and risk control level.

Standardized corporate governance

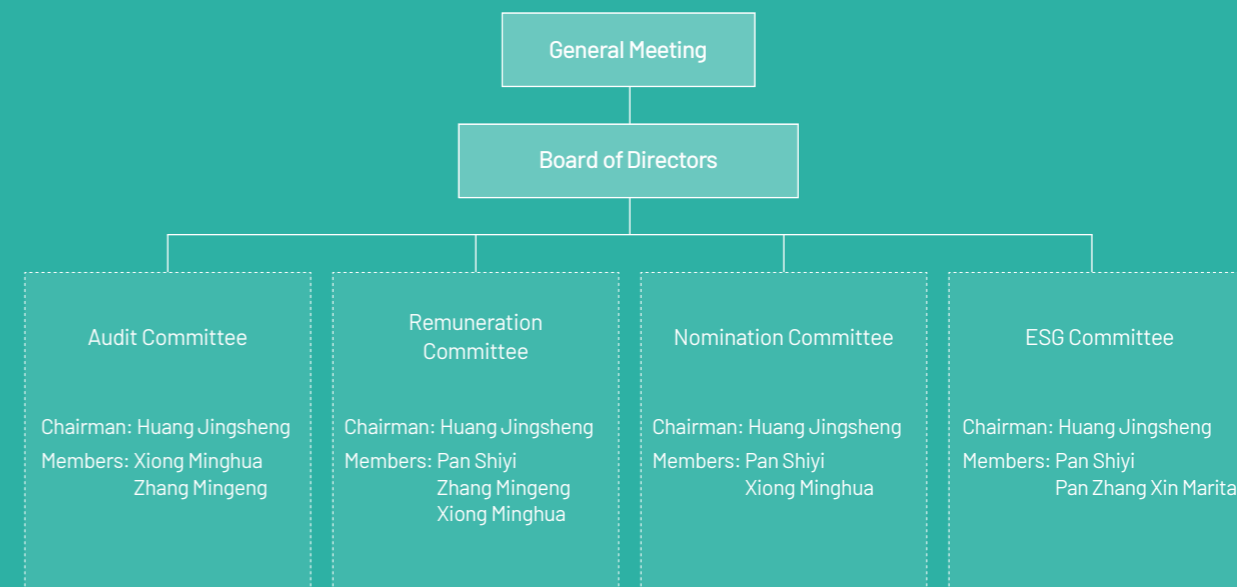
Following the relevant requirements of Appendix C1 Corporate Governance Code of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited, SOHO China sees corporate governance and ESG matters as a crucial part of corporate compliance governance and has been continuously improving the compliance governance system, constantly improving compliance governance level, and comprehensively cultivating corporate compliance culture.

> Corporate governance system

SOHO China has established a standardized and orderly governance structure, strictly following laws, regulations, and relevant supervision provisions such as the *Companies Ordinance*, *Securities and Futures Ordinance*, and *Environmental, Social and Governance Reporting Guide*, which is Appendix C2 under the Listing Rules. In this

regard, SOHO China established the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Environmental, Social and Governance (ESG) Committee under the Board of Directors to assist the Board of Directors in management and supervision and to regularly report to the Board of Directors to promote the compliant, scientific, and efficient operation of corporate governance.

During the reporting period, the Company held 1 General Meeting, 4 meetings of the Board of Directors, 2 meetings of the Audit Committee, 1 meeting of the Remuneration Committee, 1 meeting of the Nomination Committee, and 1 meeting of the ESG Committee. Such meeting and voting procedures are conducted in compliance with laws and regulations, the Company's Articles of Association and relevant rules of procedures which ensure that all significant decisions are legal, compliant, accurate, and effective and that shareholders can exercise their rights in accordance with the law.



SOHO China Corporate Governance Framework

> Diversity and independence of the Board of Directors

SOHO China believes that diversity and independence of the Board of Directors are crucial to fairness and objectivity. We have formulated the *SOHO China Board of Directors Diversified Policy* and selected candidates of the Board of Directors following the talent-oriented principle and based on diversified indicators, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, and service terms.

The members of the Board of Directors of the Company have professional knowledge and experience in economics, finance, construction, property management, and leasing. Mr. Zhang Mingeng, newly joined as an independent non-executive director in 2023, is a member of the Audit Committee and is one of the leading figures in the Chinese real estate industry. He served as the President of the China Association of Real Estate Fund and the Vice President of the China Real Estate Chambers of Commerce. Mr. Zhang Mingeng has been doing thorough research on macro-economic operation patterns, real estate development trends and investment for many years. He has obtained rich practical experience in real estate project operation.

Key performances

In 2023, among the members of SOHO China's Board of Directors, there are:

2 female directors accounting for 28.57%

3 independent directors accounting for 42.86%

3 industry experts accounting for 42.86%

Controlling the operational risks

Since its establishment, SOHO China has always highly valued the construction and improvement of risk management and internal control systems. We constantly adhere to sophisticating the Company's risk prevention lines of defense, enhancing risk treatment capabilities, and cultivating risk control ideas to ensure effective prevention in advance, timely response during the process, and efficient handling afterwards.

> Operational risk control

SOHO China has established a comprehensive risk management framework with the responsibilities of each level and specific reporting procedures specified, which deeply integrates the risk management system into our core business operations.

- **Risk assessment:** in accordance with the *ISO 31000:2018 Risk Management Guidelines*, SOHO China assessed risks in the Company's operational processes and recognized and prioritized material risks after comprehensively considering the Company's future business direction, trading frequency, and amount.
- **Risk control:** The Board of Directors and management were responsible for the implementation, improvement, evaluation, and monitoring of the risk management system and internal control procedures. Based on the types of risks, they adopted appropriate handling methods and, following the principle of comprehensiveness, covered various businesses and matters of the Company and all functional departments. The Audit Committee assisted the Board of Directors in supervision and corporate governance and conducted internal monitoring of the Company's compliance risk management. The Internal Audit Department of the Company regularly reported to the Audit Committee to provide independent assurance for the effectiveness of the risk management functions.
- **Effectiveness evaluation:** The Risk Management Department and the Internal Audit Department established a unified risk system and risk assessment standards, followed up on rectifying existing risks' progress, and regularly report comprehensive opinions on relevant risks to the Audit Committee and other committees. They also evaluated the effectiveness of current monitoring measures to ensure that the formulated risk disposal plans can effectively prevent risks.



SOHO China Risk Management Procedure

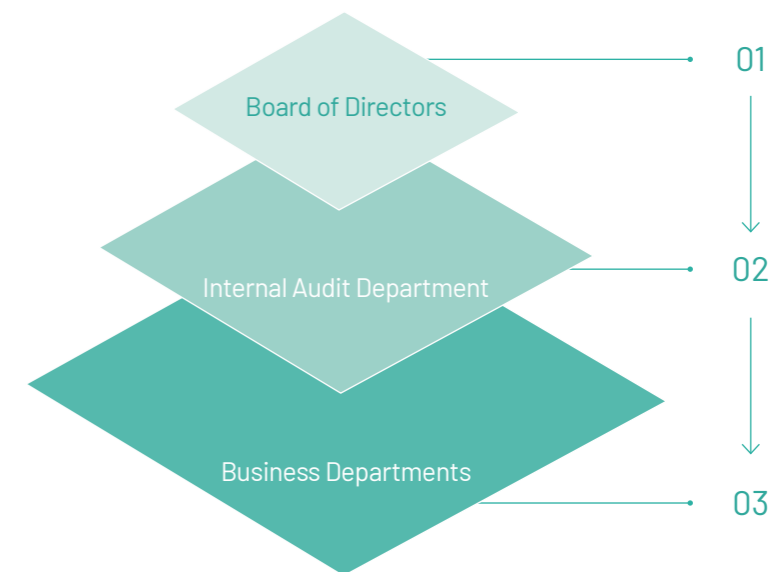
> Business ethics risk control

Adhering to business ethics and operating with integrity is a long-term philosophy followed by SOHO China. In 2023, we formulated and released an independent *Anti-Bribery and Corruption Policy*, which specifies the attributes of anti-bribery policy, anti-bribery training, complaint and reporting, handling methods, and internal audit. The policy not only covers all employees, including directors, executives, full-time employees, contractual workers, part-time employees, interns, etc., but also comprehensively strengthens the anti-corruption management of relevant parties who have business dealings with the Company, including external stakeholders such as tenants, contractors, partners, and suppliers.

Meanwhile, during the year, SOHO China has also revised its business ethics policies, such as SOHO China *Integrity Standards and Business Ethics Management Policy* and *SOHO China Complaint Report Handling Policy*, clarifying management standards in anti-bribery, interest conflicts, insider trading, competition and anti-monopoly, and due diligence of sustainability. The latest business ethics and anti-corruption policies have been publicly disclosed on SOHO China's official website.

In 2023, 100% of SOHO China's employees signed SOHO China *Integrity Standards*.

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



In addition, we continued to promote the three lines of defense for our business ethics governance, namely the Board of Directors, Internal Audit Department, and business departments, to strictly implement business ethics risk management. In this system, the Board of Directors is responsible for supervising the business ethics of the Company. The Internal Audit Department mainly audits the

Group's business ethics of all business operations, conducts independent investigations on risk alerts received, and reports the audit results and investigation results to the Board of Directors. Business departments are responsible for daily supervision of honest practices, regular internal self-inspections, promptly identifying corruption risks, and reporting to the Internal Audit Department.

In 2023, SOHO China continued to conduct special internal audits on business ethics and anti-corruption for all businesses of the Company, including key risk areas such as property operations, procurement, leasing, and finance, as well as the Company's internal governance structure. Such audits focused on the following four topics, covering the whole Company.

- **Regulation audit of corporate governance structure:** we comprehensively audited whether duties and powers of all management personnel in the Company were segregated appropriately, whether system permissions were controlled within the limit, and whether the supervision mechanism in departments was perfect;
- **Compliance audit of employee behavior:** Various channels such as the Company's official customer service channel, complaint and reporting platform of Internal Audit Department, and public opinion management, we checked whether employees have engaged in corrupt behavior. We also randomly interviewed business department personnel to ensure that the behavior of company employees is legal and compliant;
- **Supplier compliance audit:** We checked and evaluated whether suppliers engaged in corrupt behavior through the Company's supplier performance evaluation system and supplier blacklist; and
- **Anti-monopoly audit:** we conducted follow-up visits to suppliers, partners, and tenants to ensure that all employees followed the relevant provisions of the Anti-Monopoly Law in their daily work.

Key performances

conducted comprehensive risk audits and found a total of **67** non-conformities **100%** completion rate of rectification on time

Such non-conformities included

0 high-risk matters **6** medium-risk matters **61** low-risk matters

We conducted a total of

13 integrity inspections

We conducted a special audit of business ethics and anti-corruption and found **3** non-conformities **100%** completion rate of rectification on time

Business ethics training and promotion

SOHO China values the construction and promotion of a culture of integrity. In 2023, we conducted business ethics and anti-corruption training for the Board of Directors, executives, full-time employees, contractual workers, part-time employees and interns. For key positions, we organized special training for all employees and department managers in the property business to strengthen anti-corruption awareness through case sharing. Regarding suppliers, we also organized integrity and compliance training for all of them, emphasizing the Company's anti-corruption policies and supplier compliance requirements. For the above training, SOHO China required all employees and suppliers to pass the examination.

Key performances

2 times

in 2023, SOHO China develops business ethics and anti-corruption training sessions

100% employee attendance participating in training

100% supplier attendance participating in training

Complaints and reports

The Company has regulated procedures for reporting and investigating various rule-violation and disciplinary actions within the Company and encourages all employees and relevant parties (suppliers and partners, etc.) to report all inappropriate behavior related to the Company. We have clearly defined the whistleblower protection policy in the *Complaint Report Handling Policy*, such policy is available on SOHO China's website. We keep all reported data confidential and ensure whistleblowers to receive fair treatment, and we will take reasonable measures to protect them from potential retaliation or adverse treatment.

During the reporting period, SOHO China reported no litigation cases related to corruption.

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
 Postal code: 100020

Competitive behavior

SOHO China strictly complies with the *Anti-Unfair Competition Law of the People's Republic of China* and other laws and regulations to encourage and protect fair competition. It avoids participating in arrangements like price manipulation, collective boycott, and market fragmentation, avoids exchanging sensitive data that affects competition, avoids imposing restrictions on customers or suppliers, and avoids abusing market dominance to effectively protect the legitimate rights and interests of all stakeholders and to ensure the healthy development of the socialist market economy.

During the reporting period, SOHO China reported no involvement in any legal proceedings related to unfair competition.

> Public opinion risk management

In 2023, SOHO China continued to improve its existing public opinion monitoring mechanism by covering various kinds of media channels, and domestic and foreign regions, expanding and updating the industry and tag storehouse, and continuously optimizing keyword management to ensure timely response to public opinions of the Company.

Regular public opinion monitoring

We constantly produced daily media monitoring reports and grasped the direction of public opinion timely by collecting daily media reports.

Sudden public opinion and crisis management

By implementing the full process - identify, early warning, track, analyze and summarize - for key negative public opinion and negative news, we established a process of negative information feedback and a response mechanism for crisis public relations, where key negative public opinions and negative news are timely reported to the management and response strategies are developed in advance to efficiently manage negative public opinions.

Intellectual property protection

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

During the reporting period, SOHO China reported no legal proceedings related to intellectual property.

SOHO China's intellectual property protection measures

Stricken brand logo standard

We develop detailed rules and requirements on using brand logo, and strictly standardise the advertising of the headquarters, subsidiaries, and branches.

Optimized trademark management

We 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

We include the provisions and agreements concerning the infringement of intellectual property and potential disturbance to interests such as software development and scheme design copyright in contracts signed with third parties, and state confidentiality duties to suppliers in the form of confidentiality clauses in major contracts.



Sustainable management

SOHO China continued to optimize its ESG governance capability, improve ESG risk management procedures, and enhance corporate governance transparency to help achieve sustainable development goals.

ESG value

In 2023, to further improve SOHO China's ESG values, following the United Nations Sustainable Development Goals (SDGs) and after continuous communication with various stakeholders, we integrated "clients", one of the critical stakeholders, into our ESG values, resulting in the form of six vital pillars of sustainable future: resilient, green and low-carbon, dedicated service, win-win together, people-oriented and gratitude, which aim to convey SOHO China's philosophy and spirit of sustainable development to the world.

Based on the ESG value, SOHO China will constantly contribute to the six pillars and spare no effort to create a better and sustainable future.

SOHO China ESG value model

Society

Continuously investing in community public welfare construction, effectively demonstrating corporate social responsibility and commitment.



Employees

Uphold honesty, unity and innovation, and build a diversified and industry-leading professional team.



Governance

Improve the operational management resilience of the Company, and repay the stakeholders with steady economic growth.



Environment

Pursue the harmony and unity of nature, people, and architecture, and explore green and low-carbon development.



Clients

Committed to improving client service management level, strive to provide customers with more intimate service experience.



Partners

Establish long-term partnership and transmit ESG value.



ESG governance structure

During the reporting period, SOHO China adjusted and refined the ESG framework to improve its sustainable development management and introduced a risk management working team responsible for ESG risk identification, evaluation, and response. We upgraded the original environmental working team to the environmental and climate responsibility working

team while adding special responsibilities related to climate change addressing and climate risk management. For more information about the environment and climate working group, please refer to the *2023 SOHO China Climate Action Report (Climate-related Financial Disclosure)*.

SOHO China ESG governance structure

- Board of Directors** It oversees and coordinates ESG endeavors, listens to and approves suggestions from the ESG Committee, and includes ESG factors in the business decision
- ESG Committee** Members appointed by the Board of Directors. It 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** Members consist of all functions; establishes several working teams; the ESG Committee directly leads it. It executes ESG projects and launches and implements works in environment and climate, employment and labor, sustainable procurement, products and customers, anti-corruption, community investment, and risk management, guiding ESG practice. It regularly reports to the ESG Committee

SOHO China ESG governance structure



> ESG public policy

SOHO China has published a total of 15 sustainability-related policies, which are available on the Company's official website (<https://esg.sohochina.com/>) for public review and supervision. In 2023, SOHO China newly formulated the *SOHO China Policy of Payment, Recovery and Deduction of*

Performance-based Salary and the *SOHO China Anti-Bribery and Corruption Policy*. It has revised four other policies to continuously improve the company's management in sustainable development.

SOHO China ESG Policies at a Glance

Governance	<i>SOHO China ESG Committee - Terms of Reference</i>	<i>SOHO China Complaint Report Handling Policy</i> △
	<i>SOHO China Board of Directors (BOD) Diversified Policy</i>	<i>Policies for Performance-Based Remuneration and its Clawback*</i>
	<i>SOHO China Integrity Standards and Business Ethics Management Policy</i> △	<i>SOHO China Anti-Bribery and Corruption Policy*</i>
Environmental	<i>SOHO China Environmental Management Policy</i>	<i>SOHO China Management Policy to Address Climate Changes</i> △
	<i>SOHO China Biodiversity Protection Policy</i> △	<i>SOHO China Green and Healthy Building Policy</i>
	<i>SOHO China Green Lease Policy</i>	
Social	<i>SOHO China Fair Hospitality and Marketing Management Policy</i>	<i>SOHO China Management Policy for Employment and Labor Standards</i>
	<i>SOHO China Community Investment Management Policy</i>	<i>SOHO China Green Procurement and Sustainable Supply Chain Management Policy</i>

* indicates that this policy is newly formulated in 2023; △ indicates that this policy is revised in 2023

ESG statement of the Board of Directors

The Board of Directors of SOHO China, the highest lead and policy-making body for the Company's 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 objectives, and identifies, assesses, and manages ESG risks. In addition, the Board of Directors guides sustainability at meetings and reviews and approves important issues reported by the ESG Committee. The Company places a high premium on stakeholders' expectations 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 supervision responsibility on ESG responsibility that may impact business or operation, shareholders, and other stakeholders to the ESG Committee. The ESG Committee meets at least once a year and reports the latest dynamics to the Board of Directors for review.

In 2023, the ESG Committee evaluated the importance of ESG issues among various stakeholders and identified the core ESG issues of the Company, among which water resource management and supply chain management received increasing attention from stakeholders. The Company actively responded to relevant changes and, upon reviewing the Board of Directors, ensured the effectiveness of ESG management. This report details how progressive and effective SOHO China's ESG work was in 2023 and was reviewed and approved by the Board of Directors on 28 March 2024.

In 2023, the ESG Committee held 1 meeting, and launched or prepared sustainability projects through the SOHO China Operation Management System (OMS), setting concrete project milestones and expected deliverables to manage each project in a closed-loop manner. In this year, the ESG Committee discussed 10 material topics in total, an increase of 2 issues compared to the previous year, including:

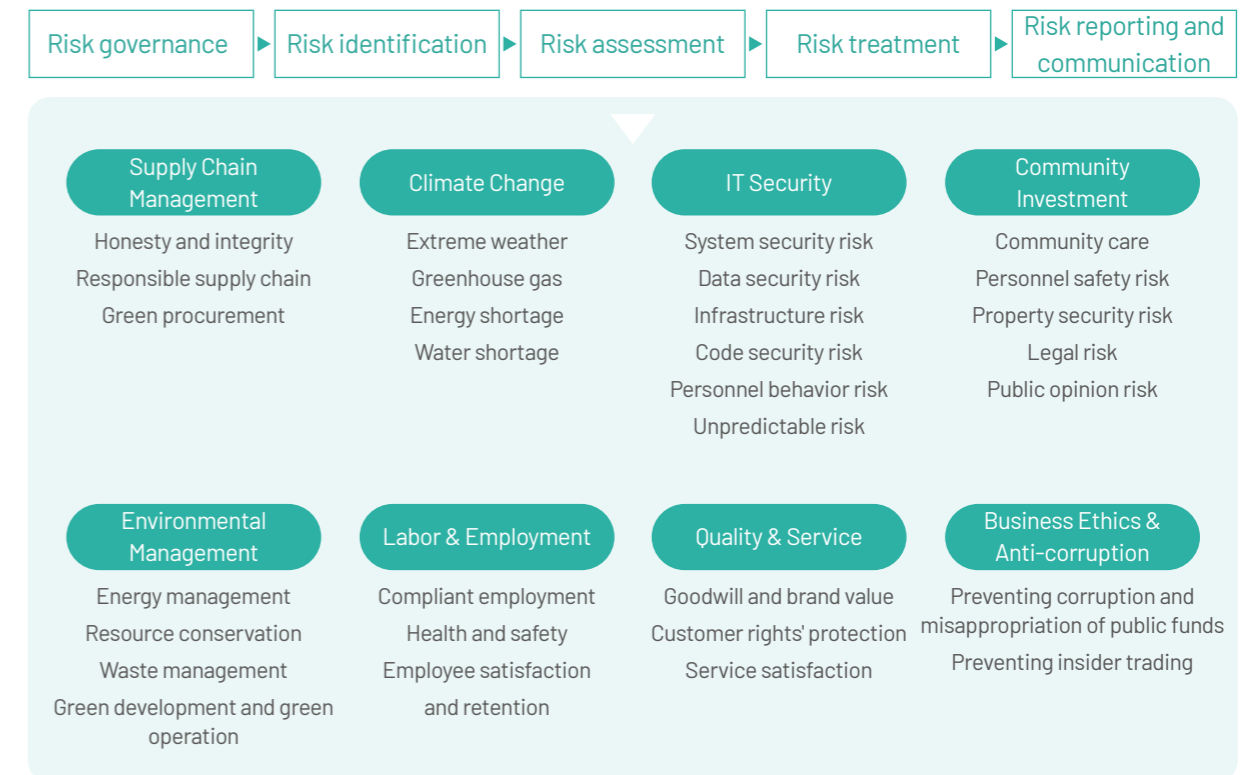
- **Environmental responsibility:** make projects WELL HSR certified and optimize the data management of wastes;
- **Climate change and carbon neutrality:** improve climate change governance structure, conduct TCFD climate risks evaluate, and formulate and track goals and performance of carbon reduction management;
- **Leasing services:** upgrade the *Green Leasing Advocacy Contract* and continuously promote green leasing;
- **Employment and labor standards:** upgrade *ESG Management and Evaluation Methods* to improve employee satisfaction and promote employee satisfaction questionnaire;
- **Customer relation:** conduct surveys on client satisfaction and formulate improvement plans;
- **Supply chain management:** set sustainable supply chain goals, investigate and evaluate key suppliers' ESG performance, and establish a comprehensive contract performance system;
- **Business ethics and anti-corruption and anti-bribery:** carry out internal audit of business ethics and anti-corruption and anti-bribery, and conduct business ethics and anti-corruption and anti-bribery training for all employees;
- **ESG governance:** improve the ESG risk management system and establish ESG risk groups;
- **Information security:** formulate the *IT Information Security Management System* and conduct data security emergency drills; and
- **Community investment:** organize diversified community activities, low-carbon promotion activities, regular volunteer activities, etc.

