



越秀房地產投資信託基金

YUEXIU REAL ESTATE INVESTMENT TRUST

(a Hong Kong collective investment scheme authorised under section 104 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong))

(Stock Code : 00405)



YUEXIU
REIT

2005-2023

VISION FOR

A STEADY FORTUNE

Environmental, Social and
Governance Report

2023



WUHAN



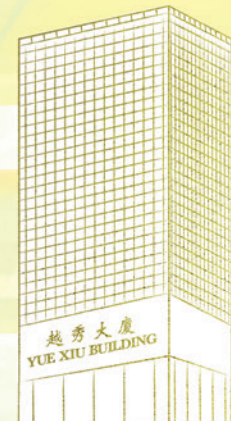
GUANGZHOU



HANGZHOU



SHANGHAI



HONG KONG

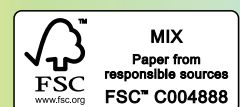
越秀大廈
YUE XIU BUILDING

18 YUEXIU
REIT
2005-2023



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SUSTAINABLE DEVELOPMENT REVIEW

Overall ESG Performance



MSCI ESG rating raised for the second consecutive year and upgraded to BBB



GRESB rating awarded Four Star for two consecutive years and awarded public disclosure Grade A rating (the highest rating) for three consecutive years



In the annual S&P Global Corporate Sustainability Assessment (CSA), the Trust scored 40, with continuous improvement in the scoring, surpassing 85% of the global peers (in the real estate industry)



Sustainalytics rated the Trust as Low Risk and has been included in the ESG Top Rated List (Real Estate Industry) in APAC for two consecutive years



The Best ESG (Social) Award at the 9th Investor Relations Awards issued by the Hong Kong Investor Relations Association



Top 10 ESG Development Performance of Commercial Real Estate Enterprises in 2023 by Guandian

SUSTAINABLE DEVELOPMENT REVIEW

Governance and Economic Achievements ¹**Gross income**RMB **2.087** billion**Net property income**RMB **1.475** billion**Total distribution**RMB **0.410** billion**Distribution per unit**HK\$ **0.0924****Distribution yield****7.33%****Property portfolio****10** properties located in
5 cities**Portfolio valuation**RMB **42.559** billion**Proportion of Independent Non-executive Directors of the Manager****50%****ESG training coverage rate for Directors****100%****Compliance and anti-corruption training coverage rate****100%****ESG risk management**Physical risk **quantification model****Proportion of female Director of the Manager****12.5%****Proportion of female employees**

- The Manager: **43.9%**
- Hotel and serviced apartments: **51.6%**

Proportion of female among employees at manager level and above

- The Manager: **41.2%**
- Hotel and serviced apartments: **50%**

Proportion of financing related to green and sustainability**50.3%****Asset appreciation investment for business and image enhancement**RMB **43.23** million

¹. Please refer to the 2023 Annual Report for the definition and calculation of each operating indicator.

SUSTAINABLE DEVELOPMENT REVIEW

Environmental Achievements

Green building certificate

- **Guangzhou International Finance Center (GZIFC):**

Completed the renewal of LEED V4.1 O+M Platinum Certificate, BOMA COE Certificate, and BOMA Global 360 Certificate; obtained Certificate of Green Building Design Label of China (One-Star) for the first time

- **Yuexiu Financial Tower:**

Completed the renewal of LEED V4.1 O+M Platinum Certification; certified by the Guangzhou Association of Building Economy Promotion as a “Zero-Carbon, Digital, Intelligent, Energy-Saving, And Carbon-Reducing 3-Star Building”

- **Wuhan Yuexiu Fortune Centre:**

Obtained the “Net Zero-Carbon Building Excellence Certification” for the first time jointly issued by BRE and TÜV Rheinland

The floor areas of the properties awarded LEED platinum certificate accounting for approximately 68.2%

GHG emission intensity

Scope 1 + Scope 2:

- Office buildings, retail malls, and wholesale mall: Decreased by **13.3%** compared to the base year
- Hotel and serviced apartments: Decreased by **13.6%** compared to the base year

Scope 3: Completed statistics for **3** categories

Power consumption intensity

- Office buildings, retail malls, and wholesale malls: Decreased by **8.4%** compared to the base year
- Hotel and serviced apartments: Decreased by **2.5%** compared to the base year

Water consumption intensity

- Office buildings, retail malls, and wholesale mall: Decreased by **9.1%** compared to the base year

Waste

- Hazardous waste: **100%** entrusted to professional third party for recycling and treatment
- Non-hazardous waste: Continuous promotion of waste sorting and paperless offices