ESG risk management

Believing that effective risk management is crucial, SOHO China included ESG risks in daily risk management. In 2023, SOHO China formulated the *ESG Risk Management System*, established the Risk Management Working Team, clarified the four-tier structure covering "the Board of Directors - ESG

Committee - ESG Working Group - Risk Management Working Team" from top to down and their duties, and stipulated risk management procedures, forming a complete risk management system to promote the orderly development of risk management work.

SOHO China ESG risk management systems



Following the risk management procedures, the Risk Management Working Team will conduct risk identification, evaluate processes and develop risk response measures annually. They will regularly report the Company's risk management system products to the ESG Working Group, ESG Committee, and other relevant management parties, providing reference for the company's business decision-making.

In 2023, according to the characteristics of SOHO's business in China, the Risk Management Working Team identified and evaluated 8 risks at the first level and 35 risks at the secondary level. They formed a *Risk Register* and developed corresponding response measures for all risks to ensure

effective risk control. The Risk Management Working Team will update the *Risk Register* annually and reassess all risks to ensure the company's risk management effectiveness. The main content of the *Risk Register* is shown in the table below:

Issues	Potential ESG risks/ opportunities	Response Measure
Environmental management		
<ul style="list-style-type: none"> Energy management Resource efficiency Waste management Green development and green operation 	<ul style="list-style-type: none"> Not at the expense of the environment. Integrate environmental management into the business process, strategic direction, and decision-making, take environmental responsibilities in accordance with the law, reach environmental goals, avoid the not-in-my-back-yard attitude, create long-term positive impacts on production and operation 	<ul style="list-style-type: none"> Improve environmental management systems and policies Develop and track environmental management goals and performance Regularly carry out energy audit Apply energy conservation equipment Waste reduction, recycling and harmless utilization Advocate green leasing
Climate change		
<ul style="list-style-type: none"> Extreme weather GHG emissions Energy shortage Water resources shortage 	<ul style="list-style-type: none"> Physical risks and transition risks brought by the dynamics and uncertainty of climate change may lead to asset impairment or loss Changes in the climate and environment lead to changes in investor sentiment and expectations in the capital market, causing fluctuations in asset prices Adjust the technology and business structure to respond to the high cost caused by climate change regulations, bring a solid foundation for the stable input and output of enterprises 	<ul style="list-style-type: none"> Carry out TCFD climate risk assessment Formulate and track carbon reduction management objectives and performances Use water lean management and water-saving innovation technology
Quality and service		
<ul style="list-style-type: none"> Goodwill and brand value Protection of customers' rights Service satisfaction 	<ul style="list-style-type: none"> Pioneer green leasing and customer environmental health in the domestic market, provide quality services and improve brand value and goodwill Improve service quality, care and respond to the real needs of customers, increase customer satisfaction and maintain good customer relations 	<ul style="list-style-type: none"> Strictly practice related policies, such as <i>Client Satisfaction Survey System</i> Include quality service into performance evaluation Commitment to treating customers and marketing fairly Conduct office environment satisfaction survey Conduct internal and external customer satisfaction surveys
Supply chain management		
<ul style="list-style-type: none"> Honesty and integrity Responsible supply chain Green procurement 	<ul style="list-style-type: none"> Be realistic and pragmatic, satisfactorily perform the contract terms and conditions as required, and build a good company image Assess and screen on suppliers, improve suppliers' environmental and social performance, select qualified suppliers, and promote sustainable supply chains 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 	<ul style="list-style-type: none"> Upgrade <i>Measures on the Management of Procurement and Tendering</i>, and establish a well-developed contract performance system Strengthen the closed-loop management of supplier access, contract signing, evaluation and withdrawal Conduct ESG training for suppliers Purchase green environmentally friendly products and services

Issues	Potential ESG risks/ opportunities	Response Measure
Employment and labor		
<ul style="list-style-type: none"> Compliant employment Health and safety Employee satisfaction and retention 	<ul style="list-style-type: none"> Avoid legal disputes or legal penalties caused by employment of child labor, discrimination, forced labor and infringement of employees' legal rights, resulting in an adverse impact on the Company's image Pay attention to the health and safety of employees' working environment, improve employee satisfaction, motivate employees, to inject inexhaustible impetus for corporate innovation and overall benefit improvement 	<ul style="list-style-type: none"> Revise and strictly implement <i>Employee Handbook</i>, insist on lawful employment, practice equal pay, and create an inclusive culture Regular monthly inspection of water equipment to ensure stable water quality, to create a healthy and safe working environment Conduct employee satisfaction survey to respond to employees' real needs
Business Ethics, Anti-corruption, and Anti-bribery		
<ul style="list-style-type: none"> Prevent corruption and misappropriation Prevent insider trading 	<ul style="list-style-type: none"> Prevent favoritism and fraud, make business operations more transparent and effective, and boost stakeholders' confidence in the Company's stable operation Prevent insider trading and protect the fairness, equity, and transparency of the market 	<ul style="list-style-type: none"> Update the <i>Integrity Standards and Business Ethics Management Policy</i>, and require all employees to sign Complete the business risk assessment process Publicize complaint and reporting channels and maintain a closed-loop whistle blowing management Strengthen business ethics and anti-corruption training and publicity Conduct legal training related to insider trading prevention Specify whistle-blower protection policy Plans to launch ISO 37301 Compliance Management System Certification program
Information security		
<ul style="list-style-type: none"> System security risk Data security risk Infrastructure risk Code security risk Personnel behavior risk Unpredictable risk 	<ul style="list-style-type: none"> Potential security vulnerabilities may lead to illegal access, data tampering, or destruction of the system Unstable network connections, power outages, hardware failures, and other issues may cause service interruptions, affecting the normal operation of business 	<ul style="list-style-type: none"> Formulate <i>IT Information Security Management System</i> and other management policies to specify relevant regulations Upgrade security systems such as firewalls and security centers Develop data security emergency plans and regularly conduct system failure emergency drills
Community investment		
<ul style="list-style-type: none"> Community care Personnel safety risks Property security risks Legal risks Public opinion risk 	<ul style="list-style-type: none"> Disputes and complaints arising from activities can affect customer satisfaction and relationships with communities and streets, thereby affecting the Company's reputation During the event, gatherings of people may lead to potential risks such as pushing, trampling, etc., posing a threat to the personal safety of customers and participants, and may result in legal disputes, administrative penalties, and negative public opinion 	<ul style="list-style-type: none"> Strictly implement the <i>Property Site Management System</i> and improve the construction of relevant systems Strengthen personnel training and enhance risk awareness Improve building plans in activities and strengthen supplier management

Listening to the voices of stakeholders

SOHO China believes that working with stakeholders is a long-term driving force for promoting the Company's sustainable development. While comprehensively understanding the needs and expectations of all stakeholders, we continuously build diverse communication channels to continuously improve the long-term communication mechanisms and respond to stakeholders with targeted practices.

> Stakeholders engagement

SOHO China attaches great importance to the expectations and demands of all stakeholders. We continuously established normalized and diversified communication channels and methods. We deeply listened to the opinions and suggestions of stakeholders such as the government, shareholders, clients, partners, communities, and employees

through various means such as public reports, emails, phone calls, meetings, forums, and questionnaires. We also fully integrated the concerns of all stakeholders into the Company's operations and decision-making process to continuously improve the quality of information disclosure and optimize ESG management performance.

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

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

> Definition of material issues

In 2023, SOHO China, referring to the *Environmental, Social and Governance Reporting Guide* issued by the HKEX and the *GRI Standards* issued by the Global Sustainability Standards Board (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 334 last year to 657 this year), listening to the expectations and requirements of more external stakeholders for sustainability to guide the Company to further optimize its sustainability management.

Identification of material issues

01 Identify

With reference to GRI Standards, HKEX ESG guide and mainstream ESG rating frameworks at home and abroad, and with industry policy analysis and peer benchmarking, an issue bank covering 28 ESG topics was formed in 2023.

02 Assess

To better understand the expectations of stakeholders, the Company engaged independent third-party consultants to conduct a questionnaire survey on a larger sample of stakeholders, including employees, tenants, consumers, shareholders and investment institutions, government and regulators, suppliers, partners, media/industry associations/business organizations. We also invited stakeholders to evaluate the importance of each issue from their own perspective. A total of 657 valid questionnaires were collected.

03 Prioritize

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

04 Review

External experts provided suggestions on material issues and their order; 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 evaluated the potential economic, environmental, and social risks and opportunities brought to the Company's business and the society, and reflects the importance of the issues from the perspectives of internal and external stakeholders.

2023 Materiality Matrix, shown as follows, includes a total of 28 ESG issues of the Company's and stakeholders' attention:

SOHO China's highly material issues in 2023





> SOHO China's highly material issues in 2023

Environmental	Green Buildings	Alternative Energy and Energy Consumption Management	
	Water Resources Management	Carbon Emission Management	
Social	Employee Development and Training	Property Management and Utilization	Tenant Engagement and Satisfaction
	Employee Health and Safety	Product Liability and Safety	Supply Chain Management
	Protection of Employee's Rights and Benefits	Client Information and Privacy Protection	
Governance	Business Ethics	Risk Control	Compliant Operation

> Statement on SOHO China materiality changes in 2023

Material Issues	Change	Reasons
Water Resources Management Supply Chain Management	The importance of these two issues were adjusted from medium to high.	Aiming at green and sustainable development, SOHO China has continuously improved water resource management and supply chain management, and thus adjusted the issues of "water resources management" and "supply chain management" to be highly important.
Land Use and Biodiversity Protection Urban Revitalization and Urban Redevelopment	The importance of these two issues were adjusted from low to medium.	Various stakeholders increased their attention and expectations towards land use, biodiversity conservation, urban revitalization, and urban redevelopment. Therefore, the issues of "land use and biodiversity protection" and "urban revitalization and urban redevelopment" were adjusted to be moderately important.
Economically Affordable Commercial or Residential Properties	Adding new topics	The government expects enterprises to promote regional low-rent services. SOHO China, as an excellent enterprise in the commercial real estate industry, is committed to promoting the development of economically affordable commercial real estate and properties, and thus we added the issue of "economically affordable commercial or residential properties".

Leading Green Transition through Ecology

SOHO China firmly practices the green and low-carbon development concept. It actively responds to climate change, continuously promotes digital management of energy and carbon, constantly explores space for carbon reduction, and embeds green concepts into the entire life cycle management of buildings. We work closely with all stakeholders to create, green, healthy, climate-resilient and high-quality buildings.

SDGs focus in this chapter:



This chapter relates to the following major sustainable development issues:

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

Special topic: Addressing climate change

Today, climate change, specifically global warming, poses a significant and pervasive challenge to humanity. As a leading office premises operator in China, SOHO China has developed 5 million square meters of Grade A office space and is an important player in the urban system's climate change action. We consciously assume our responsibilities.

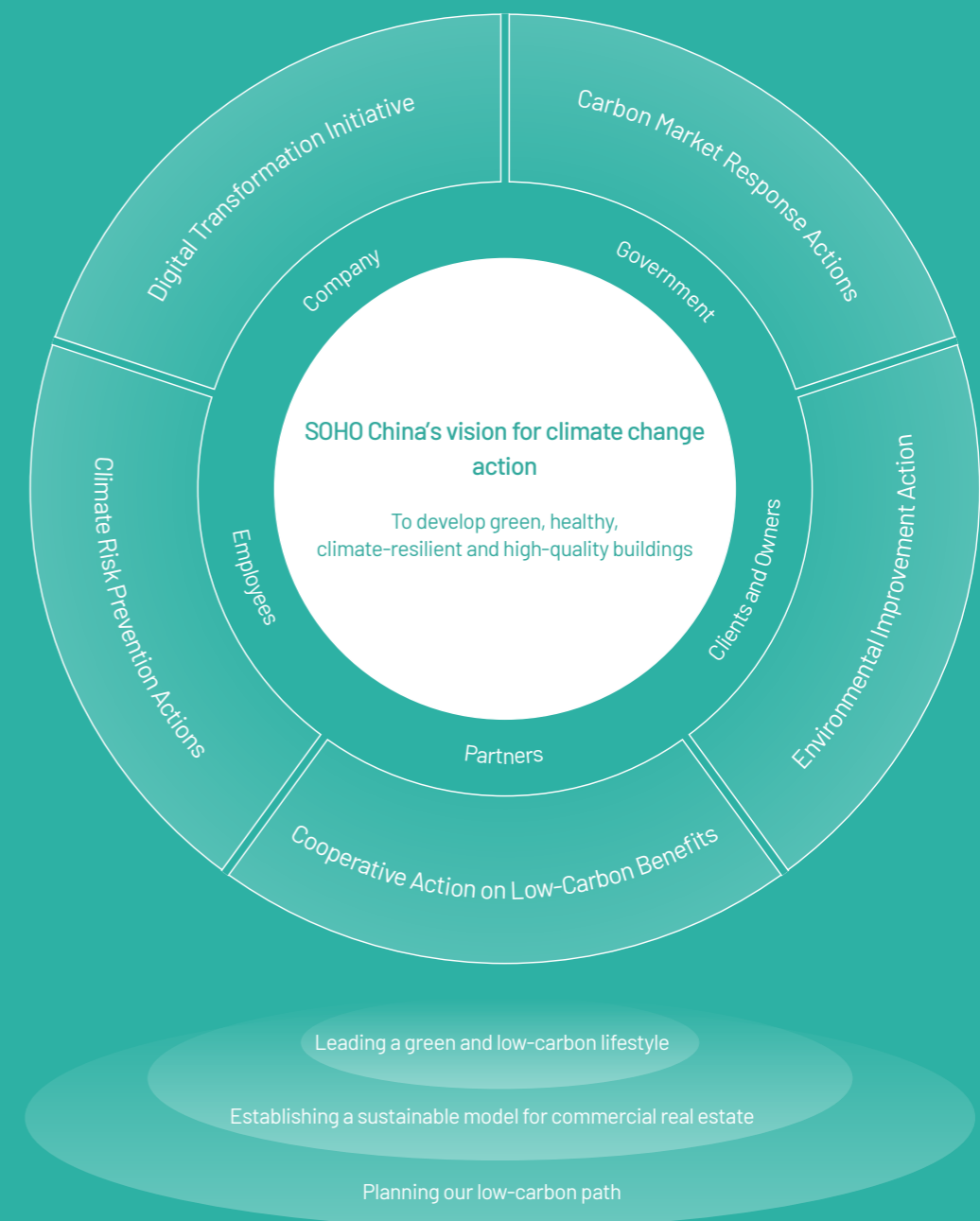
In April 2024, SOHO China released its first *2023 SOHO China Climate Action Report (Climate-related Financial Disclosure)*, officially submitting a commitment letter and emission reduction targets to the Science-Based Targets initiative (SBTi). We would take active measures to tackle this challenge on the way to the target of "carbon neutrality and carbon peaking", by improving the climate change governance mechanism, conducting risk assessment and scenario analysis, implementing climate risk response measures, and planning future carbon reduction paths, to contribute to the sustainability of the earth.

For more information on SOHO China's response to climate change, please see *2023 SOHO China Climate Action Report (Climate-related Financial Disclosure)*.

Company values

To actively address the challenges brought by climate change, SOHO China put forward the Company's values of enhancing climate change action. Based on "planning our low-carbon path", "establishing a sustainable model for commercial real estate", and "leading a green and low-carbon lifestyle" by concentrating on digital transformation, responding to carbon markets, environmental benefits improvement, fostering inclusive collaboration on low-carbon benefits, and climate risks prevention, SOHO China is committed to collaborating with stakeholders to drive the realization of its 2030 GHG emissions reduction targets across the entire value chain.

Seeing value concepts as the banner of its action, SOHO China steadily marched ahead to address climate change. We take the climate governance framework as the foundation and climate goals as the direction, constantly improve the climate risk management process, and launch concrete actions and measures to build our strategic blueprint for addressing climate change.



Climate goals

To respond to the national goals of reaching carbon peaking by 2030 and carbon neutrality by 2060, and strictly fulfill its responsibility of energy conservation and environmental protection, SOHO China set a five-year (2021-2025) environmental stewardship goal in 2020, which contains

management issues such as energy, water resources, greenhouse gas emission, and waste management, promising to reduce the impact of buildings on environment in the whole life cycle.

SOHO China five-year (2021-2025) Environmental Stewardship Goal

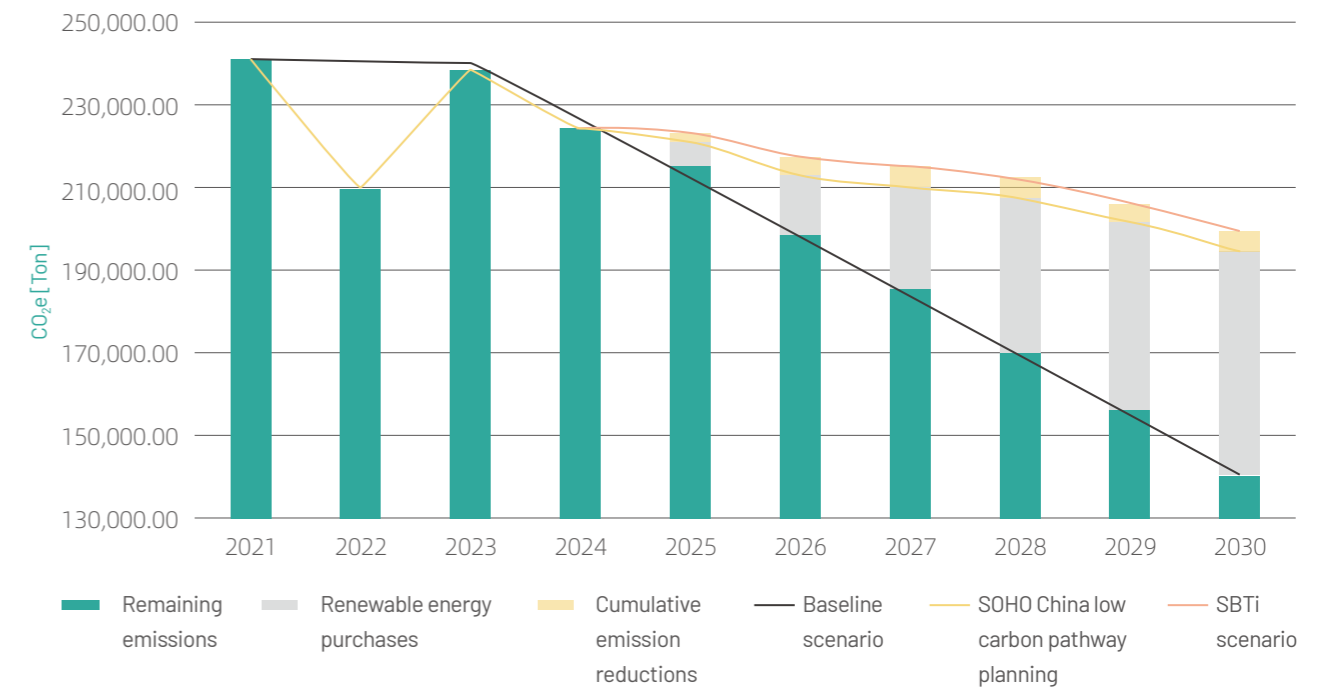
Issue	Five-Year Environmental Stewardship Goals
Energy	With the <i>Standards for Energy Consumption of Building (GB/T 51161-2016)</i> as the benchmark, the total energy consumption should be reduced by at least 20%, more than 80 million kWh per year, and the total conservation over the five years should be more than 400 million kWh.
Water resources	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%.
Greenhouse gas	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 ² .
Waste	By strengthening 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.

To make environmental stewardship goals more advanced and executable, to better respond to the national strategy of carbon peaking and carbon neutrality, SOHO China proposed a low-carbon path plan in 2023, set science-based targets (SBT) that conforms to the absolute contraction method of the Science-based Targets Initiative (SBTi), and committed to a net zero target, namely a 42% reduction in absolute emissions of Scope 1, Scope 2 and Scope 3 (encompassing only Category 1 Outsourced Goods and Services, Category 11 Use of Sold Goods, and Category 13 Downstream Leased Assets) by 2030 compared to their GHG emissions in 2021,

and an achievement of net zero emissions in its value chain by 2050 to achieve the *Paris Agreement's* emissions reduction target for the 1.5°C scenario.

Based on the above science-based carbon targets, we developed a carbon reduction strategy tailored to local conditions and times. We planned a carbon reduction roadmap until 2030, following the principle of "equally prioritizing tenant services and operational carbon reduction" and "emphasizing voluntary reduction over carbon offsetting".

SOHO China carbon reduction roadmap



² When the greenhouse gas emission reduction targets were set in 2020, their emission calculation coefficients referred 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, the CO₂ emission factor of the power grid in East China is 0.7035 kgCO₂/kWh, and the CO₂ emission factor of the power grid in North China is 0.8843 kgCO₂/kWh.

Climate risk management

SOHO China has established a complete climate change risk management process, where we used scenario analysis tools for the first time to identify, analyze, and assess the risks and opportunities that may impact corporate strategy and finance, to understand the actual impact that each risk and opportunity may cause on SOHO China's business.



SOHO China Climate Risk Management Process

Highlights of climate actions

SOHO China has highly focused on environmental and climate change related issues for years. Since 2009, when our direction toward green building strategy was clarified, we have been continuously dedicated to green development and

operation. We have been adhering to the business philosophy of sustainable development, continuously expanding the depth and width of climate action, to contribute our strength to the global response to climate change.

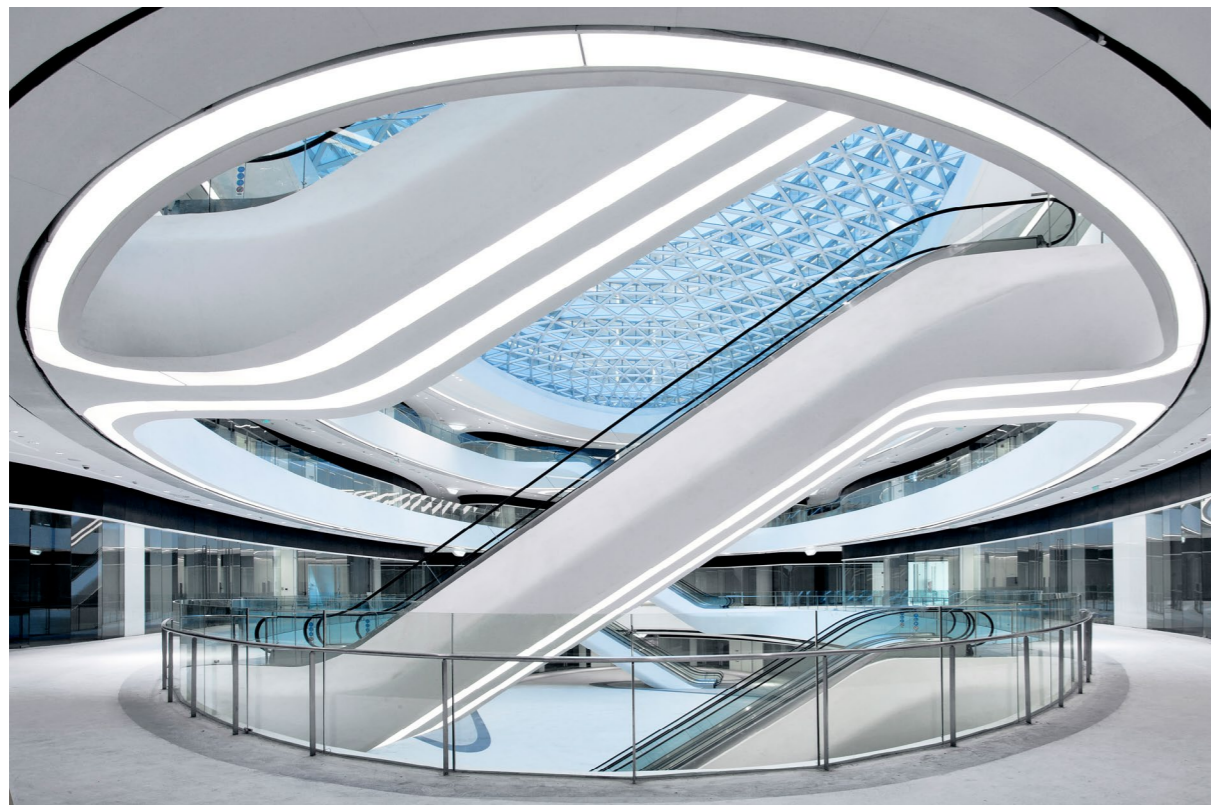
Important Milestones

- In 2009** • Set green buildings as its strategic direction and required all new buildings meet green building standards;
- In 2010** • Guanghualu SOHO II received the LEED-CS Gold Preliminary Certification and Galaxy SOHO received the LEED-CS Silver Preliminary Certification;
- In 2011** • Wangjing SOHO received the LEED-CS Gold Preliminary Certification;
- In 2012** • SOHO Fuxing Plaza, Sky SOHO, Bund SOHO and Hongkou SOHO received the LEED-CS Gold Preliminary Certification;
- In 2013** • Established an energy conservation center and made it accessible to the public, ushering in a new era of energy conservation, carbon reduction and green building operation and management;
- In 2014** • Incorporated the design standards of green buildings into SOHO China's Design Standard Manual and made green building design an essential part of daily design work. Galaxy SOHO received the LEED-CS Silver Certification. Wangjing SOHO and SOHO Fuxing Plaza received the LEED-CS Gold Certification;
- In 2015** • Sky SOHO and Bund SOHO received the LEED-CS Gold Certification;
- In 2016** • Wangjing SOHO and Guanghualu SOHO II received the LEED Gold Certification;
- In 2017** • Guanghualu SOHO II ice storage centralized air-conditioning and cooling station received the "Beijing Power Demand Side Reward". SOHO Tianshan Plaza received the LEED-CS Gold Certification. Gubei SOHO received the National Two-Star Green Building Design Label;
- In 2018** • The Energy Management Platform and LED lighting energy-saving renovation project received "Guiding Fund for Energy-saving Development in Chaoyang District, Beijing"; Gubei SOHO received the LEED-CS Gold Certification;
- In 2019** • Leeza SOHO received the LEEDS-CS Gold Certification Over 14,000 tonnes of carbon allowances were transferred for energy conservation and carbon emission reduction, of which the carbon trading profit amounted to RMB550,000;
- In 2020** • Tower A and Tower B of Jianwai SOHO and SOHO Nexus Center passed the experts' examination and received a bonus from the Beijing Public Building Energy-saving and Green Transformation Award Fund
- In 2021** • Galaxy SOHO, Wangjing SOHO Tower 3, Guanghualu SOHO II and SOHO Tianshan Plaza received "Certification for Green Building Label (China Two-Star)". The "Carbon Neutrality" Innovative Flagship Project was initiated and China's First "Zero Carbon Library" was built;
- In 2022** • Yang Zheng Library received Certified Zero Energy Building granted by the China Association of Building Energy Efficiency; SOHO Tianshan Plaza received "Certification for Green Building Label (China Two-Star)" and obtained RMB3 million from the Shanghai Changning District Energy Saving and Emission Reduction Funds; The energy saving and carbon reduction efforts led to a carbon quota transfer 22,000 tonnes and carbon trading revenue of RMB2.56 million from China Beijing Green Exchange;
- In 2023** • Obtained a five-star rating from the Global Real Estate Sustainability Standard (GRESB) and successfully submitted the SBTi commitment. The Board of Directors scrutinized and approved the relevant contents of climate management: Leeza SOHO, Wangjing SOHO, Guanghualu SOHO II, SOHO Qianmen Avenue, Gubei SOHO, SOHO Tianshan Plaza, Bund SOHO, SOHO Fuxing Plaza, Yang Zheng Kindergarten, and Yang Zheng Library have been awarded the WELL HSR certification. Leeza SOHO received "Certification for Green Office Building Label (China Two-star)".

In 2023, SOHO China stressed the energy-saving renovation management of its buildings to tap into its carbon reduction potential. We have implemented comprehensive climate change action initiatives, which include diverse energy-saving and efficiency measures, establishing digital platforms, and disseminating external communications promoting climate benefits. These actions mitigate internal and external climate impacts and foster environmentally friendly development.

Case: SOHO China conducted energy audits on buildings in multiple regions

SOHO China continuously carried out energy auditing work to maximize energy efficiency and optimize the sustainability of low-carbon operations. In 2023, energy audits were conducted for Galaxy SOHO and Gubei SOHO, covering on-site research and calculation analysis of building energy consumption, energy management, operation status of major energy consuming equipment, existing energy-saving measures, and other aspects. Upon completion of energy audits, we compiled audit reports that served as the groundwork for subsequent undertakings aimed at enhancing energy efficiency, including the renovation and integration of energy-saving technologies. Besides, an energy efficiency evaluation for SOHO Fuxing Plaza was conducted comprehensively, covering four aspects: safety and stability, health and comfort, intelligent control, and green conservation, to tap into the potential for energy conservation and determine the optimization direction of energy efficiency.



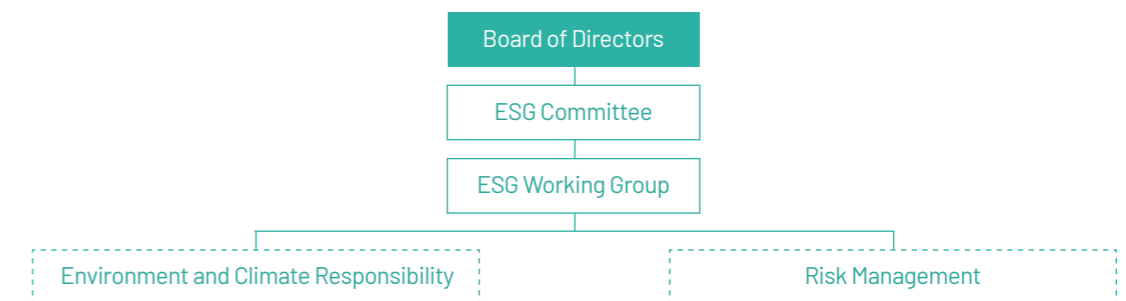
Case: Sky SOHO Comprehensive (Tianhui Business Plaza) Energy-saving Transformation Project Upgrades Building Green Performance

The Sky SOHO Project adopts meticulous initiatives encompassing intelligent adaptation, lighting upgrades, renewable energy installations, and enhanced operation and maintenance management. These measures enable the integration of green, low-carbon, and healthy development principles into the building's operational life cycle, resulting in improved energy efficiency and well-being. The intelligent adaptation components involve the installation of a smart group control system in the cooling station, the inverters for ventilators and air conditioners, the cooling tower fan inverters, and the optimization of roof hood operation. Furthermore, lighting upgrades entail completely replacing tenants' indoor LED lights, approximately 10,000 lights. Additionally, renewable energy installations incorporate photovoltaic equipment and power generation and storage systems of 222.4 kW on 4,000 square meters of roof. Each retrofit contributes to individual energy savings of up to 50%, culminating in an aggregate energy saving rate exceeding 10% and a yearly energy saving cost of approximately RMB2.3 million. This remarkable initiative reaps dual benefits for SOHO China, aligning with climate action and economic objectives while affirmatively impacting customer experience with an enhanced, sustainable building environment.

Climate governance

Under the guidance of the *Environmental, Social, and Governance Committee - Terms of Reference* and science-based carbon reduction targets and carbon reduction pathway planning, SOHO China established a comprehensive climate change governance system and formed a four-tier governance structure covering "the Board of Directors - ESG Committee - ESG Working Group - Environment and Climate Responsibility Working Team/Risk Management Working Team" from top to down.

SOHO China Climate Governance Structure



Specific Responsibilities of SOHO China Climate Governance Structure

Board of Directors	<ul style="list-style-type: none"> Offering guidance and oversight on strategy, operations, and management of proactive tackling climate change Authorizing the relevant committees to address corporate governance matters in tackling climate change
ESG Committee	<ul style="list-style-type: none"> Determining climate change risks Developing strategies to address climate change Managing climate indicators and targets Overseeing governance of the Company's response to climate change
ESG Working Group	<ul style="list-style-type: none"> Guiding and supervising the Environment and Climate Working Group and Risk Management Working Group Coordinating and allocating resources Enhancing and improving the disclosure of climate-related information Continually monitoring and updating the latest climate-related issues
Environment and climate responsibility working team	<ul style="list-style-type: none"> Tracking updates of climate-related laws and regulations Identifying, controlling, and managing climate risks Establishing and dissecting climate objectives Tracking energy and climate indicators Implementing climate change response strategies Providing regular reports on climate-related matters to the ESG Working Group
Risk management working team	<ul style="list-style-type: none"> Identifying, assessing, and analyzing climate risks Adopting and ensuring consistent implementation of effective control measures at pivotal risk points Collaborating with other ESG working groups to holistically manage ESG risks

Improving environmental management

SOHO China strictly complies with relevant PRC laws and regulations on energy and resource utilization. Beijing SOHO Property Management Co., Ltd. has obtained ISO 14001:2015 Environmental Management system certificate, effectively operates and implements related requirements, formulates internal systems for green and sustainable development that align with our operational situation, and advocate for green, sustainable, and low-carbon operations. Under the ESG Working Group, we set up an environment and climate responsibility working team, responsible for the normalized management of environmental risks and processes of environmental targets, coordinating various business departments to implement regulations for energy conservation and consumption reduction, and further promoting the development of digital energy management. At the same time, we keep promoting ESG environmental responsibility among employees to enhance their awareness of environmental responsibility and advocate for employees to integrate energy and resource conservation into their daily work and life.

SOHO China's Green Sustainability Policies and Rules at a Glance

SOHO China Environment Management Policy

SOHO China Biodiversity Protection Policy

SOHO China Green Lease Policy

Energy Conservation and Carbon Reduction Management System

Management Rules on Public Area Lighting

Energy Conservation Management System

Management Rules on Water Saving Management

Management Rules on Equipment Operation and Energy Conservation at Commune by the Great Wall

SOHO China Green and Healthy Building Policy

SOHO China Community Investment Management Policy

SOHO China Management Policy to Address Climate Changes

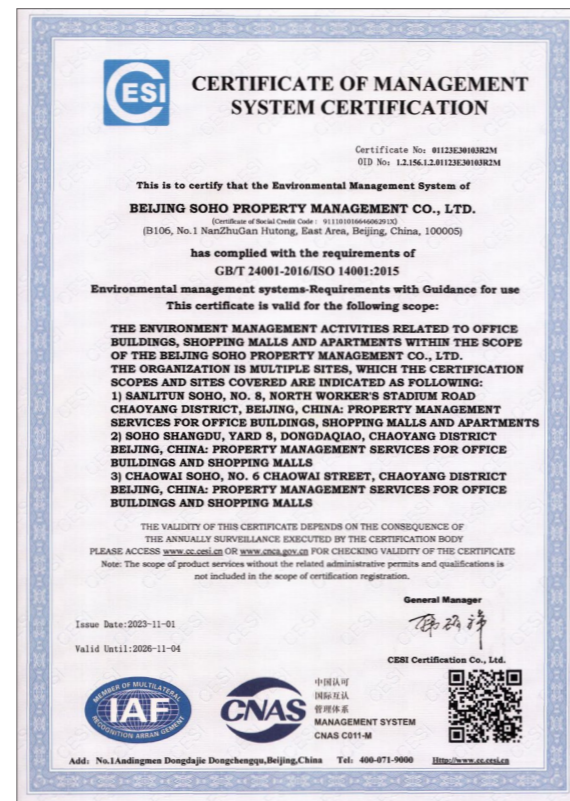
Management Rules on Energy Conservation in the Office

Property Collection and Payment Business Management System

Rules on Management Platform of Equipment and Facilities

Management Rules on Waste Management

SOHO China Green Procurement and Sustainable Supply Chain Management Policy



ISO 14001:2015 Environmental Management System Certificate

Progress of green commitment

Focusing on the Five-Year (2021-2025) Environmental Stewardship Goal and Science-Based Targets and taking the principles of leadership, scientific nature, and enforceability into account, we continuously improve environmental management capacity and regularly review and evaluate

the progress and practical effectiveness of the targets. We also disclose the latest progress of the targets in the Company's ESG report every year to explain SOHO China's responsibilities and contributions to environmental protection to all stakeholders.

SOHO China Five-Year (2021-2025) Environmental Stewardship Goal and Progress

Issues	Five-Year Environmental Stewardship goals	Progress in 2023	Status
Energy	<ul style="list-style-type: none"> Goal of Energy Saving: 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"> The total energy consumption of the 24 projects managed by SOHO China is less than that of the <i>Standards for Energy Consumption of Buildings (GB/T 511612016)</i> by 80 million kWh, and the annual rate of energy saving is 20%. From 2021 to 2023, SOHO China has accumulatively saved energy of 331 million kWh. 	Exceeding the goal
Water resources	<ul style="list-style-type: none"> Goal of Water Saving: 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"> The water consumption per unit area of 24 projects managed by SOHO China is 0.653 tonnes/square meter, saving 0.032 tonnes/square meter compared to the average of 0.685 tonnes/square meter from 2017 to 2019, with a water saving rate of 4.67%. From 2021 to 2023, SOHO China accumulatively saved water with the rate of 18.14%. 	Exceeding the goal
Greenhouse gas	<ul style="list-style-type: none"> Goal of Greenhouse Gas Emission Reduction: 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"> The 24 projects managed by SOHO China saved 80 million kWh annually, with an annual energy saving rate of 20%, equivalent to 68,084 tonnes of carbon reduction From 2021 to 2023, SOHO China accumulatively saved energy of 331 million kWh, equivalent to a carbon reduction of 276,000 tonnes³. 	Exceeding the goal
Waste	<ul style="list-style-type: none"> Goal of Waste Reduction: By strengthening 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"> The waste emission intensity in 24 projects managed by SOHO China is 0.00055 tonnes/square meter, which is a decrease of 0.0017 tonnes/square meter compared to 0.0017 tonnes/square meter in 2020, and the waste discharge reduction rate is 67.62% 	Exceeding the goal

³ The emission calculation coefficients referred 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, the CO₂ emission factor of the power grid in East China is 0.7035 kgCO₂/kWh, and the CO₂ emission factor of the power grid in North China is 0.8843 kgCO₂/kWh. After 2024, SOHO China will no longer disclose specific data in five-year targets achieved for greenhouse gases, but will use achieved SBTi targets for disclosure.

> Progress of SOHO China Science-Based Carbon Target

SOHO China has undertaken two years of greenhouse gas (GHG) emission accounting and reduction efforts since the base year 2021. The GHG emission reduction for Scope 1 and Scope 2 in 2022 is 30%, and that for Scope 1 and Scope 2 in 2023 is 15%, which is higher than SOHO China's absolute emission reduction target of 4.67%⁴ per year; the GHG

emission reduction for Scope 3 in 2022 and 2023 is 0.84% and 0.29%⁵, respectively; the cumulative amount of reduced greenhouse gas emissions was 45,106.52 tonnes. The specific greenhouse gas emission data for three consecutive years (2021-2023) are shown in the table below.