Asset appreciation investment for energy conservation and carbon reduction

RMB **3.11** million

Digital energy consumption monitoring coverage rate 84.9%

Green convention coverage rate
Class A+ office buildings **100%**

Number of charging piles 150

Purchase of green electricity for the first time 50,000 kWh



SUSTAINABLE DEVELOPMENT REVIEW

Social Achievements

Customer satisfaction
99.9%

Four Seasons Hotel Guangzhou received the “Forbes Travel Guide Five-Star Hotel” award
For **9** consecutive years

Employee training coverage rate
100%

Average training hours of employees
58 hours

Asset appreciation investment in safety and security
RMB **8.11** million, among which the monitoring system upgrades and renovations accounted for approximately **70.6%**

Hours of engagement in public welfare activities
510 hours

Number of public welfare activities in M space of GZIFC
10

Fire drill coverage rate
100%

White Horse Building initiated clothing donation
RMB **0.549** million

Awarding object

Awards/honors

Awarding organization/institution

Yuexiu REIT

Top 10 Commercial Real Estate Investment Management Institutions

Guandian

GZIFC

Class A+ office building in Guangzhou (re-evaluation)

Guangzhou Association of Building Economy Promotion

Top 10 Most Dynamic Business Buildings in 2023

The organizing committee of the 7th China Building Economy Summit

Four Seasons Hotel Guangzhou

Five-Star Hotel

Forbes Travel Guide

Yuexiu Financial Tower

Super-A office building in Guangzhou (re-evaluation)

Guangzhou Association of Building Economy Promotion

Iconic building for property operation in 2023

The organizing committee of the 7th China Building Economy Summit

White Horse Building

Pilot market for standardization of intellectual property protection

Office of the Leadership Group for Intellectual Property in Yuexiu District, Guangzhou

Top 100 comprehensive markets in China's commodity market

Organizing committee of China Commodity Market Summit

Fashion Market of Chinese Commodity Market

Organizing committee of China Commodity Market Summit

ABOUT YUEXIU REAL ESTATE INVESTMENT TRUST

Yuexiu Real Estate Investment Trust (Yuexiu REIT, 00405.HK) was listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 21 December 2005, and it is the first listed real estate investment trust in the world which invests in real property in the mainland of People's Republic of China ("PRC").

Yuexiu REIT Asset Management Limited serves as the manager of Yuexiu REIT ("the Manager"). With extensive professional and practical experience in real estate investment, asset management and capital management, the Manager brings a long-term and steady flow of investment income to the unit-holders of Yuexiu REIT through actively managing its assets and expanding its operations. The Manager is committed to becoming a professional asset management institution with a focus on the commercial property market, continuing asset appreciation capability, commercial operation capability and capital management capability, to maintain a leading position in the industry.

PROPERTY PORTFOLIO

Yuexiu REIT focuses on office buildings, retail malls, clothing wholesale mall, hotel and serviced apartments. While using the properties for multiple purposes, the Manager implements active and prudent investment strategies to identify high-quality commercial projects and supporting resources in the core areas of domestic cities with high economic growth. By continuously improving the quality of tenants and the scale of assets, Yuexiu REIT will inject new growth momentum and bring sustained and stable returns to unit-holders.

As of 31 December 2023, Yuexiu REIT's portfolio of properties consisted of ten properties, namely, White Horse Building Units ("White Horse Building"), Fortune Plaza Units and certain Carpark Spaces ("Fortune Plaza"), City Development Plaza Units and certain Carpark Spaces ("City Development Plaza"), Victory Plaza Units ("Victory Plaza"), Guangzhou International Finance Center ("GZIFC") and Yuexiu Financial Tower ("Yuexiu Financial Tower"), located in Guangzhou; YueXiu Tower ("Shanghai Yue Xiu Tower"), located in Shanghai; Wuhan Yuexiu Fortune Centre, Starry Victory Shopping Centre and certain Carpark Spaces ("Wuhan Properties"), located in Wuhan; Hangzhou Victory Business Center Units and certain Carpark Spaces ("Hangzhou Victory"), located in Hangzhou; as well as 17th and 23rd Floors of Yue Xiu Building Units, located in Hong Kong ("17th and 23rd Floors of Hong Kong Yue Xiu Building"). The total gross floor area of the properties was approximately 1,184,156.5 m². For more information on property, please refer to Yuexiu REIT Annual Report 2023 Section "Property Portfolio" (Page 39). Please refer to Yuexiu REIT Annual Report for Property Valuation Report (Page 126).

During the reporting year, Yuexiu REIT transferred the leasing management and promotion service functions (collectively referred to as "Leasing Agents") of each property to Guangzhou Baima Business Operation Management Co., Ltd ("Baima BM"), Guangzhou Yuexiu Yicheng Business Operation Management Co., Ltd ("Yicheng BM") and Guangzhou IFC Business Management Co., Ltd ("GZ IFC Management"). The staff of the leasing agents are seasoned professionals who are dedicated to the market for lots of years, and equip with extensive experience in commercial property leasing, marketing and leasing management in the PRC. For more information on the leasing agents please refer to Yuexiu REIT Annual Report 2023 Section "The Leasing Agents" (Page 98).