SOHO China's Greenhouse Gas Emission Data⁶

Indicator	Unit	2023	2022	2021
Total greenhouse gas emissions (Scope 1, Scope 2, and Scope 3) ⁷	tonnes	231,854.59	215,745.91	247,193.96
Direct greenhouse gas emissions (Scope 1) ⁸	tonnes	3,881.40	2,772.23	2,501.12
Indirect greenhouse gas emissions (Scope 2) ⁹	tonnes	80,355.38	66,175.05	96,644.17
Indirect greenhouse gas emissions (Scope 3) ¹⁰	tonnes	147,617.81	146,798.63	148,048.67
Greenhouse gas emissions per square meter of building area throughout the year ¹¹	tonnes/square meter	0.056	0.052	0.060

To march steadily toward the achievement of the SOHO China's Five-Year Environmental Stewardship Goals and Science-Based Carbon Target and to fulfill SOHO China's green commitment, this year, we further optimized the energy performance evaluation mechanism, supplementing the energy management performance indicators, and conducted comprehensive energy-saving and emission

reduction performance evaluations for relevant personnel. In addition, we also encourage energy management personnel to upgrade energy-saving technologies and apply innovative technologies. We will reward eligible projects following the *Application Form for Incentive Management System for Innovation, Government Rewards and Reasonable Suggestions*.

⁴ To achieve the absolute emission reduction target of 42% in 2030 compared with the base of the year 2021, SOHO China estimated that from 2022, the absolute emission reduction should be 4.67% each year compared to the previous year.

⁵ The Scope 3 Category 1 GHG emissions data calculation methodology and factor references for 2022 and 2023 have changes regarding methodology and factor database from the 2021 base year, so they are temporarily excluded from the Science-based Carbon Target Absolute Emissions Reduction Target progress response.

⁶ SOHO China greenhouse gas emission statistical data in 2023 are SOHO China Co., Ltd. and its 24 property management projects.

⁷ Total greenhouse gas emissions include building operation carbon emissions and embodied carbon emissions, including Scope1, Scope2, and Category 1, Category 11 and Category 13 in Scope 3. The greenhouse gas emission inventory includes carbon dioxide, methane, nitrogen oxides, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, and nitrogen trifluoride. Greenhouse gas accounting is presented by carbon dioxide equivalent.

⁸ Scope 1 greenhouse gas emission refers to the greenhouse gas emissions generated by consuming natural gas, diesel, and gasoline, carbon dioxide fire extinguisher filling, and refrigerant filling in the 24 projects under SOHO China's property management. For the emission calculation coefficients, we referred to the revised 2019 version of the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and Climate Change 2022: Mitigation of Climate Change.

⁹ Scope 2 Greenhouse gas emissions refers to the greenhouse gas emissions generated by consuming purchased electricity, purchased heat, and purchased cold sources by the 24 projects under SOHO China's property management. For the emission calculation coefficients, 0.5810 tCO₂/MWh, we referred to the revised 2022 version of Guidelines for Accounting and Reporting of Greenhouse Gas Emissions for Enterprises - Power Generation Facilities, Series Local Standards for CO₂ Emissions and Accounting of Carbon Emission Unit in Beijing, and Analysis of Carbon Emissions from Regional Cooling Systems.

¹⁰ Scope 3 Greenhouse climate emissions refers to the greenhouse gases generated by upstream and downstream activities of the 24 projects under SOHO China's property management, including Category 1- Outsourced Goods and Services, Category 11- Use of Sold Goods, and Category 13- Downstream Leased Assets. For the emission calculation coefficient, we referred to the EEIO (Environmentally Extended Input and Output) factor library of Miotech.

¹¹ As of the end of 2023, 24 projects under SOHO China's property management had a total construction area of 4,126,867.42 square meters. Excluding the area used by customers for office, commercial, and residential purposes, the total public area of constructions was 1,392,420.95 square meters. The parameter used in calculating greenhouse gas emission intensity in this report is the total construction area.

Green and smart management

SOHO China is committed to building green and low-carbon intelligent buildings, for which we actively carry out digital transformation, establish a multi-dimensional digital energy management platform, and timely capture the energy conservation and emission reduction potential. In 2013, SOHO China established and applied the energy management platform, the Company has been ushering in an era where energy conservation, emission reduction, and green

operations are managed digitally. Having been continuously optimizing the original energy management platform system, during this year, we upgraded it to a comprehensive energy and carbon management platform with additional carbon data tracking and carbon management functions, allowing us to achieve real-time energy and carbon tracking.

Case: Building a digital energy and carbon management platform to help develop a new model of "dual control" of energy and carbon

In 2023, SOHO China creatively built a digital energy and carbon management platform based on the original energy management platform. This platform has three main functions: budget control and AI energy management, real-time tracking of energy and carbon, and performance management linked to the SOHO China's Operations Management Platform (OMS).

Budget control and AI energy management:

- Utilizing big data and AI technology to develop energy consumption budget control, combined with short-term and long-term budget goals, to achieve dynamic control at the group and project levels
- Improving data quality management by visually displaying the working status of on-site hardware equipment
- Adding periodic evaluation services to regularly review projects and report in paper, to quickly understand project execution status and improve management efficiency
- Adding the meter reading function to detect and fill in gaps, in order to improve the accuracy of platform data

Real-time tracking of energy and carbon:

- Building real-time monitoring, management, analysis, and early warning functions for energy and carbon emissions, including carbon emission factor management, group carbon model and carbon emission analysis, single project carbon emissions and analysis, etc. These functions maintain a unified boundary with Science-Based Targets (SBT), innovatively achieved carbon emission tracking targets consistent with the scope1, scope2 and scope3 in the Science-Based Targets initiative
- Carbon quota balance warning function being configured to achieve more efficient energy and carbon management

Performance management linked to OMS:

- Integrated with existing environmental management policies and energy-saving and carbon reduction management systems, transferring routine tasks such as energy weekly reports online for easy retrieval and traceability, improving management efficiency
- The person in charge can online complete tasks such as energy consumption exception logs, alarm annotations, and follow-up of data quality issues in real-time, achieving more efficient energy consumption monitoring and energy conservation and emission reduction

With multiple functions integrated, the digital energy and carbon management platform intuitively and comprehensively displays the detection, diagnosis, optimization, control, statistics, analysis, prediction, and other information in the control work for carbon peak and carbon neutrality and energy control. It provides supporting data for the Company's macro decision-making in energy conservation and carbon reduction, helps to achieve energy conservation goals and greenhouse gas emission reduction goals, comprehensively accelerating the company's sustainable development process.

Key performances

100%

As of the end of the reporting period, the project coverage of SOHO China's digital energy management platform is

100%

The coverage rate of the projects where the energy and carbon management platform has been upgraded is

Creating green and healthy space

SOHO China focuses on human health and well-being and places higher demands on the green attributes of buildings. At the same time, we continuously strengthen the resource consumption management and waste treatment and discharge of existing property projects to practice green operation and green office, improve the environmental and social benefits of buildings, and promote the sustainable development of the Company and the industry.

Green buildings

During the reporting period, SOHO China further improved its green building-related policies and made the following green commitments:

All new projects should comply with the two-starred design requirements or above in *China's Assessment Standard for Green Building* and the *Leadership in Energy and Environmental Design*¹² (LEED) Certification requirements of gold grade or above

By 2025, all current projects of SOHO China shall be certified and labeled by one of the certifications such as China's Assessment Standard for Green Building, LEED and WELL HSR¹³. Certified projects still need to continuously invest in and monitor buildings to renew certification

In addition, SOHO China adheres to a sustainable business philosophy and integrates various sustainable development factors into the entire lifecycle of building planning, design, construction, and operation and management to promote the sustainability of the Company and industry.

Green building full life cycle management in SOHO China

Green Planning

- 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 in aspects including but not limited to climate change adaptability, biodiversity assessment, land use, soil pollution, air pollution, noise pollution, light pollution and others of construction sites according to the national and local 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 projects with development opportunities

Green Design

- All new projects should comply with the two-starred design requirements or above in China's Assessment Standard for Green Building and the Leadership in Energy and Environmental Design (LEED) Certification requirements of gold grade or above
- Give priority to the use of green and environment-friendly materials or raw materials, purchase high-performance equipment, layout digital building management system, and integrate renewable energy utilization technology as much as possible

Green Construction

- Ensure that the constructors strengthen their management of air, water, noise and waste to meet regulations, 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 "Existing Building" certification in the standards of green building and healthy building, or take improvement measures to meet the certification standards or requirements
- Set targets of energy saving, water saving, waste discharge reduction, and attend in SBTi, regularly disclose completion progress of the targets
- Conduct regular building audits and inspections to ensure that the energy and resource use efficiency of buildings is improved, waste discharge is reduced, and users' health and welfare are guaranteed

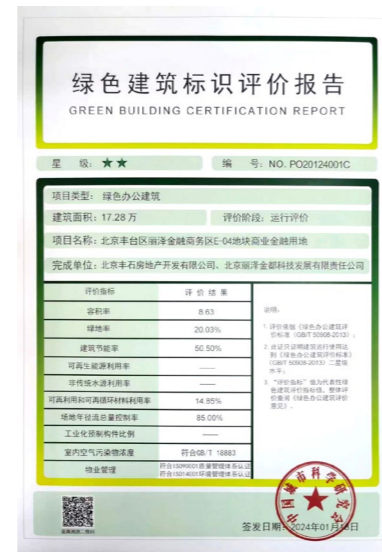
¹² The Leadership in Energy and Environmental Design (LEED) is released by the United States Green Building Commission (USGBC), and is a widely recognized green building rating system worldwide, including four certification levels: certification, silver, gold and platinum.

¹³ WELL Health-Safety Rating (WELL HSR), released by the International WELL Building Institute (IWBI), 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.

Case: Leeza SOHO receives green office building label

Leeza SOHO has implemented a wide range of green and low-carbon technology measures, including a fresh air heat recovery ventilation system, energy-efficient equipment, water-saving devices, natural lighting and energy-saving lighting control systems, PM2.5 air purification systems, CO₂ concentration monitoring linked to fresh air control systems, garage CO concentration monitoring linked to exhaust systems, and a three-dimensional BIM operation and management system.

In September 2023, Leeza SOHO applied for green office building certification. It successfully passed the expert review in January 2024, receiving the "Certification for Green Office Building Label (China Two-Star)" awarded by the Chinese Society for Urban Studies (CSUS).



Key performances

Certification for building design and construction:

9 projects certified and labeled with LEED

1 project certified by China's Assessment Standard for Green Building

The total certified area during the design phase is **2.2** million square meters

Certification for building operation:

4 projects certified by China's Assessment Standard for Green Building

1 project certified by Evaluation Standard for Green Office Building

8 projects certified by the WELL HSR

The total area of certified buildings is **2.236** million square meters

accounting for **54.2%** of certified building area to total building area

Green operations

SOHO China incorporates the concept of sustainable development into the entire operational process and continuously strengthens resource utilization management. We actively formulate institutional systems in energy management, water resources management, and waste management, and irregularly launch green operation culture promotion activities to implement the concept of green development.

Energy management

SOHO China has established internal systems such as the *Energy Conservation Management System* and the *Energy Conservation and Carbon Reduction System*, setting a leading group for energy conservation with responsibilities at all levels clarified, to improve the energy management workflow. The Company keeps optimizing

digital management tools such as energy management platforms, incorporating carbon emission data into real-time monitoring of energy consumption of daily equipment, laying a solid data foundation for developing energy-saving and carbon reduction performance indicators and tracking the progress of energy-saving and carbon reduction goals for each project.

During the reporting period, we continued to conduct building energy audits. We examined the energy-saving potential of each project based on the audit results and incorporated such behaviors into monthly energy-saving assessments, establishing a performance evaluation mechanism linked to energy management for the Company's general manager, managers in property engineering departments, and other management.

SOHO China Energy Consumption Data¹⁴

Indicator	Unit	2023	2022	2021
Total energy consumption ¹⁵	MWh	348,741.74	319,027.01	356,058.07
Natural gas	MWh	19,444.16	21,486.93	17,702.22
Diesel	MWh	1,539.43	1,454.02	1,632.45
Gasoline	MWh	191.72	193.26	227.09
Direct energy consumption	MWh	21,175.31	23,134.21	19,561.76
Purchased electricity	MWh	303,784.01	270,294.37	311,982.52
Purchased heat	MWh	14,806.46	17,886.29	17,584.15
Purchased cold resources	MWh	8,975.96	7,712.14	6,929.63
Indirect energy consumption	MWh	327,566.43	295,892.80	336,496.30
Annual energy consumption per square meter of building area ¹⁶	MWh/m ²	0.085	0.077	0.086
Annual energy saving rate ¹⁷	%	20	33.6	28.9

¹⁴ The environmental data in this report is collected from 24 projects managed by its property service. SOHO China has been continuously optimizing its data calculation methods and its data disclosure standards in recent years, so, compared to last year, consumption data for gasoline, diesel, purchased heat and purchased cold sources are added.

¹⁵ 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 natural gas, diesel, gasoline, electricity, and heat.

¹⁶ As of the end of 2023, SOHO China's property management has 24 projects with a total construction area of 4,126,867.42 square meters. Excluding the area used by customers for office, commercial, and residential purposes, the total public area of the buildings is 1,392,420.95 square meters. The parameter used in calculating greenhouse gas emission intensity in this report is the total construction area, the same as in 2022.

¹⁷ 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

SOHO China strictly complies with local laws and regulations in its operational place. The Company formulates and implements the *Water Conservation Management System*, specifying water conservation goals, water conservation management methods, water use measurement methods, water conservation performance evaluation, to strengthen all employees' sense of responsibility for water conservation goals and improve our water resource utilization efficiency. During the reporting period, SOHO China's water source was local municipal water and there was no risk of water shortage.

In terms of equipment usage, we continue to promote and popularize the use of water-saving products. For example, we prioritized using primary and secondary water-saving appliances and carried out cooling water system upgrades. We regularly inspect and maintain the water supply equipment regarding water use monitoring. We will immediately inspect the pipeline network and analyze its leakage if any abnormal situation happens. Regarding publicity and education, we prominently post water-saving signs in water-use areas, prepare water-saving promotional materials, popularize water-saving knowledge, and mobilize employees to actively participate in water-saving and water-protection publicity activities.

SOHO China Water Consumption

Indicator	Unit	2023	2022	2021
Tap Water	tonnes	2,695,009	2,504,755	2,744,720
Annual water consumption per square meter of building area ¹⁸	tonnes/square meter	0.653	0.607	0.671
Annual water saving rate ¹⁹	%	4.7	11.4	2.0

¹⁸ The water consumption density in this report is calculated with the total building area.

¹⁹ 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.

> Waste management

Strictly abiding by laws and regulations in China and at operational places such as the *Environmental Protection Law of the People's Republic of China* and the *Beijing Municipal Household Waste Management Regulations*, SOHO China formulated a *Waste Management System*, clarifying the division of duties among departments and providing guidance for various waste management processes such as waste disposal and collection, handling and classification, temporary storage, and clearance.

During the reporting period, SOHO China's non-hazardous waste was uniformly classified and treated for non-hazardous purposes such as landfilling, incineration, and recycling by garbage recyclers licensed by environmental protection authorities, whereas the hazardous waste was uniformly handed over to qualified third-party units for non-hazardous treatment. During the reporting period, SOHO China exceeded the waste management goal in the five-year environmental stewardship goals.

SOHO China Waste Discharge²⁰

Indicator	Unit	2023	2022	2021
Non-hazardous waste	tonnes	760.00	1,022.72	1,768.09
Non-hazardous waste per square meter of building area	tonnes/square meter	0.0005	0.0007	0.0013
Domestic waste	tonnes	156.1	138.6	116.3
Kitchen waste ²¹	tonnes	77.7	38.9	0.06
Construction waste	tonnes	508.4	760.7	1,629.9
Office paper	tonnes	17.80	84.51	18.16
Hazardous waste	tonnes	6.47	3.53	1.64
Hazardous waste per square meter of building area	kilograms/square meter	0.0046	0.0025	0.0012
Waste cartridge	tonnes	0.019	0.012	0.03
Waste ink box	tonnes	0.005	0.001	0.95
Waste fluorescent tubes ²²	tonnes	6.38	3.34	0.23
Other electronic waste	tonnes	0.07	0.18	0.23

²⁰ The Company is not a production-oriented company, and the data of packaging is not applicable to the Company.

²¹ In 2023, the Company's own cafeteria, sourced from the Company's canteen of the Commune by the Great Wall. Due to the increase in the number of diners and meal volume, the amount of kitchen waste has therefore increased.

²² In 2023, the Company replaces lamps in its property's public area with more energy-saving and non-hazardous LED lamps, resulting in an increase in waste fluorescent tubes.

Advocating green leasing

In 2023, SOHO China updated the *Green Leasing Advocacy Contract* with higher standards set for both SOHO China and tenants in aspects such as setting and achieving environmental goals, environmental data measurement and sharing, sharing sustainable renovation benefits, promotion of green decoration and green leasing. Thus, we upgraded from the "light green" idea for energy conservation and carbon reduction to more practical "dark green". The revised *Green Leasing Advocacy Contract* has been reflected in the customer standard contracts, clarifying the division of environmental labor and goals with both parties to call on more customers to join the building of green communities and perform environmental responsibilities with us.

Key performances

601 enterprises

In 2023, SOHO China has signed green leasing contracts in total with

In 2023,

100% of new tenants signed green leasing contracts

We also actively promoted the advertising of green leasing, for which we not only prepared the *Green Leasing Guidelines* but also provided customers with comprehensive strategic suggestions and various reference standards from three aspects: green decoration, comfortable configuration, and environmental management. Meanwhile, we distributed the *Green Leasing Guidelines* to customers, organized on-site activities, and so on, to strive to cultivate customers' awareness and execution ability of green leasing from a perspective such as green decoration.

Case: We deeply practice green leasing to transit the leasing model from "light green" to "dark green"

In October 2023, SOHO China's green leasing contract was upgraded from "light green" idea for energy conservation and carbon reduction to more practical "dark green"²³. By the end of 2022, SOHO China had introduced green leasing terms into standard contracts. This year, the Company further clarified the division of environmental labor and goals between SOHO China and customers to call on more customers to join the building green communities and fulfill environmental responsibilities. As of the end of 2023, there have been 601 companies signed the latest green leasing contract with SOHO China, and we managed to have all new tenants sign green leasing contracts, which is not only an increase in numbers but symbolizes SOHO China's continued progress in green development.

To truly practice green leasing, SOHO China actively carried out diversified communication activities in 2023. When entering SOHO China's buildings, every customer will receive a manual of *Green Leasing Guidelines*, which contains detailed strategic suggestions for green decoration, green office, and environmental management to help customers transition to a healthier and more environmentally friendly working method. In daily community operations, SOHO China organized "Low Carbon Lifestyle", a series of ESG activities, at Beijing Wangjing SOHO and Shanghai SOHO Fuxing Plaza. In such activities, SOHO China organized 30 volunteers to participate and organized interesting activities such as creative exhibitions themed on environmental protection, ESG knowledge Q&A, green leasing Q&A, and office waste recycling to let tenants experience a low-carbon life. In addition, SOHO China promoted ESG by putting easily understandable and interesting green leasing posts and playing such content on building screens in seven major projects in Beijing and Shanghai to attract more people to learn green leasing. Cumulatively, the related public service advertisements were played over 50,000 times, and science popularization pages were viewed over 8,500 times.

To accelerate the green leasing process, in 2023, SOHO China used third-party energy-saving consulting services to conduct energy audits on Galaxy SOHO, Gubei SOHO, and SOHO Fuxing Plaza to provide energy-saving diagnoses for public areas and selected customers. In doing so, SOHO China further explored the energy-saving potential of building green operation and effectively helped customers improve the quality of leasing. In the future, SOHO China will keep using its powerful energy management platform to conduct green and low-carbon management and apply technological innovation to achieve energy conservation and carbon reduction in building operations.



SOHO China's green leasing posters

²³ According to the definition of the UK NHS Green Leases Framework, "light green" refers to entry-level green leasing terms that help companies achieve their carbon reduction goals, but typically do not have a financial impact on the parties to the lease, whereas "dark green" refers to more substantial interventions to realize significant carbon reductions and is likely to have a significant financial impact on one or more of the parties to the lease.

Case: SOHO China uses environmentally friendly decoration materials for furnished properties

In 2023, SOHO China launched furnished properties. Following the concept of green decoration, we adopted the following methods to maximize the use of environmentally friendly materials and recycled furniture to provide customers with a healthy, comfortable, and environmentally friendly green office environment.

1 Environmentally friendly materials

We chose environmentally certified coatings and carpets to safeguard customer health. We adopted inorganic products for the coating, which do not contain organic solvents or volatile organic compounds (VOCs). The carpets were supplied by entities certified by the American Carpet Institute (CRI) Green Label Plus+, setting higher standards for indoor air quality.

2 Green furniture

We recycled high-quality furniture to conserve natural resources. Furniture products have obtained the GREENGUARD Gold certification from the US Green Guard. They could help reduce indoor pollution and release of harmful gases, thereby maintaining fresh and healthy indoor air.

3 Energy saving design

Regarding power equipment, we adopted efficient air conditioning and lighting systems to fully reduce energy consumption and usage.



SOHO China's furnished properties and certificates for environmentally friendly materials

Urban redevelopment

Based on its natural advantages in the construction industry, SOHO China is committed to contributing to urban renewal, urban public space construction, and urban brownfield governance and redevelopment. In the early stage of project development, we carry out environmental impact assessments in accordance with the laws and regulations to ensure that all buildings must meet the requirements of the environmental impact assessment to prevent destruction and interruption of important or sensitive areas (such as greenland, wetland, aquatic ecosystem etc.). At the same time, we have formulated and released policies such as the *SOHO China Biodiversity Protection Policy* and the *SOHO China Community Investment Management Policy*, promising that the Company will minimize the negative impact of production and operation pollution caused by human factors on the ecosystem, and if conditions permit, strive to promote urban revitalization activities such as urban redevelopment and urban brownfield redevelopment to awaken urban vitality.

In 2023, SOHO China mainly engaged in property leasing and related services management and did not participate in developing new real estate projects. Since the completion in 2019 (Leeza SOHO), SOHO China has not been involved in developing any new projects.

Abstract of *SOHO China Biodiversity Protection Policy*

- 1 Minimize the negative impact of production operation pollution on the ecosystem caused by human factors (such as giving priority to brownfields for new project development).
- 2 The concept of protecting biodiversity will be integrated into the total process of the project, including project site selection, design, construction and operation phases. If the company carries out the development of new projects, the company prefers brownfields for treatment and development, which will minimize the negative impact on the ecological environment.
- 3 Focus on protecting and enhancing biodiversity in and around the property, including making the building and its surroundings a place where local plants and animals inhabit and providing landscape value to the community.
- 4 Take into account the requirements of ensuring both the beauty of the environment and the protection of the biodiversity, and establish a diversified, multi-level, multi-channel greening system by using multi-species, combination of trees, shrubs and grass and other approaches.

Abstract of *SOHO China Community Investment Management Policy*

- 1 In line with the goal of respecting and preserving history, we require that full consideration must be given to the historical positioning and the historical remains of the project area at the early stage of developing each project. We strive to find ways to make the ancient and the modern architectural arts contrast and complement each other.
- 2 It is the consistent mission of the Company to make maximum use of the limited public urban space and to realize the open community development of the urban buildings. We have always focused on constructing buildings that are in harmony with the communities where we are located. In the design and construction phase of each project, we take the factor of actively expanding public space in urban areas as one of our elements into consideration, so that every SOHO China office building is not merely an office building but provides convenience and benefits for residents in the community.

Refining Service Quality to Enhance Competitiveness

SOHO China sticks to the customer-oriented principle and creates high-quality services with focuses on customer needs. We effectively protect the basic rights and interests of customers by protecting their privacy and advocating responsible marketing. We value customer experience and evaluation, actively improve customer satisfaction, and build the SOHO China Digital Service Platform with digital technology to create innovative service models and comprehensively improve service capabilities and product quality.

SDGs focus in this chapter:



This chapter relates to the following major sustainable development issues:

- Product liability and safety
- Customer information and privacy protection
- Property management and utilization
- Tenant engagement and tenant satisfaction
- Innovative R&D and intellectual property management

Protecting customer rights

SOHO China emphasizes the protection of customer rights and interests. We protect the basic rights and interests of customers by establishing a sound system, building customer communication channels, strengthening responsible marketing, and protecting customer privacy. As of 2023, we have established 12 internal policies and systems related to customer service, including the *SOHO China Fair Hospitality and Marketing Management Policy*, *Complaint Report Handling Policy*, and *IT Information Security Management System*, to protect customer interests in the full cycle with standardized systems and processes.

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

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

Customer feedback and response

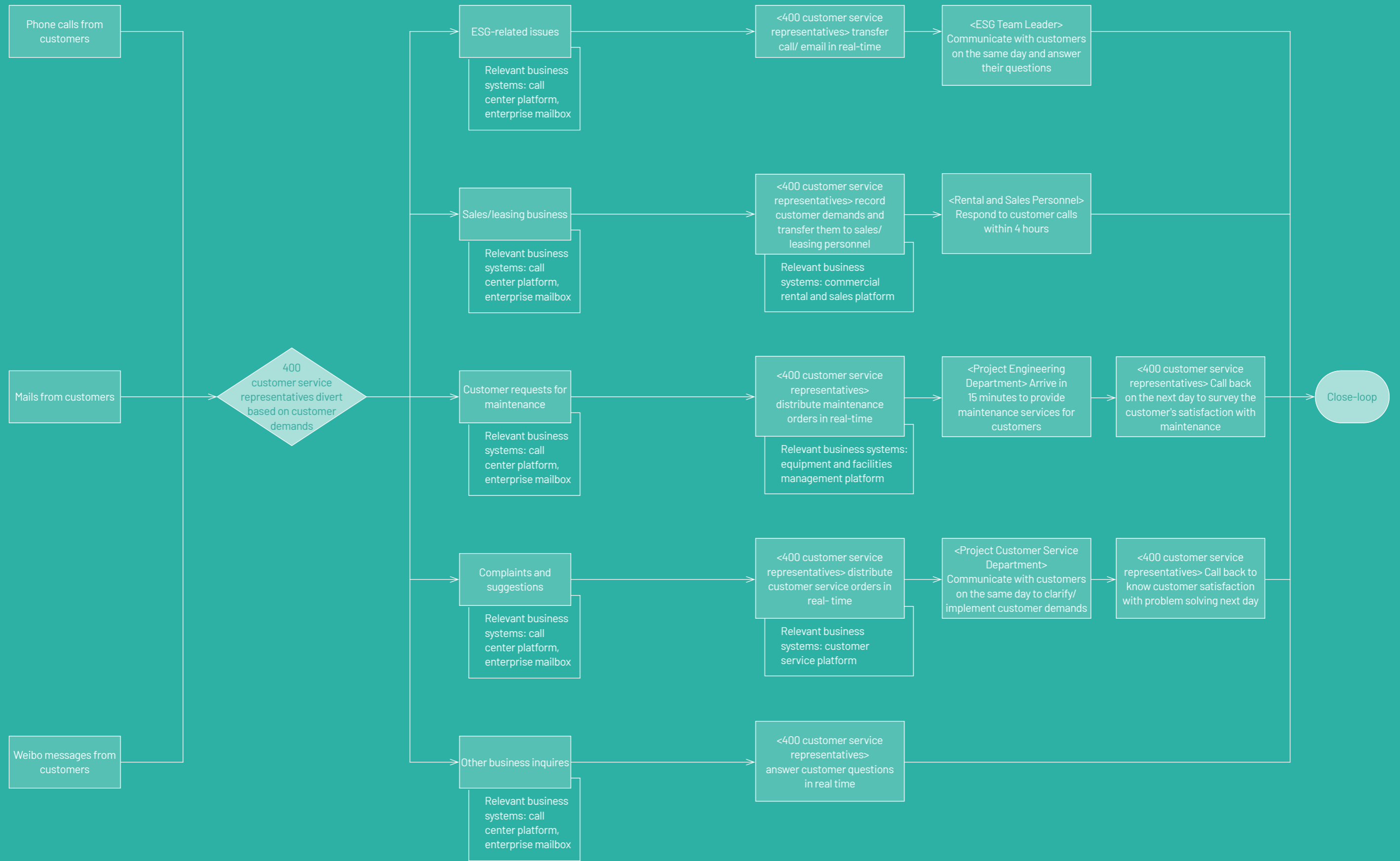
SOHO China is committed to establishing smooth and effective customer communication channels. Customers can make complaints and provide feedback through various channels such as phone, email, and Weibo. We have set up a call center system platform to ensure quick responses and proper treatments to customer complaints. Following the *400 Workflow Standard*, we classify consultants into five categories: ESG-related issues, sales/ rental business, facilities maintenance, complaints and suggestions, and other business consultations. We have also developed a hierarchical feedback processing mechanism with hierarchical response processing time, to ensure an orderly flow and closed-loop disposal of customer feedback within the Company. For example, for maintenance requests, we promise to arrive at the site within 15 minutes, and have relevant personnel to follow up on customer satisfaction the next day. The time limit for handling complaints and suggestions is one working day, and for special issues that cannot be responded to in the requested time, we promise that the maximum resolution time limit will not exceed three working days.

In 2023, we expanded the promotion of the 400 Customer Service Hotline via both online and offline channels, and reached more customers through SOHO China's various projects and official website, property service website, and public procurement website.

Key performances

The Company dealt with
41,890
orders for repair in 2023

with a completion rate of
100%



400 Workflow Chart in SOHO China

> Improve capability in customer service

SOHO China has developed internal service training systems such as the *Customer Service Center Specification, Training Guide on Call Center and Customer Service Management Platform, and Script for Call Center Service* to enhance the customer communication skills of frontline employees through various types of training.

The Company's call center conducts internal training on a monthly basis, including training on standard language use, training on professional knowledge, training on listening and responding skills, and team-based case studies, etc. To better improve the overall service level, the call center manager conducts sampling quality inspection on call recordings every week, analyze and evaluates the recordings from three aspects: service standardization, service capabilities, and service efficiency, and provide real-time feedback on the actual performance of the representative and shares within the team. In 2023, we received customer commendation 3,784 times, including 3,297 phone calls, 478 commendatory letters, and 9 banners. In 2023, there were 5 customer complaints, an 85.7% decrease compared to the previous year, with a 100% resolution rate of such customer complaints.

Key performances

3,784

Number of client positive feedbacks

85.7%

The number of complaints decreased as compared to last year

100%

Completion rate of requests for maintenance

Responsible marketing

SOHO China adheres to a responsible marketing philosophy. Following 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*, we formulated internal systems such as the *Fair Hospitality and Marketing Policy* and the *Property Site Management System* to regulate marketing behavior and to ensure that promotional information output through print media, television, the internet, and streaming media are legit, authentic, and accurate. In addition to regulation on our marketing behavior, we have also established a *Customer Shop Sign Management System* to strictly control the external promotion materials and information of stores under various property projects. As for advertisements, we also have strict screening and management procedures,

following which advertising spaces for sale or lease will undergo joint review by multiple departments to avoid incorrect associations or interpretations of advertising slogans, product names, promotional content, etc., and to minimize the negative social impact and legal risks caused by inappropriate promotional output on SOHO China.

We have uploaded the interpretation course of *Fair Hospitality and Marketing Policy* to the online knowledge management platform for all staff to study, and we will conduct responsible marketing awareness promotion and training for employees in relevant business departments every year to ensure that all employees comply with marketing-related laws and regulations and SOHO China's responsible marketing principle.

Data security and customer privacy protection

SOHO China values customer's data security and privacy protection. Strictly abiding by 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*, we formulated *Information Security Management System, Information Security Organization Management System, IT Management System, and Information Security Incident Reporting and Handling Management System* to rigorously manage information security. In 2023, we updated and revised the original *IT Management System*, by refining the management of external accounts, clarifying the opening process and permission restrictions of external accounts, and delegating the supervision and management responsibility of external accounts to the department and the employees that apply for the external account to avoid information security risks. At the same time, we also updated the regulations relevant to IT asset management, making requirements and responsibilities clear for the whole lifecycle of IT assets management, including procurement, distribution, recycling, and scrapping, to avoid damage to IT assets and data leakage during the above process. In 2023, SOHO China did not have any litigation cases related to customer privacy.

SOHO China built a top-down information security management system with reference to the relevant requirements of ISO 27001 Information Security Management System. We have formulated standards and guidelines for customer data protection, covering critical areas where data and information may be easily damaged or leaked, such as data storage and backup, employee data behavior, and the use of internal systems, and we have taken various preventive measures. The Company comprehensively reviewed all indicators of business systems, including infrastructure, network security, control security, access security, etc. Our core system, such as the leasing system, limits the external presentation of data by setting different user roles and desensitizes sensitive information, to reduce the possibility of data leakage and protect the security of

the Company's data assets. We also built a virtual security system through deployment on Alibaba Cloud, Tencent Cloud, and the private cloud produced by ourselves. In 2023, we utilized the Alibaba Cloud Security Center for server security monitoring. During this period, we prevented 29 alerts of system malware, backdoor shell code, bait capture ransomware, and remote login, all of which were processed automatically or manually. This year, Beijing SOHO Property Management Co., Ltd., a subsidiary of SOHO China, engaged an independent third-party organization, ZTZL(Beijing) Certification Center Co., Ltd, to evaluate, monitor, and audit the Company's information management system, and Beijing SOHO Property Management Co., Ltd., successfully passed the evaluation and was certified with ISO 27001 Information Security System Certification.



ISO 27001 Information Security System Certification for SOHO China

In 2023, based on the *Information Security Management System*, we specially developed a guideline of *Information System Emergency Response Manual* to enhance the Company's capabilities to respond to eight major categories of emergencies that may occur during the operation of the information system such as network attacks, data attacks, harmful programs, and harmful content. Following this guideline, we classified emergency events into general, relatively major, major, and significant events based on the interruption time and degree of loss of the information system, and established corresponding response procedures. The Company conducted emergency drills for sudden failures every quarter, including emergency recovery drills for business system failures, emergency recovery drills

for network equipment and link failures, and emergency recovery drills for data backup, to further ensure the effectiveness of emergency plans and response procedures.

We attach great importance to the cultivation of employees' awareness of data security and privacy protection. In this year, we organized online annual information security training and email security special training, covering all employees of SOHO China. Afterward, we arranged two rounds of exams corresponding to training content, to ensure that employees mastered the necessary knowledge of information security. The pass rate of employees in both rounds of exams was 100%.

Case: Simulation drill on phishing email attack

To enhance the email security awareness of all employees and integrate information security awareness into daily work, SOHO China has organized information security simulation drills every year since 2022. In December 2023, SOHO China's IT Department conducted a simulated drill for phishing email attacks for all employees, by sending phishing emails with external links to employee email addresses. Employees in different position received different types of simulated phishing emails. The test results show that our employees have significantly improved their prevention awareness of fraudulent emails this year, as the number of unqualified employees was 55 in this year, decreased by 71% compared to 2022. For the employees who did not pass this round of drills, we promptly conducted intensive training for them on basic information security knowledge and re-examined them to strengthen the promotion of information security awareness.

Optimizing customer experience

Oriented by comprehensive customer experience improvement, SOHO China continuously upgrades its quality management system and optimizes its digital service platform to meet diverse customer needs. At the same time, we obtain customer suggestions and feedback through different communication channels to further improve service quality and bring customers a high-quality service experience that exceeds their expectations. SOHO China is a non-production enterprise, product recall is not applicable to the company.

Optimizing service quality

Establishing service quality

SOHO China follows the international standard of ISO 9001 Quality Management System in the Company's property service management. Property service provider under SOHO China, Beijing SOHO Property Management Co., Ltd., has been certified with ISO 9001 Quality Management System and have developed the *Quality, Environment, Occupational Health and Safety Management Manual*, to continuously improve the service capability of safety management, environmental hygiene, facility management and maintenance, green maintenance, and diversified professional services.

To ensure SOHO China's property services meet standards and follow procedures, the Company formulated the *Property Quality Inspection and Evaluation Management Measures*, clarifying the content and evaluation standards of the Company's property quality inspection and standardizing the quality inspection workflow to continuously improve service quality. We carry out quality inspections and special inspections on all property projects under SOHO China every month. The property quality evaluation includes content such as customer service, environmental management, equipment and facility management, security services, sign management, basic management, smoking control management, and operator management. The investigators from the Quality Department conduct inspections on various property projects through on-site observation, inquiry, and record checking. Based on evaluation standards and inspection results, they score each project, prepare monthly evaluation reports, hold monthly quality reporting meetings, communicate project rankings and issues, to implement rectification suggestions through project management, and comprehensively ensure the orderly development of quality work.



ISO 9001 Quality Management System Certificate

> Digital empowerment

Thanks to its advanced deployment in the digital field, SOHO China built multiple digital systems, such as call center systems, customer service platform systems and commercial leasing systems, etc., with digital technology to provide customers with more considerate and efficient one-stop services, continuously improving customer experience.

In 2023, our call center system and customer service management system were completely migrated from the

telecommunications operator's own data center to the Alibaba Cloud data center, effectively improving the stability and reliability of system operation. At the same time, we launched a unified process center in the internal work management platform of the Company, where the processes of numerous business systems can be processed uniformly, greatly accelerating the processing of various businesses, and shortening the customers' waiting time.

Call Center System

It provides routine property business consultation, rental phone transfer, and indoor and public area maintenance demand reporting, and takes customer suggestions and complaints. The call center representatives answer phone calls every day through the call center system, provide detailed answers to customers' questions, produce online work orders for maintenance requirements, suggestions, complaints, and other customer needs, and promptly conduct follow-up visits to confirm that customers' needs are met.

Customer Service Platform System

It is responsible for multiple tasks such as customer information management, check-in management, lease termination management, decoration management, visit management, work order processing, etc. It connects all departments for collaboration through the system process, improving the efficiency of customer service management.

Commercial Leasing System

It covers the management of the whole process of the leasing business, including house resources, visiting, contract signing, payment collection, collection, commission, bonus, financial accounting, etc. Customers can log in to the SOHO digital leasing mini program to access detailed information about house resources, and can also set personalized filters for housing information based on characteristic tags such as transportation accessibility and green environmental protection attributes.

> Driving growth through concerted efforts

In 2023, economic instability and multiple uncertainties have caused many companies to face existential pressures and operational difficulties. Small and medium-sized enterprises, in particular, as crucial drivers of economic development, bore the brunt of these impacts. Within this context, tenants in our office and commercial buildings in Beijing and Shanghai encountered significant hurdles. Numerous companies grappled with declining revenues, tight cash flows, and other serious threats to their livelihoods and growth prospects. Some even teetered on the brink of closure, disrupting both employee livelihoods and societal stability.

We deeply empathized with the difficulties our tenants confronted with and understood their hardships and pressures. As a result, we took proactive measures to navigate these challenging times with them by extending multiple preferential policies such as rent reductions, waivers, and deferments, and offering flexible solutions to help them through their most trying periods.

Throughout the year of 2023, we provided rent relief a total of RMB63.07 million and a rent deferral of RMB72.39 million to our tenants. This not only underscores our support for our tenants but also epitomizes our commitment to social responsibility. We firmly believe that through our concerted efforts, we can deliver more value to our tenants and communities, working together to forge a brighter future.

Key Performances

the rent relief totals RMB
63.07 million

the rent deferral totals RMB
72.39 million

Customer satisfaction survey and improvement

Customer satisfaction has always been SOHO China's focus. We value customer feedback and strive to meet their diverse needs. Throughout the year, we conducted customer satisfaction surveys through property project surveys, headquarters call center surveys, mystery customer visits, and customer Net Promoter Score (NPS) surveys. Based on the survey results and feedback, we identified sectors that need improvement and took corresponding measures to further enhance our service quality.

SOHO China conducts a customer satisfaction survey on its property projects every six months. We learn customer satisfaction with security, engineering maintenance, property complaint handling, public facilities, parking lots, and other management work through distributing satisfaction questionnaires or follow-up visits. After the survey, every property project produces a separate satisfaction analysis report for relevant departments to develop rectification and prevention measures based on opinions and suggestions, to comprehensively improve our service quality.

Following the principle of covering 100% residents throughout the year, the Company's headquarters call center select a certain proportion of customers who have checked in each month for satisfaction surveys. We invite such customers to comprehensively evaluate the service attitude and business capability of project employees, collect and listen to customer suggestions. As for problems reflected by customers, we distribute work orders on the customer service management platform to follow up and arrange problem resolving works to individuals. In addition, the monthly customer satisfaction survey results have been included in the performance evaluation of the corresponding project general manager, and is published with ranking. Common problems identified are analyzed and urged for improvement. The average scores of comprehensive customer satisfaction of our Company's projects in the past three years are 98.15, 98.43, and 99.81 respectively, showing an increasing trend year by year.

In 2023, SOHO China commissioned a third-party company to conduct mysterious visitor investigations on 23 projects of the Company. For each project, two investigators, who pretended to be potential customers, experienced and evaluated projects in eight aspects, including telephone service, parking management, security management, reception service, rental service, building environment, and park environment, and scored based on 27 secondary indicators and 112 specific indicators. After

the investigation, each property project received a separate mysterious customer investigation report with rectification requirements. We continuously promoted the mysterious customer investigation reports to project general managers to learn each other's strong points avoid the service disadvantages, and shared the best practices of service awareness and skill presentation. In 2023, the average customer satisfaction score of the Company's mysterious customer investigations was 96.27.