To maintain good business momentum, stabilize existing customers and introduce new quality customers, the Manager plans to upgrade some of the properties annually. It is our aim and objective to maintain and improve the values of properties, create a solid foundation maximize leasing revenue and protect the rights and interests of our investors. More information on asset appreciation projects of 2023 please refer to the relevant chapters of this Report.

ABOUT THIS REPORT

OVERVIEW

The Report is the eighth independent Environmental, Social and Governance Report (“ESG Report” or the “Report”) of Yuexiu REIT, focusing on the disclosure of the Trust’s philosophy, significant measures and efficiency of ESG aspects in 2023. The annual update on the sustainable development performance under the major aspects of the Trust in 2023 (Environment, Economy/Market, Employment and Community) has been provided in the Report.

EXPLANATION FOR ABBREVIATIONS

To facilitate the preparation and reviewing of the Report, Yuexiu REIT and the Trust mean Yuexiu Real Estate Investment Trust. The Manager means Yuexiu REIT Asset Management Limited, who is responsible for managing Yuexiu REIT in accordance with the Trust Deed. Therefore, in the Report, the Company indicates Yuexiu Real Estate Investment Trust and Yuexiu REIT Asset Management Limited. Depending on the specific context, “We” refer to “Yuexiu Real Estate Investment Trust”, “Yuexiu REIT Asset Management Limited” and parties who have been delegated with functions. Unless otherwise specified, terms used in the Report shall have the same meanings as defined in the Yuexiu REIT Annual Report 2023 (“Annual Report”).

BASIS OF PREPARATION





Organization	Guideline, Criteria or Recommendation
The Stock Exchange of Hong Kong Limited (HKEX)	The Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) in Appendix C2 to the Main Board Listing Rules
The Global Reporting Initiative (GRI)	With reference to Sustainability Reporting Standards of the GRI (GRI Standards)
International Sustainability Standards Board (ISSB)	According to IFRS S2 Climate-related Disclosures (IFRS S2)



ABOUT THIS REPORT

REPORTING PRINCIPLES

This Report has been prepared in accordance with the four reporting principles of the ESG Reporting Guide.

Principle	Response
<p>Materiality</p> 	<p>The Manager employed a third-party professional organization to identify the latest ESG material issues by combining the business characteristics of the Trust and communicating with the stakeholders, and submitted the results to the Board of Directors of the Manager (“the Board”) for approval. Finally, the material ESG issues were determined as the basis for preparation of the ESG Report and responded through the ESG Report.</p>
<p>Quantitative</p> 	<p>Under the coordination of the Sustainability Working Group, we have disclosed quantitative ESG goals and established a data collection tool to record and monitor various environmental and social indicators, and established a data collection, data management and review mechanism. Where applicable, this report disclosed annual comparative data to let stakeholders know the ESG management progress of the Trust.</p>
<p>Balance</p> 	<p>The Report reported the ESG performance of the Trust without bias. Besides disclosing the progress, we also discussed the improvement space and plan on relevant issues.</p>
<p>Consistency</p> 	<p>To the extent reasonably practicable, the quantitative information in the Report was disclosed in a way consistent with that in the past, so that stakeholders can analyze and evaluate the performance of the Trust at different times. In case of changes in the scope of data collection, methods of data update or measurement (if any), a corresponding explanation will be attached for the report users’ reference.</p>



ABOUT THIS REPORT

SCOPE AND BOUNDARY OF THE REPORT

The Report covered all properties held by Yuexiu REIT from 1 January to 31 December 2023 (“this Year”, “the Reporting Year” or “the Reporting Period”).

To facilitate the recording, part of the content of the Report may be applicable beyond the above-mentioned period. The Report is prepared in RMB. The Report provides concentric ESG disclosure and it is recommended to read part of the content together with the Annual Report.

REVIEW AND APPROVAL

All the data used in the Report was obtained from the Manager, the Trust and controlled companies under it. The report was prepared by the Sustainability Working Group, reviewed by the Sustainability Steering Group and approved by the Board of the Manager.

DISCLAIMER

The Report contained forward-looking statements, including but not limited to the words or wording such as “will”, “expect”, “forecast”, “future”, “aims to”, “estimate”, “plan”, “believe”, “potential”, “continue to”, “continuously”, “goals”, “objectives” and “possible”. This part of content is based on current expectation, assumptions, estimates and prediction and may be significantly different from the actual results due to the impact of uncertainties. Yuexiu REIT does not assume the obligation to update any of the forward-looking statements in the Report, except for those required by applicable laws.