This year, we also conducted Net Promoter Score (NPS) surveys where we optimized the survey method based on last year's NPS survey experience. Last year, the NPS survey was to send a questionnaire via SMS to customers, a point-to-point invitation for customers to answer through SMS links. Besides, the questionnaire contained a bit too many questions, which caused some objective problems such as difficulty in answering the questionnaire, easy to be ignored, and the narrow scope of the survey. In 2023, we adjusted to distribute NPS questionnaires to WeChat subscriptions of various projects and promoted them in the form of articles to all residents, inviting them to actively participate. We also reduced the 22 questions in last year's questionnaire to 6 key questions, which made it easier for customers to respond.

In the 2023 NPS survey, we received 1,425 valid responses, an increase of 1,015 from last year. The overall response rate was 22.2%, up by 16.3% compared to last year. The overall NPS score was 79.16, an increase of 59.90 points from last year, with 19 projects being scored above 70.

Through a questionnaire survey, we collected 364 problems that led to customer non recommendation/dissatisfaction. After classification and summary, they mainly included air conditioning supply and maintenance issues, public area cleaning and disinfection issues, elevator issues, smoking control issues, etc. To further implement customer feedback, various property projects paid follow-up visits to customers, and ultimately developed 117 special measures for 16 projects. Such measures mainly include: 1. Increase special training for staff, to improve their work skills and service quality. 2. Strengthen customer communication by visiting customers more frequently to ensure timely response to customer needs. 3. Increase investment in the management of building equipment and facilities. 4. Strengthen the cleaning frequency in public areas and introduce more professional disinfection companies. 5. Strengthen smoking control measures in public areas, install smoke detectors in areas where applicable, increase personnel inspection frequency, add no smoking signs, and advocate for customers to promise no smoking. And 6. Do a good job of explaining to customers, and as for the matters beyond property management, inform customers in advance and actively provide assistance to avoid customer dissatisfaction caused by cognitive biases.

Key Performances

99.8 points

In 2023, the average score of comprehensive customer satisfaction was

96.3 points

In 2023, the average score of customer satisfaction in the mysterious visitor surveys was

79.2 points

In 2023, the overall NPS score was

Expanding Partnerships by Building Connection

Adhering to the concept of "Symbiosis, Co-creation, and Win-Win" with all partners, SOHO China strengthens the supplier management system. Based on ensuring high-quality value chains, we convey SOHO China's sustainable development concept to suppliers. We proactively form extensive cooperation relationships in the industry, to build a value-driven sustainable development ecosystem and to establish long-term mutually beneficial partnership relationships.



SDGs focus in this chapter:



This chapter relates to the following major sustainable development issues:

- Supply chain management

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
- Suppliers Management System
- Sporadic Procurement Management System

Jointly building quality supply chain

SOHO China strictly follows laws and regulations such as the *Government Procurement Law of the People's Republic of China* and the *People's Republic of China Tendering and Bidding Law*. It formulated internal systems such as the *SOHO China Green Procurement and Sustainable Supply Chain Management Policy*, *Suppliers Management System*, and *Measures on the Management of Procurement and Tendering*. We adhere to the concept of fair, open, sustainable, and responsible procurement, and continuously deepen the construction of quality supply chains.

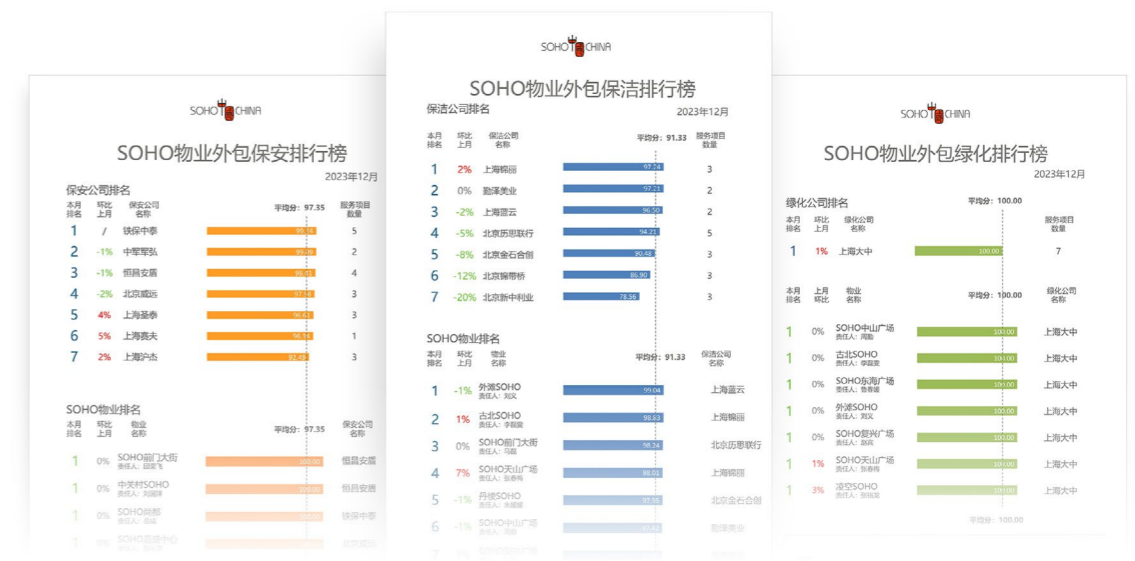
The Company online manages the whole process of procurement and implementation of the supply chain using a digital procurement platform. Suppliers can register, get enlisted in the supplier database, apply for prequalification, submit bids, inquire questions, bid, attend online bidding, sign contracts, evaluate, and make payments on the procurement platform, realizing a dynamic procure management and supervision. Under the guidance of internal systems, such as the *Suppliers Management System*, we clarified supplier management processes at all stages to systematically manage the compliance of suppliers in the Company's various procurement projects.

When selecting and shortlisting suppliers, we strictly follow the requirements of the *Suppliers Management System*. We conduct data review and correlation investigation on suppliers and adhere to transparent procurement. In the subsequent supplier management, we supervise and verify supplier performance by using strategies such as performance evaluation and hierarchical classification management.

In 2023, SOHO China had a total of 528 contracted suppliers. We optimized our supplier performance assessment method by changing from assessing the performance of suppliers that need to be paid before payment to assessing the performance of all contracted suppliers on a quarterly basis, which not only shortens the supplier payment cycle and solves the problem of assessing the performance of only some suppliers, but also establishes a new mechanism to continuously follow up on the supplier's performance, which is conducive to the timely identification of performance issues and their rectification and optimization, and makes it possible for us to complete the contract performance in a higher quality through the collaboration between us and our suppliers.

In 2023, we have completed the second, third and fourth quarterly supplier performance evaluations in July and October and at the end of the year respectively, covering 2,083 new and old contracts and 528 suppliers. Upon completion of the quarterly assessment, commendation letters were issued to outstanding suppliers. For suppliers with poor contract performance, timely interviews were conducted with the suppliers to identify problems together and explore solutions to the problems.

At the same time, focusing on the performance of 20 suppliers and 147 contracts in the three key specialties of security, cleaning and greening, SOHO China's Quality Department conducts on-site inspections, scores and rankings of these suppliers' service quality on a monthly basis, and publishes the results on its official Weibo account with the aim of encouraging suppliers and SOHO China to work together to improve the service quality and project quality.



SOHO China selects outstanding suppliers on a quarterly and annual basis. In 2023, we selected 6 partners as quarterly outstanding suppliers and 17 partners as annual outstanding suppliers. In the process of providing products and services, these suppliers have always insisted on putting customers

first, strictly controlling quality, delivering on time, and demonstrating high professionalism and flexibility in facing challenges, which have provided strong guarantees for the stable operation and sustainable development of our business.

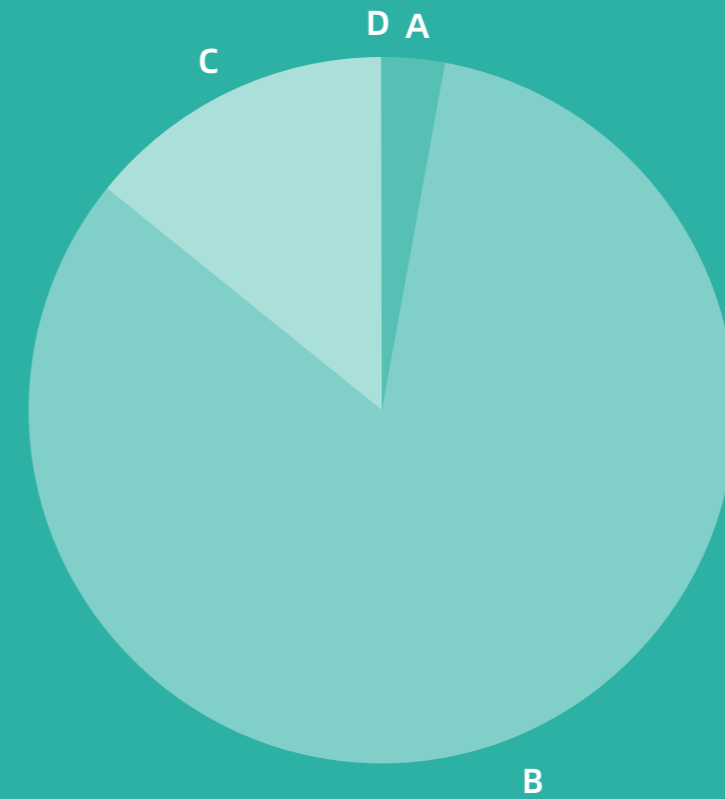


In addition, the notification, interview, alert, warning, and contract termination related to the suppliers' progress, quality, and service were sent through the issuance of letters to ensure the compliance and effectiveness of communication between both parties. In 2023, we sent a total of 268 letters to suppliers.

Key Performances

In 2023, we sent a total of **268** letters to suppliers

Suppliers with a performance rating of A/B/C/D



Suppliers' performance assessment:

● A	15 suppliers	3%
● B	438 suppliers	83%
● C	75 suppliers	14%
● D	0 suppliers	0%

Assessment rating scores:

- A (Excellent, ≥95 points)
- B (Better, 85-94.99 points)
- C (Qualified, 71-84.99 points)
- D (Unqualified, 70.99 points and below)

Number of Suppliers for SOHO China in 2023

Suppliers by region	Number
Suppliers in East China	168
Suppliers in South China	19
Suppliers in Central China	6
Suppliers in North China	318
Suppliers in Northwest China	5
Suppliers in Southwest China	0
Suppliers in Northeast China	1
Suppliers in Hong Kong, Macao, and Taiwan	9
Overseas suppliers	2
Total	528

Number of Letters to/from Suppliers for SOHO China

Letter Type	Unit	Number
Warranty Notice	Letter	18
Quality Warning Letter	Letter	28
Letter for Notice, Communication, and Negotiation	Letter	198
Letter of Appreciation	Letter	24

Promoting responsible supply chain

SOHO China has been keeping a smooth communication and cooperation with suppliers for a long time. We insist on applying the sustainable development concept to the supply chain to guide suppliers to grow a stronger awareness of social responsibility and to practice SOHO China's sustainable development concept together. The Company formulated *SOHO China Green Procurement and Sustainable Supply Chain Management Policy* and clarified that this policy applies to all suppliers. The Company's online procurement platform requires suppliers to sign *Supplier Green Procurement and Sustainable Supply Chain Commitment* when registering on the platform. In doing so, we guide the partners from both upstream and downstream supply chains to form a value of sustainability, and jointly build a responsible supply chain.

Dedicated to a healthy and incorruptible supply chain, SOHO China specified anti-corruption requirements for contractors, suppliers, and all business partners in *SOHO China Integrity Standards and Business Ethics Management Policy*, and meanwhile, further constrains them to abide by the *SOHO China Code of Conduct* by signing the *Supplier Green Procurement and Sustainable Supply Chain Commitment*.

Key performances

In 2023,

100% of SOHO China

suppliers signed the *Supplier Green Procurement and Sustainable Supply Chain Commitment*

Contractual Performance and Behavioral Requirements of Suppliers

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

SOHO China always pays attention to suppliers' environmental and social performance and insists on implementing ESG risk identification and evaluation in the lifecycle of suppliers. The process of the Company to integrate the suppliers' sustainability performance into procurement is as follows:

- 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, so as to promote suppliers to improve their management in terms of environment, occupational health and safety, and product quality, and to encourage them to develop more green and environmentally friendly products and services; and
- After shortlisted**

We would include ESG indicators as mandatory items in supplier performance evaluation, and invite contracted suppliers to carry out ESG training to further implement sustainable development concepts among suppliers.

In 2023, we invited a third-party professional organization to conduct ESG performance research and evaluation on important suppliers, including suppliers of security, cleaning, garbage removal, toilet paper for customers, landscaping, etc. The research was conducted by using questionnaires, which were produced in accordance with the suppliers' industries and sectors, based on the SASB and third-party ESG evaluation systems, and suppliers' material issues and relevant evaluation indicators. Taking the security/cleaning industry as an example, the indicators involved in the questionnaire included professional integrity guarantee methods, losses caused by professional integrity

issues, employee situations, and turnover rate, etc. We also included suppliers' administrative penalties such as environmental penalties, safety production administrative penalties, and market supervision administrative penalties to comprehensively measure suppliers' ESG performances, and investigate the construction and actual implementation situation of the supplier's own ESG system. This year, 25 questionnaires were issued to and collected from key suppliers, 92% of which have won sustainability-related certifications. No key suppliers have been subject to administrative penalties such as environmental, safety production, and market supervision in the past two years.

Case: SOHO China green procurement

- In 2023, SOHO China significantly increased the procurement proportion of green electricity in the bidding for market-oriented electricity sales projects. We will increase the procurement of green electricity from 2.3 million kWh in 2023 to 50 million kWh in 2024, to effectively reduce the Company's carbon emissions.
- In 2023, we purchased the new air-cooled heat pump equipment of Trane CXAU0655BVE from the U.S. for the Commune by the Great Wall Project, with an energy-saving rate of more than 50%, thus further realizing the energy-saving needs of the hotel project in the mountainous area.
- In 2023, we purchased more energy-efficient and environmentally friendly building materials, reusable operable partitions, and carpets with US environmental certification in office leasing.

Case: ESG training for SOHO China's suppliers in 2023

In 2023, SOHO China continue to conduct ESG training for suppliers to further improve suppliers' ESG management. The theme of this supplier training was mainly to learn basic ESG knowledge, SOHO China's ESG status, SOHO China's requirement to develop a green and sustainable supply chain, compliance training, electronic signature training, etc. After the training, we also arranged an examination of training contents, to check the effectiveness of the training and to ensure that suppliers mastered necessary ESG-related knowledge. The number of suppliers that attended the training reached 362, basically covering all major suppliers of SOHO China, showing SOHO China's efforts and determination to bring the value chain greener.



Empowering Employee's Development for Building Driving Force

Employees are the driving force for the development of enterprises. Following the people-centered principle, SOHO China improves the human resource management system and institutional guarantees, to assist every employee with their personal growth and vocational development. Abiding by laws and regulations, the Company safeguards the basic rights and interests of employees, carefully protects the health and safety of all employees, and improves the quality of work and life of employees. The Company establishes and improves promotion channels, sets up a diversified talent pool, and formulates competitive talent strategies to empower the construction of professional teams in the Company.

This chapter relates to the following major sustainable development issues:

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

SDGs focus in this chapter:

3 GOOD HEALTH AND WELL-BEING
5 GENDER EQUALITY
8 DECENT WORK AND ECONOMIC GROWTH
10 REDUCED INEQUALITIES

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

SOHO China Board of Directors (BOD) Diversified Policy

SOHO China Management Policy for Employment and Labor Standards

SOHO China Employee Handbook

SOHO China Recruitment Management System

SOHO China Examination Management System of Asset Management and Property Management Employees

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

Management Trainee Management System

SOHO China ESG Management and Assessment Regulation

Protecting of employees' rights

SOHO China has always protected employee rights and interests as a cornerstone of enterprise development. We are committed to creating a fair, open, and diversified work environment that allows employees to fully unleash their talents and potential to jointly promote the Company's development. The Company strictly complies with laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Company 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*, and continuously improves and implements internal management systems such as the *SOHO China Management Policy for Employment and Labor Standards*, the *SOHO China Employee Handbook*, the *SOHO China Recruitment Management System*, and the *Performance Assessment System*. We updated the *SOHO China Examination Management System of Asset Management and Property Management Employees* to constrain and standardize related employee recruitment, onboarding, training, promotion, dismissal, salary, working hours, holidays, and other aspects. In 2023, the Company updated the *SOHO China Employee Handbook* to include parental leave in its regulations, further protecting employee's rights and interests. The *Employee Handbook* and various guidelines are applicable to all employees of the Company and all its subsidiaries.

The Company always sticks to fair and legal employment relationships and is against child labor or forced labor. We strictly implement national laws and regulations prohibiting child labor and forced labor. The employment principles in the Company's labor contract clearly stipulate that employees must be at least 18 years old. The Company's human resources team strictly reviews the identity documents and other necessary information of candidates. We say no to any form of child labor, forced labor, discrimination, and harassment (including sexual and non-sexual harassment). If any related situation occurs, the Company will start investigating immediately. If any violations of the system are found, the team will respond quickly according to internal management systems and take appropriate remedies to minimize the negative impact. The Company encourages employees to report and complain about violations. Any violations that occur will be handled seriously. The Company committed to keeping the whistleblower and complaint content confidential in the *Employee Handbook*. In addition, the Company included "directly listening to the voices of employees" in the *Employee Handbook*, optimizing the limited methods of communicating with the Internal Audit or HR departments in the past, and providing more direct communication channels. In 2023, SOHO China was not engaged in any violations of child labor, forced labor, discrimination, or harassment. All full-time employees signed contracts, and other forms of employment such as labor dispatch also comply with relevant laws and regulations.

SOHO China also effectively protects employee rights and interests in salary, benefits, and performance evaluations. We pay social security for all employees by regulations and provide competitive remuneration and fair performance evaluation models. Regarding performance disputes, based on the *Performance Complaint Policy*, the Company constantly optimizes and improves the performance evaluation system while solving problems. The Company sets assessment indicators corresponding to the business characteristics and development plans of each employee, aiming to motivate employees and promote their personal growth. To ensure the fairness and accuracy of the assessment, the Company continues to use an online assessment system and conducts assessments monthly. The assessment result will be directly linked to the performance bonuses of employees. In 2023, the percentage of employees in SOHO China who underwent performance evaluation was 100%.

Key performances

Employment Statistics in 2023²⁴

	1,653 _{person} Total employee number		
Employee number by type	1,653 _{person} Regular employees under labor contract	11 _{person} Dispatched workers	
Employee number by level	9 _{person} Executives	130 _{person} Mid-level management	1,514 _{person} Junior employees
Employee number by gender	1,187 _{person} Male	466 _{person} Female	
Employee number by age group	341 _{person} 30 years old and below	702 _{person} 31-39 years old	610 _{person} 40 years old and above
Employee number by region	1,182 _{person} Beijing	448 _{person} Shanghai	23 _{person} Hainan

Employee turnover in 2023

	421 _{person} Total number of resigned employees	20.2% Employee turnover rate	
Number of employees left by business category	381 _{person} Non-sales personnel	40 _{person} Sales personnel	
	19.4% Turnover rate	34.1% Turnover rate	
Number of employees left by gender	274 _{person} Male	147 _{person} Female	
	18.7% Turnover rate	23.7% Turnover rate	
Number of employees left by age group	135 _{person} 30 years old and below	196 _{person} 31-39 years old	90 _{person} 40 years old and above
	28.1% Turnover rate	20.1% Turnover rate	14.3% Turnover rate
Number of employees left by region	241 _{person} Beijing	178 _{person} Shanghai	2 _{person} Hainan
	16.9% Turnover rate	28.3% Turnover rate	8.0% Turnover rate

²⁴ Other than employees classified by type, data on employee numbers in this report only includes employees employed under labor contracts.

Creating an inclusive culture

SOHO China strives to create an inclusive workplace. The Company adheres to fairness and justice in recruitment and human resource management and is committed to creating a diverse work environment. The *Employee Handbook* specifies that factors such as gender, race, age, religious beliefs, physical condition, and marital status should not affect employee recruitment and management. Following the principles of fairness, justice, and reasonableness, the Company achieves equal pay for equal work and balances the gender pay gap. In 2023, the Company forged ahead with the ESG assessment system, integrating employee diversity into the assessment standards of the human resources team in a more direct way, which made it necessary for the recruitment team to consider employee diversity and other indicators in recruitment. The assessment system specifies that both the proportion of employees that are ethnic minorities and the proportion of people with disabilities should be above 0.5%, which has been increased from the basis in 2022. In 2023, the number of recruited people with disabilities and ethnic minorities rose compared to the previous year. The Company provides specialized occupational skills training for disabled employees to help them better integrate into the workplace.

SOHO China supports female employees for their career development and personal growth and provides equal employment and promotion opportunities for women. We are firmly against any form of gender discrimination and ensure that female employees are respected and treated equally in the workplace, to gradually promote the construction of female leadership. The Company clearly states in the *Labor Contract* that it is not allowed to terminate the labor contracts with female employees during their pregnancy, childbirth, or lactation period. To promote workplace equality, the Company conducts pay gap assessments by gender to eliminate gender discrimination in the workplace. To create a warm and inclusive work atmosphere and protect the basic rights and interests of female employees, the Company holds various activities, such as festival celebrations for female employees. It sets up nursery rooms in the Company to help female employees balance work and life.

The Company also upholds the principle of inclusiveness and diversity in governance, so we formulated the *SOHO China Board of Directors (BOD) Diversified Policy*. When appointing and renewing nominated directors, factors including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge, etc., will be comprehensively considered to achieve diversification in corporate governance, which could provide professional advice from diverse angles and help achieve sustainable governance.

Key performances

Overview of SOHO China Employee Diversity

Percentage of managerial staff by gender

44%

Male executives

56%

Female executives

Total employee number by educational background

2_{person}

Doctor's degree

26_{person}

Master's degree

338_{person}

Bachelor's degree

476_{person}

College degree

811_{person}

Technical secondary school and below

Total employee number by ethical background

66_{person}

Number of ethical minorities



Opening the channel for growth

Expand talent pipeline

SOHO China highly values the construction of talent teams and continuously improves clear and formal employee development strategies. For different talent groups, we developed targeted talent introduction plans, talent development plans, talent management strategies, and long-term incentive plans to build a professional talent pool. We are committed to building our employee teams into the core competitiveness of the Company. In 2023, SOHO China revised the *SOHO China Recruitment Management System*, *Intern Management System*, and *Management Trainee Management System*, where the recruitment principles and related workflows for each category of employees are clarified to ensure the fairness, justice, and efficiency of the recruitment process. Such systems help improve the standardization and professionalism of talent management work and attract more outstanding talents to join.

In 2023, SOHO China forecasted scientific talent demands based on factors such as the Company's strategic positioning, business development, and current talent team status. At the same time, in terms of talent selection, in addition to the essential potential, we pay more attention to their sense of mission, responsibility, and spirit of service. We expect employees to inherit SOHO China's cultural DNA of "solidarity, honesty, and creativity" and to become the driving force for the long-term development of the Company. This year, the Company also updated its talent pool and conducted a review of existing talents to help the Company understand its talent pool reserves. The Company

continuously enriched and improved the talent structure through recruiting management trainees, interns, internal job transfers and other channels. The Company continued to implement the *Internal Referral and Reward System of Talent Scout Award* to encourage employees to make internal referrals. This year, the Company introduced 6 talents in reserve and successfully recruited 11 talents through internal competition.

SOHO China has been expanding its internship projects year by year, which could be classified into daily internship projects and Tsinghua internship projects, providing opportunities for college students to practice and learn to cultivate outstanding talents. At the same time, the Company actively expands diversified recruitment channels to seek and attract more exceptional talents through ways such as the Internet, campus recruitment, cooperating with headhunters, and job fairs. These channels not only help expand the talent pool but also enable the Company to better understand market demand and talent dynamics, thereby better meeting the Company's development needs. In 2023, the functional departments of the Group headquarters added internship positions and introduced two-way satisfaction surveys to internship projects. We conducted satisfaction questionnaire surveys on interns and hiring managers when the internship ended. Such surveys help us understand the interns' opinions and, meanwhile, demonstrate requirements for the management of hiring managers.

Case: Tsinghua internship project

SOHO China has formed an amicable cooperation with Tsinghua University on internships in recent years. In the summer of 2023, 30 teachers and undergraduate students from the Department of Architecture Science at Tsinghua University came to SOHO China to continue their summer practice. They visited the cold station and air conditioning room of Guanghualu SOHO II to learn about the operation of key equipment rooms, and deeply experience and learn about SOHO China's professionalism and innovation in architectural design, engineering management, and other aspects.



Summer practice of Tsinghua University teachers and students

Key performances

Overview of SOHO China New Employees

357 person
Total number of new employees

Number of new employees by gender	219 person Male	138 person Female
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Number of new employees by age group	133 person 30 years old and below	156 person 31-39 years old	68 person 40 years old and above
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Number of new employees by region	198 person Beijing	157 person Shanghai	2 person Hainan
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Enriching training and empowerment

Committed to building a talent team that matches the needs of business development, SOHO China continues to create a comprehensive and diversified employee training system, including leadership training, skill certificate training, degree training, expert training, special training on leasing, etc., for all employees of the Company. The human resources department of the Company formulates training plans every year, targeted at hot topics, sustainable development, professional knowledge, and other aspects. The trainings, both online and offline, not only include general courses for all to participate, but also provide special training for professional personnel. The trainings are associated with monthly examinations to empower the Company's talent team.

With the continuous expansion of the Company's business and the increasingly fierce market competition, the Company increased the frequency of leadership training, to cultivate more talents with outstanding leadership skills. In 2023, a total of 28 leadership training sessions were conducted. By inviting external lecturers, studying and visiting leading companies, and others, the Company's management team analyzed excellent practices and enhanced their own management skills and team cohesion, and would integrate experience and skills into future company management.

To keep up with technological innovation, the Company set up an AI team and introduced AI learning courses to provide employees with knowledge in the field of technology. The Company conducted an AI series forward-looking courses and practical explorations for management, such as chatGPT, Midjourney, AI video and dubbing, AI editing, etc. We also organized to share AI development trends and other cutting-edge technologies with all Company staff, to inspire employees to innovate and using emerging technologies to promote the growth of individuals and the Company. In 2024, we plan to further explore the practical businesses that can apply AI technology and continue to carry out AI related knowledge learning for all employees.

SOHO China has always attached great importance to cooperation with professional educational institutions. In 2023, to enhance the emergency rescue capabilities of the property teams, SOHO China collaborated intensely with The Red Cross Society of China and provided emergency rescue skills training for more than 140 employees in Beijing and Shanghai, and awarded Emergency Rescue Certificates to employees who passed the examination. This collaboration not only enhanced the employees' professional skills, but also demonstrated SOHO China's determination to value cooperation with educational institutions.

SOHO China developed *Incentives to Encourage Employees' Continuous Learning*, targeting all employees including part-time and contractual workers. In accordance with this Incentives, the Company provides reimbursement and rewards for training and learning expenses, to encourage employees to obtain skill certificates or pursue advanced degrees. In 2023, 26 employees of the Company obtained higher academic qualifications, and 17 employees obtained professional title certificates, for whom the Company paid a total of RMB143,470 for tuition reimbursement and other rewards.

In addition, to enhance the professional capabilities of SOHO China's leasing team and to comprehensively enhance the Company's competitiveness, the Company set up an internal lecturer team to organize and arrange weekly training, and to provide special training for leasing personnel targeted at difficulties, pain points, and key points in business promotion, as well as industry information sharing. The training content includes knowledge of laws and regulations, green leasing, data and personal information security, business promotion methods, and interpretation of architectural decoration, covering from basic knowledge, to professional skills, and to business development and other various fields. After training, the leasing team members will attend quarterly examinations to verify their learning outcomes.

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

Forward-looking Principle	Focus on the long-term development and talent echelon construction of property companies, analyze and predict the needs of talents at different levels and of different professionals of property companies, and carry out planned and targeted training for the sustainable development of property companies.
Sharing Principle	Fully share resources of all projects, departments, and employees, and promote high-quality training resources in various ways in all business lines.
Development Principle	Focus 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 Principle	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 Principle	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 reflecting training effect.
Three Combinations Principle	Combine training with communication, training with practical operations, and training with incentive.
Time Management Principle	Focus on department business knowledge, supplemented by education and qualification training, and handle the relationship between work and learning.

SOHO China has established a rich and efficient training system, with training courses that conform to the business development needs and position skills demand of all employees, management, and special positions respectively. The Company provides general courses such as ESG specialized training and business ethics training to all staff to help them develop comprehensively. For management,

we provide leadership and management skills enhancement training, to build a competitive management team. As for employees in particular positions, such as engineering staff, and customer service staff, we provide corresponding educational resources to empower them to enhance their business capabilities.

To enable employees to progress together, SOHO China provides general courses for all employees, including professional ethics training, general training on ESG, climate governance and carbon neutrality analysis, fire safety practical skills training, data security and personal information security courses, etc. For senior executives and management, the Company arranges leadership training, including China Economic SWOT, refinancing methods and choices for Hong Kong listed companies, a brief discussion

on compliance governance of Hong Kong listed companies based on the implementation of *Listing Rules*, cracking new media traffic passwords, and newly added AI training - MidjourneyV5 painting skills. In 2023, SOHO China's management also actively visited outstanding companies, including Siemens, Lenovo, and Goldwind's ZEPHYR, to learn from their advanced experiences in carbon reduction, energy conservation and environmental protection, and ESG management.



SOHO China management team visited Siemens Zero-Carbon Smart Park



SOHO China management team visited the Lenovo Future Center



SOHO China management team visited the Goldwind's ZEPHYR Carbon Neutrality Smart Park

Employees at specific positions are required to participate in training courses closely related to their job responsibilities, such as interpretation of architectural decoration project applications for leasing teams, training on shopping mall and office building inspection management for assisting property management teams, special training on improving

customer service quality for enhancing customer service team's capabilities, training on equipment maintenance and protection, and maintenance operation management for strengthening the engineering team's skills, and training on public security and criminal incidents management for strengthening security management teams.

Key performances

Employee Training in 2023

28,226^{times}

Total number of employees trained

100%

Percentage of employees trained

43,799.3^{hours}

Total training hours of employees²⁵

26.5^{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

51.5^{hours}

Executives

26.5^{hours}

Mid-level management

26.4^{hours}

Junior employees

Percentage of trained employees by gender

100%

Male

100%

Female

Average training hours by gender

26.5^{hours}

Male

26.5^{hours}

Female

²⁵ Total hours of training for employees is calculated as $\sum (\text{class hours} * \text{total number of employees actually participating in training})$

Employee promotion and recognition

SOHO China has established clear and transparent promotion channels with diverse promotion methods for employees of different occupational types. The Company conducts performance evaluations of personnel in the group, property management, leasing management and employees in the form of monthly assessments. The assessment content is fair and impartial, and can effectively reflect the true situation

of employees. With the *SOHO China ESG Management and Assessment Regulation* being revised, the Company organically integrated the substantive content of ESG into existing assessment standards to enhance all employees' understanding of the Company's sustainable development concept and facilitate them to make progress.

Example of ESG assessment regulation

Assessment area	Indicators	Objects
Green leasing	Number and quality of customers using green decoration	Property manager
Customer relations	Yearly score of customer satisfaction	Manager of the customer service department
Information security	Training and support for users	Engineer
Environmental management	Environmental and climate management	Employee responsible for environmental issues
Employment and labor	Promotion of employee diversity	Recruitment personnel

Case: Improving ESG performance evaluation mechanism to build a top-down ESG responsibility culture

In 2023, SOHO China updated and revised the performance evaluation system in the *SOHO China ESG Management and Assessment Regulation*, setting specific ESG assessment and commendation indicators, quantitative standards, and the scope of applicable objects for multiple departments such as green leasing, customer relations, information security, environmental management, and employment and labor. Establishing an ESG performance evaluation mechanism is a new exploration and attempt by SOHO China in ESG management. It integrates ESG concepts and responsibilities into the daily work of every employee, ensuring the effective implementation and management of various ESG work.

In the same year, SOHO China formulated the *SOHO China Policy of Payment, Recovery and Deduction of Performance-based Salary*, which strengthened the correlation between executive performance-based salary and ESG performance indicators. ESG performance indicators include energy conservation and emission reduction goals, climate change management goals, employee growth, diversity and well-being management goals, customer service management goals, green leasing management goals, green supply chain management goals, community building goals, company governance goals, business ethics and anti-corruption management goals, and external ESG rating performance, etc.

The Company plans to further improve its ESG performance evaluation system in 2024, where we would take employees' duties as the starting point and integrate various ESG concepts and indicators to enable all employees to participate in long-term value creation.

Case: SOHO China ESG commendation conference

In April 2023, SOHO China held the "2022 ESG Report Release and Annual Work Commendation Conference", where we conveyed the Company's sustainable philosophy to employees, customers, society, and other stakeholders, and expressed our appreciation and recognition to external forces and internal employees who have made outstanding contributions to the compilation of this ESG report. At the commendation conference, we also granted medals to the 10 projects that had received WELL HSR health and safety rating verification to share SOHO China's achievements in the ESG field.



SOHO China's ESG commendation conference

Case: 2023 SOHO China commendation for exceptional leasing professionals

In 2023, SOHO China held leasing commendation conferences every quarter to jointly review and summarize the achievements of the previous quarter. With the gradual growth of the market economy, the absorption volume of office buildings in Beijing and Shanghai also increased to a different extent. However, market competition still brought great challenges to leasing teams. While commending leasing colleagues, the joint CEOs of SOHO China summarized the direction for improvement, shared experience and reflections with excellent teams, and guided for creating better performance in the future.



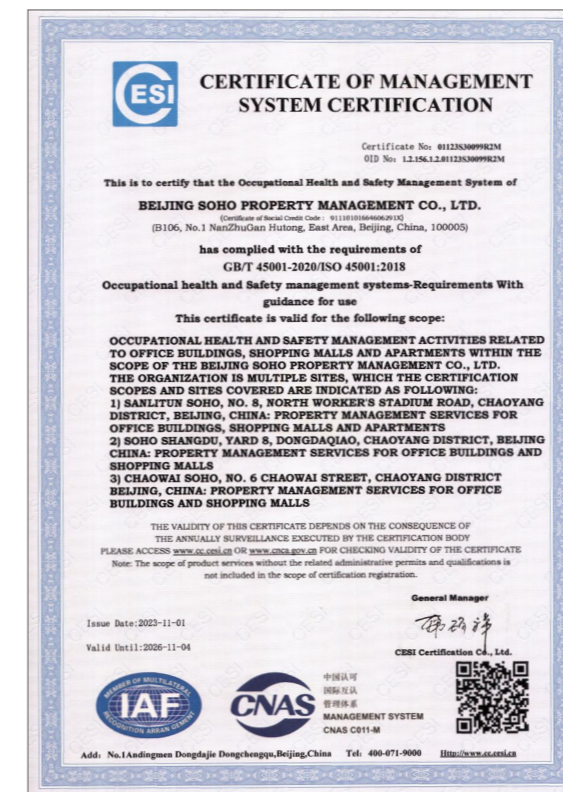
SOHO China leasing commendation conference

Improving health and well-being

Occupational health and safety

SOHO China strictly adheres to laws and regulations on employee health and safety, including the *Law of the People's Republic of China on Work Safety* and the *Law of the People's Republic of China on the Prevention and Control of Occupational Disease*. Attaching great importance to the health and safety of every employee, the Company has established 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 effectively prevent accidents that may occur during the work process and ensure the employees' occupational health and safety. Beijing SOHO Property Management Co., Ltd. has been certified with ISO 45001:2018 Occupational Health and Safety Management System Certification.

Ensuring the health and safety of employees is vital for the development of the Company. The Company sets occupational health and safety indicators of work-related injury incidents being no more than 10 and emergency events being no more than 1 every year, and the occupational health and safety management is conducted by senior management. In 2023, there were 4 incidents of work-related injuries that we took the accountability for and 0 incident of work-related emergencies that we were responsible for. The number of lost working hours due to work-related injuries was 1,472. In response to occupational health and safety incidents, the Company actively followed up and properly handled the impact of work-related injuries on employees. The Company will continue to improve its internal management to avoid similar incidents. The Company has included the employees' health and safety as an important indicator of employee satisfaction and conducted the satisfaction survey on all employees. In this year's survey, most of employees believed that "my colleagues will not be exposed to health and safety hazards at work."



ISO 45001: 2018 Certificate of Occupational Health and Safety Management System Certification

SOHO China conducts annual internal and external safety and occupational health and safety reviews, allowing us to promptly identify operational security vulnerabilities and adjust as soon as possible. In 2023, SOHO China had no major safety accidents. In the past three years, the Company has had no fatal work-related accidents. The Company also conducted strict inspections of suppliers to ensure the safety of outsourced personnel, contractors, etc., to avoid any major accidents related to the Company's operations.

Key performances

In 2023, there were **4 incidents** of work-related injuries that we took the accountability for

0 incident of work-related emergencies that we were responsible for

Safety Measures of SOHO China

Fire safety management	SOHO China formulated the <i>Regulations on Management of Fire System Equipment and Facilities</i> , and regularly organized fire safety drills to respond to fires and protect personnel and property safety.
Hazard management	SOHO China established the <i>Control Procedures for the Identification of Sources of Danger and the Evaluation and Control of Risks</i> and <i>List of Major Hazardous Sources</i> to properly identify seven major hazard sources such as mechanical energy, thermal energy, chemical energy, radiation, and others.
Emergency event handling	SOHO China established the <i>Emergency Preparedness and Response Control Procedures</i> . We quickly respond to emergencies, proactively handle emergencies, and make continuous improvements, to avoid major losses caused by extreme weather and emergencies.
Safety goods management	Strictly abiding by laws and regulations, SOHO China is equipped with professional and sufficient labor protection equipment and safety facilities, such as noise-proof earplugs, insulated boots, insulated gloves, anti-static clothing, and other labor protection equipment, as well as alarm devices, emergency rescue equipment and facilities.
Green and healthy operation	SOHO China conducts maintenance of safety equipment annually, such as elevator annual inspection, high-pressure preventive testing, maintenance of combustible gas alarming equipment, maintenance of power generating equipment, cleaning of water tanks, air testing in underground space, safety valve calibration.
Employee' safety training	SOHO China stipulated health and safety training and drills that employees must complete regularly in the <i>SOHO China Employee Handbook</i> , to master occupational health and safety rules and measures and learn the handling methods and processes of emergencies.

Case: Emergency rescue training for SOHO China property team

To enhance the emergency rescue capabilities of management team to provide better services to customers, SOHO China collaborated with the Red Cross Society of China to provide emergency rescue skills training to more than 140 employees in Beijing and Shanghai. The training covered three modules: theoretical knowledge of first aid, practices, and on-site assessment, comprehensively improving the emergency response ability of frontline employees. Following the method of combining theory with practice, in this training, professional personnel from the Red Cross carefully arranged training content closely combining daily life with work scenarios, and organized students to practice on-site. Through this training, the proportion of personnel with emergency rescue certification in SOHO China Asset Management Property employees reached 10%, demonstrating the firm determination of SOHO China to fulfill their mission of customer service.



SOHO China property team attending emergency rescue training

Case: SOHO China's firefighting training

To further improve the fire safety management level of various projects of SOHO China and strengthen employees' capability to investigate fire hazards, make rectifications, and conduct emergency firefighting, the Company organized practical firefighting training for employees in Beijing and Shanghai respectively in June 2023. The training in Beijing was supported by the Jianguomen Fire Brigade and the Zuojiazhuang Special Service Station, both in Chaoyang District, Beijing, and 40 employees attended this training in two batches. The training in Shanghai was supported by the Xinjing Station Fire Special Service Squadron in Changning District, Shanghai, and 38 employees attended this training. Throughout the training process, the Company's employees and the firefighters ate and practiced together, truly simulating practical training. This training not only strengthened the employees' fire safety awareness, but also improved their emergency response capability.



SOHO China conducting fire training together with fire stations

Case: SOHO China's fire safety drill

SOHO China values fire safety. To comprehensively enhance its overall emergency response capabilities and create a atmosphere of all employees paying attention to, supporting, and participating in fire safety, SOHO China organized more than 20 fire extinguishing and rescue drills for all projects in Beijing and Shanghai respectively during the "119" Fire Awareness Month in 2023, which effectively increased the attention of all employees to fire safety.



SOHO China organizing regular fire safety drills

Key performances

2023 Occupational Safety Management



²⁶ The statistics on the number of fatal work-related injuries includes all employees and interns of SOHO China and contractors who had business cooperation during the reporting period

²⁷ The work-related accident rate per 200,000 working hours is calculated as: The work-related accident rate per 200,000 working hours = (number of accidents/total working hours of all employees) * 200,000

Employee health and care

SOHO China pays attention to employees' sense of happiness and physical and psychological health at work, including workplace environment health, physical and mental health. Adhering to the principle of "People-Oriented, Caring for Health", we help employees strive for a balance between work and life.