ACCESS AND RESPONSE TO THIS REPORT

We suggest to synchronously refer to the Annual Report 2023 of Yuexiu REIT and the sustainable development special column on its website when reading the Report so as to comprehensively understand our ESG concept, measures and performance.

The Report was made in both Chinese and English. Should any difference between both versions, the Chinese Version shall prevail. The electronic version of the Report has been uploaded to HKEXnews <https://www1.hkexnews.hk> and Yuexiu REIT’s website www.yuexiureit.com.

If you have any comments or suggestions on the ESG performance of Yuexiu REIT, please email to yxft.ir@yuexiureit.com.

CHAIRMAN'S MESSAGE

I am delighted to present you the 2023 ESG Report of Yuexiu REIT on behalf of the management team of the Manager.

LIN DELIANG

Chairman



2023 is a crucial year for the "14th Five-Year" Plan of China. In the new development pattern, we have seized opportunities, gathered strength, and took proactive management and robust operations as the cornerstone, to deliver sustainable returns for the holders of the Trust.

PROACTIVE MANAGEMENT AND MOVING FORWARD

During the Reporting Period, the Manager continued to create robust returns for the holders of the Trust by virtue of the "three-in-one" management pattern and the three major improvements in "operation + asset + finance". At the end of the Reporting Period, the valuation of the properties of the Trust reached approximately RMB42.559 billion. The annual gross income of the Trust was approximately RMB2.087 billion, a year-on-year increase of 11.4%. The net

CHAIRMAN'S MESSAGE

property income of the Trust was approximately RMB1.475 billion, a year-on-year increase of 8.8%. The total distribution for the reporting year was approximately RMB0.410 billion. The distribution per unit was approximately HK\$0.0924. Based on the closing price at the end of 2023, the distribution yield of 2023 was approximately 7.33%. We reported Yuexiu REIT's business review and financial review for the past year, and future prospects in Annual Report 2023.

PROMOTING THE DEEP INTEGRATION OF ESG AND BUSINESS MODELS

In 2023, global sustainable development issues and coping with climate change continued to become international consensus and new indicators of high-quality development, and green business was becoming a new engine for promoting economic development. The International Sustainable Standards Board (ISSB) officially released the IFRS Sustainability Disclosure Standards in mid year, opening a new chapter in sustainable information disclosure and attracting global attention. The Hong Kong Stock Exchange also released the Consultation Paper on Enhancement of Climate-related Disclosures under the Environmental, Social and Governance Framework, further strengthening the disclosure of climate issues. In December, the UN Climate Change Conference (COP28) reached the "UAE Consensus", marking the beginning of a new era of global climate action with new core goals.

Commercial real estate was entering a new model of "digital and technological, green and low-carbon, sharing and integration". We have always viewed ESG capacity building from a strategic perspective of cultivating core competitiveness, and integrated it with lean management to jointly build the long-term competitiveness of the enterprise. We have been highly concerned about our overall ESG performance. We have actively and proactively improved our management and efficiency around ESG standards, and effectively addressed climate change risks and opportunities. We have also disclosed ESG information through diversified channels to keep stakeholders informed of ESG progress.

Our ESG development effectiveness has always been recognized by mainstream rating agencies. Up to now, the MSCI ESG rating of the Trust has updated to "BBB", the second consecutive year of upgrades. The Global Real Estate Sustainability Benchmark (GRESB) has granted a green 4-Star rating for the second consecutive year and A-rating (highest level) of the public disclosure for the third consecutive year. Our ESG risk has been rated as "Low Risk" by Sustainalytics and continued to be included in the APAC ESG Top Rated List (Real Estate Industry). Our Global S&P Corporate Sustainability Assessment (CSA) has been raised to 40 points, surpassing 85% of the global peers in the real estate industry.

BETTER COPING WITH THE RISKS AND OPPORTUNITIES OF CLIMATE CHANGES

During the Reporting Period, we reviewed and updated climate scenario analysis tools in accordance with the Climate Risk Management Policy, further systematically and comprehensively sorting out the opportunities and challenges posed by climate change. We closely integrated climate factors with various businesses, prioritized risks and opportunities, evaluated the adaptability of our strategies and decisions to constantly changing environmental challenges, and comprehensively promoted new breakthroughs in green leasing, low-carbon consumption, green office, green procurement, green and sustainable finance and other processes. We also reviewed the progress of short-term (2025, stage goals), medium-term (2030, carbon emission peaking), and long-term (2060, carbon neutrality) climate goals, gradually promoting the zero-carbon transformation.

CHAIRMAN'S MESSAGE

In the face of the challenge of climate change, we are in the conviction that practical action and sustained efforts are the key to successful transformation. During the year, we refined the management rules related to energy and carbon, and set assessment targets linked to remuneration and performance. We continued to promote the breadth and depth of energy management platform applications, hoping to accelerate the achievement of our energy management goals through digital technology. At the GZIFC, we integrated the power monitoring system, remote meter reading system, cold source group control system, and air monitoring system into a unified energy management platform this year, achieving online and real-time energy consumption data management. Based on the unified data definition and standards of the energy management platform, we introduced digital twin technology to build digital assets and improve the basic capabilities of building digital and intelligent management. We invested a cumulative total of about RMB3.11 million throughout the year for asset appreciation related to energy conservation and carbon reduction. GZIFC purchased 50,000 kWh of green power for the first time this year, which is a key milestone in our promotion of renewable energy.

NEW ACHIEVEMENTS IN GREEN BUILDING AND GREEN FINANCE

We have continued to promote our properties to obtain certificates related to green building. In 2023, GZIFC completed the renewal of LEED V4.1 O+M Platinum Certificate, BOMA COE Certificate, and BOMA 360 Certificate. It also obtained Certificate of Green Building Design Label of China (One-Star) for the first time. Yuexiu Financial Tower completed the renewal of LEED V4.1 O+M Platinum Certificate and it was recognized by the Guangzhou Association of Building Economy Promotion as a "Zero-Carbon, Digital, Intelligent, Energy-Saving, and Carbon-Reducing 3-Star Building". Wuhan Yuexiu Fortune Centre obtained the "Net Zero-Carbon Building Excellence Certificate" jointly issued by BRE and TÜV Rheinland, becoming the first super high-rise building in Hubei Province to receive both LEED Platinum and Net-Zero Carbon certificates. The above achievements demonstrate our leading advantages in green and low-carbon management of super high-rise buildings.

In addition, we have continued to practice green and sustainable finance. Preceded by the first green loan in 2021 and the first sustainability-linked loan in 2022, the Trust signed a green loan with a total value of RMB4 billion in August 2023. As at the end of 2023, the proportion of financing related to green and sustainability increased to approximately 50.3%, providing greater capital strength for building a sustainable development ecosystem.

CREATING A VALUE CO-CREATION ECOSYSTEM AND MODEL

For many years, we have insisted on the principle of value co-creation in diverse scenarios oriented to partners, employees, tenants, and the general public. We have maintained communication and exchange with all stakeholders, safeguarded the legitimate rights and interests of employees, actively gave back to the society, and worked together to create a better life.

Promoting industry development

We actively organized and participated in various industry activities, and exchanged development progress and experience with each other. During the year, we continued to collaborate with professional institutions, industry associations, academic institutions, and other platforms and partners to speak for the industry and promote high-quality development of the same. As one of the founding members of the Hong Kong REITS Association Limited, we assisted the Association in successfully organizing the themed forum "ESG Promoting Hong Kong Real Estate Development" on 20 September, discussing the impact of ESG on the development of the real estate industry with industry experts and professional institutions. On 30 October, we also participated in the "Seminar on China Real Estate Existing Asset Revitalization and Public REITs Development Opportunities" organized by the China Real Estate Chamber of Commerce, the Professional Committee of Urban and Rural Development of Tsinghua Alumni Association, and the China Galaxy Securities, exchanging and sharing the practice and experience of Yuexiu Real Estate Investment Trust for 18 years after listed.

CHAIRMAN'S MESSAGE

Promoting green convention

Since 2019, we have continuously made green leasing one of our core competencies. On the basis of full coverage of the green convention for Super-A office buildings, we have signed the green convention with a wider range of office tenants and studied the development of a version suitable for retail business. During the year, our properties carried out activities such as "No Tobacco Day", "Earth Hour", and "Green Healthy Running", advocating for the integration of green and low-carbon practice into our daily life. We also continued to focus on "smart + healthy + community" to bring tenants better building experience.

Building green and efficient supply chain

We have continued to promote the standardization of supplier qualification management procedures, continuously optimized the supplier database, and clearly included ESG performance of suppliers in the evaluation standards for construction suppliers. We have promised to prioritize the purchase of products with environmental qualification certificate under equal conditions, and also called on tenants to practice environmentally friendly and green procurement through the "green convention". We are committed to reducing carbon emissions during transportation and give priority to sourcing local products and services under the same conditions.

Empowering employees to grow

We have effectively protected the legitimate rights and interests of employees, established a comprehensive talent team and training system, continuously enriched the top ten core asset management courses, and cultivated and reserved talents for the long-term development of the Trust. We have valued the physical and mental health of our employees, and created a fair and democratic workplace that is full of development opportunities and sense of satisfaction. We have valued employee feedback and continuously optimized employee experience through diverse communication methods and satisfaction surveys, so as to jointly promote the harmonious development of the Trust.