SOHO China pays attention to employees' overall health

- Workplace environment health**
 - SOHO China regularly disinfects and sterilizes the office area, and has installed the fresh air system and air purifiers, as well as purified drinking water of high standards. We also set up a fitness area and activity room for the office area. We maintain the public area regularly to provide high-quality workplace environment for employees.
 - The Company upgraded the employees' dormitory and renovated the original facilities.
- Physical health**
 - SOHO China purchases commercial medical insurance for employees, and they can also apply for their spouses and children to join the program, and regularly provides annual medical services such as physical checks and dental cleaning for employees.
 - The Company insists on posting healthy tips to promote health knowledges, and prepares medicines for employees. The Company also set up clubs for football, basketball, badminton, and ping pong, as well as running club and yoga course.
 - The Company holds the annual sports meeting and hires professional teachers to provide specialized training on sports injury prevention.
- Mental health**
 - Cooperating with an external institution, SOHO China constantly provides free mental health hotline, helping employees relieve emotional pressures.

SOHO China provides employees with statutory benefits such as the Insurance and Housing Fund including endowment insurance, medical insurance, unemployment insurance, employment injury insurance, maternity insurance and Housing Provident Fund, following laws and regulations and based on this, purchases supplementary medical care and supplementary accident insurance for all employees.

The Company has a charity fund to provide love relief for employees suffering from serious diseases or major accidents. The Company also provides various benefits such as physical check, dental cleaning, festival benefits, birthday benefits, fitness activities, subsidy for heatstroke prevention, and nursery rooms, as well as holiday arrangements such as prenatal leave, parental leave, and breastfeeding leave.

To enrich the employees' leisure time and balance work and life, the Company organizes various activities and offers a variety of clubs and courses for all employees, such as employee birthday parties, sports meetings, spring and autumn off-road running, ball clubs, SOHO property team

running club, yoga classes, etc. Leisure activities not only help employees regulate work pressure and improve their overall quality, but also enhance team cohesion, allowing employees to establish close connections and trust.



Case: SOHO China held 2023 employee sports meeting

The 2023 Employee Sports Meeting received enthusiastic support and participation from employees, with the number of athletes and spectators reaching a record high. The Company employees were encouraged to attend team sports such as relay races, tug of war, and parent-child games, which demonstrated the strength of cohesion. To avoid accidental injuries during sports, the Company organized special training on sports injury and protection, which effectively reduced the incidence of injuries during activities.



SOHO China employee sports meeting

Case: SOHO China's 2023 annual conference

SOHO China held its 2023 annual conference in February 2024 with the theme of "Together with You in 2024" to review the challenges and tests that we encountered in 2023. The Chairman delivered a speech at the annual meeting, expressing gratitude to SOHO China employees, summarizing the highlight practices of the year, and envisioning new opportunities and unknown changes that may be encountered in 2024. The Company believes that new technologies and applications will empower future development, and looks forward to their influence on the Company's creativity. The Company expects to continue to fully fulfill its responsibilities and provide high-quality services to customers through the cooperation of each employee.



Responding to employees' concerns

Employee satisfaction

SOHO China conducts employee satisfaction surveys annually to fulfill employees' needs in providing feedback on multiple dimensions of work and listening attentively to their voices. In the survey, employees would score 1-5 on various aspects such as job content, job development, workplace integration, learning and growth, work management, ethics and integrity, and health and safety. After receiving feedback from employees, the Company will discuss the results and promptly make up for deficiencies in employee management, continuously improving our management and capabilities for serving employees. The Human Resources Department will organize and coordinate various departments and project companies of the Group to develop a yearly satisfaction improvement plan and will arrange quarterly reviews. In 2023, the Company conducted employee satisfaction survey on its own and produced a detailed employee satisfaction survey plan from multiple dimensions, including Net Promoter Score (NPS), occupational health and safety, business ethics, etc. We distributed a total of 1,708 questionnaires and received 1,622 valid feedback, with the employee participation rate reaching 95%. The overall employee satisfaction score was 4.6, which is on par with 2022 and remains at a high level.

Key performances

4.6

In 2023, the overall score of employee satisfaction was 4.6 out of 5, which is on par with 2022;

4.6

In 2023, the NPS score was 4.6 out of 5

Employee complaints and communication

SOHO China has established internal systems such as the *Employee Complaint Policy*, *Performance Complaint Policy*, and *Complaint Report and Handling Policy* to facilitate employee complaints and communication channels. The Company remains committed to the principle of "transparent, fair and just" in its operation, and keeps optimizing complaints handling methods. Employees and external personnel can directly report to their direct leaders, the Human Resources Department, the Internal Audit Department, and through other channels. The relevant system emphasizes the confidentiality of whistleblowers, and allows employees to choose real-name reporting or anonymous reporting. The department that receives the complaint shall keep the whistleblower's information confidential throughout the process, protecting them from unfair dismissal, persecution, or improper disciplinary action.

Whistleblowing channels

Email: neishen@sohochina.com
Hotline: 86-010-5878-8557
Address: Internal Audit Department of SOHO China Limited, 11th Floor, Chaowai SOHO A Zone, No. B6 Chaowai Street, Chaoyang District, Beijing, China
Postal code: 100020

Revitalizing the Community with Solidarity

SOHO China cares about the community, pays attention to corporate social responsibility, and hopes to establish close interaction with the community. By carrying out community activities, we convey the ideas about traditional culture, environmental and to live a healthy life to the community to jointly build a vibrant, responsible, and loving community atmosphere. The SOHO China Foundation contributed to rural and urban revitalization by putting its hands on five major fields: architecture, culture, art, environmental protection, and public welfare.

SDGs focus in this chapter:



This chapter relates to the following major sustainable development issues:

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



SOHO China actively participates in various public welfare activities, promoting social prosperity through making money and supplies donations, participating in community construction, cultivating community education level, and building rural facilities. Based on its corporate characteristics, SOHO China also keeps adding the beauty of architecture to the community and creates sustainable community value.

[Summary of Policies and Systems on SOHO China's Contribution to Public Welfare at a Glance](#)

SOHO China Community Investment Management Policy

Constitution of the Urban Culture Foundation

Connecting the community

SOHO China values the connection between the Company and society and expects to understand community needs deeply and bring a positive and sustainable development concept to society. The Company formulates a community connection plan every year, to transmit energy to the community through architecture, city, culture, low-carbon, and other aspects. The Company calls on the community and the company to work jointly to build a harmonious and inclusive atmosphere for the community. In 2023, SOHO China held a total of 129 events, including diverse activities of all kinds, such as festival celebrations, community markets, and citizen fitness etc.

Case: SOHO China built China's first zero-carbon library

Yang Zheng Library, a library for public welfare located in Shizui Village, Mapaoquan Town, Tianshui City, Gansu Province, was constructed with a donation of RMB20 million from the SOHO China Foundation. It is China's first zero carbon library. The library has won "Zero Carbon Design Identification Verification" from the China Academy of Building Research (CABR), and LEED Platinum Certification issued by the US Green Building Council (USGBC). In 2023, the library's renewable energy system generated power of over 53,232 kWh accumulatively, exceeding the goal of carbon neutrality. Libraries such as Gansu Provincial Library and Tianshui Municipal Library often engaged in community cooperation and book club activities with Yang Zheng Library. Since its opening on April 7, 2023, Yang Zheng Library has launched a series of public welfare community activities, including "Artificial Intelligence (AI) Classroom", "World Reading Day Series Activities", and "Zero Carbon Knowledge and Energy Conservation and Emission Reduction Training Activity" etc.



Zero Carbon Certificate of Yang Zheng Library



Yang Zheng Library provides free reading places for the community

Case: Experience the integration of traditional culture and modern architecture in SOHO China's Mid-Autumn Festival garden party

During the Mid-Autumn Festival, SOHO China held "Mid-Autumn Festival Garden Party" activities in various regions, where ancient elements were integrated into modern architecture. Under the guidance of professional teachers, tenants wrote poems and beautiful sentences, inheriting the beauty of Chinese culture. The activity also provided various interactive events, allowing the community customers to experience the poetic Mid-Autumn Festival in an immersive way.



SOHO China's Mid-Autumn Festival Activity

> Show Concern on the Earth

Case: SOHO China launched "Low Carbon Lifestyle" campaign to promote green office and green living

SOHO China launched the "Low Carbon Lifestyle" campaign at Wangjing SOHO in Beijing and SOHO Fuxing Plaza in Shanghai, calling on tenants to become low-carbon living experts and achieve energy conservation and low-carbon in their daily lives and offices. The activity in Shanghai was mainly static exhibitions, conveying the concept of low-carbon life through knowledge popularization and interactive experience of bicycle generators.

The three-day event in Beijing calls on tenants and community residents to personally participate in environmental practices through diverse forms. *Breath in Forest* provided visual carbon dioxide information of the landscape architecture of Wangjing SOHO, and simulated the carbon dioxide conversion process by green vegetation, enabling the community to understand the power of vegetation. SOHO China also set up a co-creation art installation focusing on recyclable waste. We invited participants to sort and dispose of recyclable items that are usually discarded, encouraging communities to practice a green and low-carbon lifestyle.



Interactive exhibition for "Low Carbon Lifestyle" in Wangjing SOHO

Case: SOHO China continuously launched "Earth Hour" event to promote green office and environmental protection

From 2021 to 2023, Leeza SOHO has been carrying out the "Earth Hour" event of the World Wildlife Fund (WWF) for three consecutive years. We signed environmental protection agreements with tenants to turn off the night lighting and floodlighting of the building for one hour at night, creating a green office building and making more contributions to environmental public welfare. In addition, the activity lets tenants and communities understand the significance of "Earth Hour" through interactive forms, continuously promoting the concept of sustainability.



SOHO China's "Earth Hour" event

> Urban revitalization

Case: "Beautiful China" - photography exhibition of the beauty of Zaha architecture

SOHO China cooperated with Zaha Hadid Architects of its four projects, Galaxy SOHO, Wangjing SOHO, Leeza SOHO, and Sky SOHO. SOHO China invited photographers from across the country to shoot the architecture of Zaha with the theme of architecture and city, showcasing the relationship between architecture and community, reflecting the changes in urban life, and presenting the process of urban revitalization in China. At the award ceremony of the photography competition, SOHO China also invited the head of Zaha Hadid Architects in China to share how Zaha views urban changes in China and appreciate the beauty of Chinese cities.



SOHO China's "Beautiful China" - photography exhibition of the beauty of Zaha architecture



Revitalising the countryside

SOHO China actively responds to the national call and helps rural revitalization by focusing on education support, cultural inheritance, and other means. In 2023, SOHO China has deepened the concept of "educating people with virtue and cultivating people with culture", by helping promote virtue education for students and using virtue education to help students pursue a better future life.

Case: Yang Zheng Kindergarten regards virtue education as the core of its education and strengthened teacher professional training

Yang Zheng Kindergarten, located in Shizui Village, Mapaoquan Town, Tianshui City, Gansu Province, was constructed with a donation of RMB30 million from the SOHO China Foundation. It was completed in January 2020. Yang Zheng Kindergarten is operated and managed by Beijing Jiayuyuan Education Management Group, and is committed to providing virtue-centered bilingual education for children. In 2023, the kindergarten launched 19 education courses, including activities with virtue theme, such as happiness, cleanliness, assistance, honesty, and courage etc.

In 2023, with focus on the professional development of teachers, Yang Zheng Kindergarten implemented a series of professional training programs of 11 times in total, covering key areas such as preschool primary school transition, children's development understanding, and curriculum innovation etc. By studying on children's cognitive, emotional, social, and physical development stages in depth, teachers can more accurately grasp the uniqueness of each child and effectively support their learning needs. In addition, teachers also received international multicultural art training programs during the summer, further promoting virtue education.



In August 2023, Yang Zheng Kindergarten organized the second graduation ceremony



Yang Zheng Kindergarten focusing on virtue education and enhancing training for teachers



Case: SOHO China continued to invest in Panjizhai School and to enhance students' scientific literacy

In 2023, SOHO China completed the renovation project of the Panjizhai School History Museum and continued to provide school uniforms for children. In order to inherit the history of the school, the Company included the past principals of Panjizhai School and their contributions to the school in the construction of the school history museum, encouraging students to learn their virtues, and cultivating students to be proud in the school and respect teachers. Yang Zheng Library, supported by SOHO China Foundation, partnered with Panjizhai School to set up an "AI Learning Classroom", where artificial intelligence learning classes were provided for students at Panjizhai School every month and experts from Silicon Valley were invited to give cutting-edge scientific technology lectures for such elementary school students. In 2023, the total expenditure for Panjizhai School was approximately RMB650,000.



The renovation of school history museum of Panjizhai School

Practicing public welfare

SOHO China actively shoulders its social responsibility in public welfare undertakings. We formulated the *SOHO China Community Investment Management Policy*, and provide feedback to society in various ways, making contribution to promoting social progress and development. Since its establishment in 2005, the SOHO China Foundation has also engaged in various public welfare activities. 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. SOHO China Foundation undergoes annual review and publishes its annual report on the website of Charity In China. In 2023, the SOHO China Foundation and SOHO China input a total of RMB5.44 million in the development of public welfare activities.

Major Donations of SOHO China Foundation and SOHO China Since Establishment

- Since 2005 • Subsidized the construction and education of the Panjizhai School in Tianshui, with a cumulative donation of more than RMB40 million.
- In 2007 • Donated RMB10 million to improve education in Huangnan Tibetan Autonomous Prefecture, Qinghai.
- In 2008 • Donated RMB12 million for earthquake rescue and post-disaster reconstruction in Wenchuan.
- 2008-2012 • The Children's Virtues Education Program donated nearly RMB10 million, benefiting more than 60,000 people.
- In 2013 • Donated RMB5 million for earthquake rescue and post-disaster reconstruction in Ya'an.
- Since 2014 • The SOHO China Scholarship Program has continued to support Chinese undergraduates studying at top international universities, with a total of 397 beneficiaries.
- 2016-2021 • 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 accumulatively.
- In 2020 • Donated RMB30 million for constructing Yang Zheng Kindergarten in Tianshui. Since then, subsidized the operation and management of Yang Zheng Kindergarten in Tianshui continuously, with an annual donation of over RMB4.5 million.
- In 2021 • Donated RMB10 million to the Red Cross Society of China, Zhengzhou Branch to purchase disaster relief materials and support reconstruction.
Donated RMB10 million to the Red Cross Society of Tianshui for pandemic control.
- In 2023 • Donated RMB20 million for constructing Yang Zheng Library, China's first zero carbon library; donated RMB4 million for building the "Bai Cao Garden" for Yang Zheng Kindergarten.

The Company also actively cultivates the volunteer spirit of employees, encourages employees' participation in multiple public welfare activities, and calls on society to participate together, to create the value of caring for and giving back to society.

Case: SOHO China recruited employee volunteers to assist in the "Low Carbon Lifestyle" activity

To hold the "Low Carbon Lifestyle" activity smoothly, SOHO China launched volunteer recruitment activities both within and out of the Company, ultimately recruiting a total of 30 volunteers to assist in knowledge dissemination, coordination of various activities, and other related work. Employees actively participated in volunteer activities, hoping to use their own efforts to let more people understand and practice low-carbon living.



SOHO China volunteers attending low-carbon knowledge dissemination

About this report

Introduction

This report is the 8th Environmental, Social and Governance (ESG) Report released by SOHO China Limited, and also the Company's third 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.

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.

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 2023. Note that some information may concern events in 2023 or prior to 2022 to make it more comparable and forward-looking.

Report Assurance

Assurance of Report TUV Nord China provides assurance and review for SOHO China's 2023 ESG report according to the Company's requirements.

The main purposes are as follows: 1) to examine the materiality, completeness and responsiveness of the report according to the report verification standards; 2) review the integrity and consistency of the economic, environmental and social performance indicators disclosed in the Report; 3) check the balance, comparability, accuracy, timeliness, clarity and reliability of the Report according to the principle of report quality control.

Basis of Preparation

This report was compiled with reference to Appendix C2 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 of the Global Sustainability Standards Board (GSSB) and the United Nations Sustainable Development Goals (UNSDGs).

Note on Names

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

Presentation Principles and Data Source

This report follows HKEX's four 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

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/index.htm> and SOHO China ESG website: <http://esg.sohochina.com/>

Index table of indicators

> 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.	P43-44
	A1.1	The type of emissions and respective emission data.	P45, 50, 52
	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).	P45
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P52
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	P52
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	P37-52
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.	P44, 52
	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.	P43
	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).	P50
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	P51
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	P37, 44
	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.	P37, 44, 51
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group is a non-production enterprise, so this indicator is not applicable.	

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.	P34, 44
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	P37-52
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	P37-42
	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.	P37-42
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.	P81-82
	B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	P83
	B1.2	Employee turnover rate by gender, age group and geographical region.	P84
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.	P98-99
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	P98, 102
	B2.2	Lost days due to work injury.	P102
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	P98-105
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	P91-92
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	P95
	B3.2	The average training hours completed per employee by gender and employee category.	P95

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.	P82
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	P82
	B4.2	Description of steps taken to eliminate such practices when discovered.	P82
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	P71-72, 76-77
	B5.1	Number of suppliers by geographical region.	P75
	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.	P72-74
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	P76-78
B6: Product Responsibility	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	P76-78
	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.	P59-65
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company is not involved in product manufacturing and processing, so this indicator is not applicable.
	B6.2	Number of products and service related complaints received and how they are dealt with.	P66-68
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	P17
B6.4	Description of quality assurance process and recall procedures.	The Company is a non-production enterprise, so this indicator is not applicable.	
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	P64-65	

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	P11, 14
	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
	B7.3	Description of anti-corruption training provided to directors and staff.	P16
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	P110, 119
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	P110, 117, 119
	B8.2	Resources contributed (e.g. money or time) to the focus area.	P110-120

> GRI Standards index

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	Intellectual property protection	
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Report Assurance Statement

Assurance Statement of Environmental, Social And Governance Report

TÜV NORD (Hangzhou) Co., Ltd. ('TÜV NORD' for short) has been commissioned by the management of SOHO China Limited ('SOHO China' for short) to carry out an independent assurance of 2023 Environmental, Social and Governmental Report ('ESG report' for short).

SOHO China is responsible for the collection, analysis, aggregation and presentation of information within the Report. TÜV NORD is responsible for conducting this work (report verification) 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 2023 ESG Report prepared by SOHO China, and SOHO China is responsible for the integrity and authenticity of the information and data contained in the report.

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 2023.
- Verified address: Chaowai SOHO, 11/F, Tower A, 6B Chaowai street, Chaoyang District, Beijing. The headquarter of SOHO China, we didn't visit other branches or sites.
- 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 2023 annual report, so the correctness of the financial data in the report is not in our assurance scope.

The assurance was done from **Feb. 29th, 2024** to **Mar. 1st, 2024**.

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 (HK-ESG) 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 TÜV NORD *Report Verification supplement procedure (SP-C-A015, Rev.00)*.

Verification conclusion

SOHO China 2023 ESG Report provide an appropriate and objective view of the sustainability & social programs and performances during 2023. The data in report is reliable and objective, TÜV NORD didn't find the system error or substantial error.

● Materiality

SOHO China commissioned an independent agency to conduct stakeholder survey, focusing on 28 topics such as "Product Liability and Safety", "Tenant Engagement and Satisfaction", and "Carbon Emission Management". The company disclosed important objective performance in the environmental, social, and governance fields in 2023. In response to the climate change issues of concern to stakeholders, the first 2023 SOHO China Climate Action Report (Climate-related Financial Disclosure) was released to disclose more action performance in the environmental field and timely respond to the expectations of investors and other stakeholders;

● Quantitative

The report uses "Data highlights: SOHO China in 2023" and other forms to disclose some key economic, 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 Results of risk audits, number of letters sent to suppliers, 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:

- Strengthen the online training data statistics to have a comprehensive understanding of the company's training progress;
- It is recommended to increase the collection of tenant samples in the stakeholder survey activities.

Special statement

This statement excluding:

- The activity beyond information reveal;
- The position, idea, faith, object, future developing direction, and promise which stated by SOHO China.

Statement of Independence and Competence

TÜV NORD Group is the world's leader certification authority in inspection, testing and verification, operating in more than 100 countries throughout the world and providing services which includes management systems and product certification; verification and



Assurance statement No. CN-202403-CSR-10

training of quality, environment, occupational health and safety management system certification, social responsibility; assurance of environmental, social responsibility, and sustainability report.

As one of the global branches of TÜV NORD Group, TÜV NORD (Hangzhou) Co., Ltd. affirms its' independence from SOHO China and confirms that there are 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 TÜV NORD was not involved in the report preparation process.

TÜV NORD (Hangzhou) Co., Ltd .

The team leader: Ms. Huang Li
Date :31.03.2024

The Authorized person: Mr. Song Haining
Date: 31.03.2024

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

Reader feedback

Thank you for reading SOHO China ESG Report 2023. 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:

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Fax: +86-10-65671064

Post code: 100020

Email: sohotline@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 this report fully reflects SOHO China's environmental, social and governance performance?

- Yes Basically No

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

- Yes Basically No

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

- Yes Basically No

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

- Yes Basically No

6. Do you think 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?

SOHO China Limited

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