Giving back to community

We have actively fulfilled our responsibilities as a corporate citizen, proactively organized or provided venues for public welfare promotion, cared about vulnerable groups, and formed volunteer teams to participate in public welfare activities, making contributions to the development of the community.

PROSPECT

We will closely follow the national development plan, insist on robust and sustainable management strategies, and adhere to long-term principles. With a focus on improving our own asset operation capabilities, we will grasp opportunities for new consumption growth points under the "dual circulation", enhance risk resistance, achieve resilient growth, and continue to fulfill our determination and commitment to "pursuing excellence with endless efforts" to all stakeholders through practical actions.

On behalf of Yuexiu REIT, I would like to take this opportunity to once again sincerely thank our shareholders for their consistent care and support!

Lin Deliang
Chairman

STATEMENT OF THE BOARD

The Board, as the top decision-making level for ESG governance of the Trust, is responsible for approving ESG strategies and reports. This year, the ESG management events where the Board was involved mainly include: (1) review and approval of materiality evaluation results of ESG issues; (2) review and inspection of the Trust's short-, medium- and long-term sustainable development goals, policies and progresses; (3) supervision of management of climate-related risks and opportunities; (4) review and discussion about the Sustainability Steering Group's ESG-related working summaries; (5) approval of ESG-related information disclosures.

To implement the ESG management concept of the Trust, under the guidance of the Board, the Manager has established the Sustainability Steering Group at the management level to report to the Board on a regular basis, established the Sustainability Working Group and Sustainability Teams of Properties at the execution level. Each level works in accordance with established responsibilities. The Manager organizes and launches materiality issues evaluation yearly, develops short-, medium- and long-term sustainable development goals by combining the evaluation results and business characteristics, reviews the goal attainment progress yearly, and submits quarterly reports to the relevant board committee based on ESG working progress. Board committees review and discuss ESG-related reports and report to the Board in accordance with established responsibilities.

The Report has disclosed ESG-related information of the Trust for 2023 and has been approved by the Board.



SUSTAINABLE DEVELOPMENT MANAGEMENT

Taking Yuexiu Group’s “Way of Faith” enterprise culture of as the spiritual core, rooting belief, credit, trust, and confidence into our corporate governance and business operations, the Manager has continued to consolidate the sustainable development framework, work system and business procedures under the overall planning and leadership of the Board to promote the organic integration of ESG standards and business standards. Through a combination of top and bottom approach, we have put the concept of sustainable development into our daily work and firmly promoted our three major principles of sustainable development. In 2023, 100% of the Board members of the Manager received ESG topic training sessions.



Economy Win-Win Development

Offer tenants and customers outstanding services, provide a harmonious working environment for employees, provide constant and stable returns for unit-holders, create higher economic value for stakeholders

Environment Green Development

Implement green leasing, promote energy conservation and environmental protection operations, apply green energy conservation technologies, strive to become a green benchmark at the forefront of the industry, and take the path of green sustainable development

Society Inclusive Development

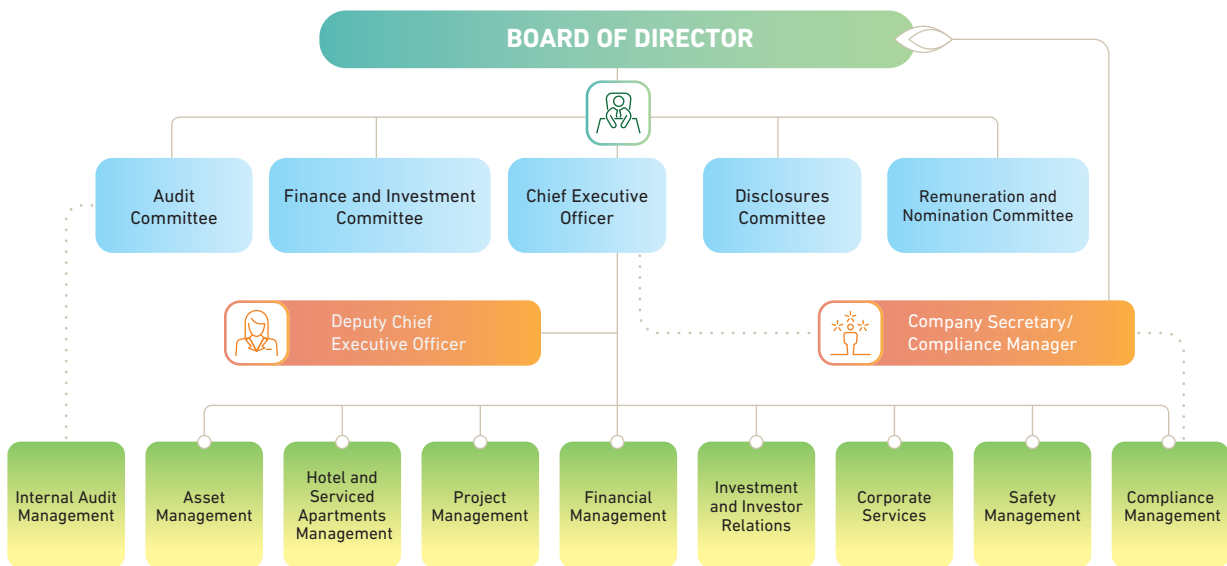
Engage with communities, concern about livelihoods, care for the underprivileged, take full advantage of our platforms and resources, along with sharing the values and achievements with society

SUSTAINABLE DEVELOPMENT MANAGEMENT



CORPORATE GOVERNANCE AND BUSINESS ETHICS

The Manager encourages the transparent operation of Yuexiu REIT, with internal audit and control to evaluate the performance of the Manager. The Manager has also adopted a Compliance Manual (“Compliance Manual”) for use in relation to the management and operation of Yuexiu REIT which includes key policies and procedures for maintaining a high standard of corporate governance. During the reporting year, the Manager has complied with the provisions of the Compliance Manual.



The Manager’s structure

Board Diversity

The Manager is fully aware that the diversity of board members is of great significance to the improvement of corporate governance, and ensures that the Board members have diverse background experience, appropriate knowledge. Following the requirements of the Corporate Governance Code, the Manager has formulated a board member diversity policy in the Compliance Manual. The Remuneration and Nominations Committee reviews the composition of the board and implementation of the diversity policy on a semi-annual basis.

When the Board selects member candidates, we not only comprehensively consider multiple factors, including but not limited to age, gender, culture, educational background, professional experience, skills, academic background, and service life, but also always insist on using talented people to maintain proper balance and diversification on the premise of ensuring the effective operation of the business of the Trust.

SUSTAINABLE DEVELOPMENT MANAGEMENT

At the end of the reporting period, the proportion of female director is 12.5%. The proportion of Independent Non-executive Directors is 50%, and their independence is confirmed in writing every year according to the standards set out in the Compliance Manual. For more information on corporate governance, please refer to the section “Corporate Governance” of Yuexiu REIT’s Annual Report 2023 (Page 100).

Structure of The Board



SUSTAINABLE DEVELOPMENT MANAGEMENT

Connected Party Transactions Management

The Manager has clearly defined Connected Party Transactions (“CPT”) management requirements in the Compliance Manual, developed and implements Related Lease Management Business Guidelines, and establishes a complete mechanism around CPT management, covering the establishment of connected parties information database, comprehensive identification of various CPT, and CPT contracts management, exemption limit monitoring, independent valuation, multi-level approval according to authority, regular reporting, information disclosure, independent inspection and special audit, etc., so as to ensure the compliance of CPT. Please refer to Page 113 of Annual Report 2023 for CPT Report.

Remuneration Policy

The Trust is managed by the Manager, who shall bear all fees and remuneration of the directors and senior executives of the Manager. The Remuneration and Nomination Committee of the Manager, chaired by an Independent Non-executive Director, reviews the terms and conditions of employment of all staff and directors annually and makes recommendations on manpower plans, remuneration and retirement policies and options. The Remuneration and Nomination Committee is also responsible for continuing to review the structure, size and composition of the Board and Board committees, and for nominating and recommending directors for appointment, re-election or removal. If the re-elected or replaced director is a member of the Remuneration and Nomination Committee, the director must withdraw from the discussion of the agenda. For duties, composition and meetings of the Remuneration and Nomination Committee, please refer to the section “Corporate Governance” of the Annual Report 2023 (Page 100).

CEO is responsible for the overall sustainable development of the Trust and reports the same to the Board of Directors, and CEO’s remuneration is linked to the effectiveness of sustainable development management. CEO also serves as the first person in charge of safety management that is directly linked to his performance. The performance indicators related to sustainable development within the functional scope of the heads of each department of the Manager is linked to their performance. The Manager also regularly assesses and supervises the implementation of the Trust’s policies on the sustainable development and the performances of hotel and serviced apartments and front-line operators, which are important references for their performance assessment.

SUSTAINABLE DEVELOPMENT MANAGEMENT


ANTI-CORRUPTION AND ANTI-COMMERCIAL BRIBERY

Issue connotation: attach great importance to business ethics construction and management, abide by integrity standards, strengthen internal supervision regarding anti-corruption and anti-commercial bribery, prevent corruption and bribery at various stages, establish an integrity corporate culture.

Concept

We are committed to improving the transparency, independence and accountability while attaching importance to the compliance and fairness and strictly complying with the relevant laws and regulations. A series of internal anti-corruption rules and regulations have been formulated to ensure the transparent assets, standard management, and reasonable expenditures, with the anti-corruption and anti-bribery set as the bottom line of behaviors. We have established an internal supervision and management system on anti-corruption and anti-commercial bribery. All kinds of violation of rules, disciplinary offence and illegal activities are under strict supervision and handled strictly. Internal rules and regulations, training, and supervision mechanism on anti-corruption and anti-commercial bribery cover directors, employees (full-time/internship), front-line operators, and various outsourcing service providers. The Manager emphasizes the integrity management of supply chains. We have “zero tolerance” for any suppliers who violate the agreement.

Target and Progress

Target	Carry out annual trainings with anti-corruption and anti-commercial bribery as the theme, covering 100% of departments of the Manager, hotel and serviced apartments and front-line operators	
Annual progress	Achieved	

Management Practices

Mechanism and Operation

The Manager continuously improved various rules and regulations in order to ensure that all branches of the Company abide by business ethics and consolidate non-corrupt corporate culture through prevention, supervision, and reward and punishment measures. On the basis of the compliance management system documents such as Guideline on Anti-money Laundering, Measures for Risk Preference Management, and Implementation Measures for Internal Audit, the Manager closely monitors and controls various compliance risks, resolutely puts an end to corruption, and has established a supervision and reporting mechanism. The Manager has also established the procedure for dealing with conflicts of interest, which all directors and employees must strictly follow.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Independent Supervision and Whistleblower Protection

The Manager reviews formulated anti-corruption and anti-commercial bribery policies and improves system contents every year to broaden the jurisdiction of the system, and has established and maintained an independent supervision mechanism. The Manager has formulated reporting policies in the Compliance Manual and established a variety of reporting channel to receive various complaints and always keep the source and whistleblower information strictly confidential to ensure that whistleblowers can be protected by law and away from interference. For complaints received, violations/internal control defects found in the inspections/audits, the Manager upholds the principle of impartiality and objectivity, and instructs relevant departments, the hotel and serviced apartments or front-line operators to follow up timely according to the investigation results, formulates rectification/optimization plans and implements them. Any violation of law, discipline or business ethics will be reported and investigated according to the established mechanism.

Area of Specialization

Mechanism and Operation

COMPLIANCE MANAGEMENT



- The Compliance Management Department is responsible for compliance management functions, headed by the Company Secretary/Compliance Manager, and submits semi-annual reports to the Audit Committee and the Board of Directors.
- The compliance management colleagues independently or simultaneously hold professional Certificates of Lawyer (Hong Kong, Chinese mainland), Corporate Counsel (China), Certified Public Accountant (CPA) and Tax Accountant.
- According to the Compliance Manual, the Compliance Management Department carries out compliance inspection on the front-line operators every quarter, covering 100% of the properties of the Trust, and requires all departments of the Manager to carry out compliance self-evaluation and submit reports on a semiannual basis.
- Based on actual requirements, the Compliance Management Department organizes various compliance training sessions for the departments of the Manager, the hotel and serviced apartments and front-line operators from time to time, and holds compliance knowledge tests.
- The Manager has set up a special hotline, e-mail box, mailbox and fax for reporting both inside and outside, and assigns dedicated personnel to manage them.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Area of Specialization

Mechanism and Operation

INTERNAL MONITORING



- The Internal Audit Management Department is responsible for risk management and internal monitoring functions, and reports directly to the Audit Committee with independence.
- The internal auditors independently or simultaneously hold professional Certificates of Lawyer (Chinese mainland), Corporate Counsel (China), Certified Public Accountant (CPA), Accountant and Tax Accountant, and participate in continuing education every year to ensure professional competence.
- According to Implementation Measures for Internal Audit, the Internal Audit Management Department conducts internal control assessments/ special audits on the departments of the Manager, the hotel and serviced apartments and front-line operators irregularly every year. The Internal Audit Management Department can accept all kinds of reporting information and always keep the source and whistleblower information strictly confidential to ensure that whistleblowers can be protected by law and away from interference.
- The Manager aims that internal audit shall cover the departments of the Manager, the hotel and serviced apartments and front-line operators at least once in every five years. During the period from 2019 to 2023 (5 years), the internal audit working scope has covered the Manager’s departments, the hotel and serviced apartments and front-line operators, and the coverage has met the goal. 100% of audit recommendations were accepted and implemented.

EXTERNAL AUDIT AND SUPERVISION



- According to the Listing Rules, the Manager hires an independent auditor to review the interim financial statements of the Trust and audits the annual financial statements of the Trust on an annual basis. Please refer to Yuexiu REIT’s Annual Report 2023 for the Independent Auditor’s Report (Page 199).
- The Manager’s management of Yuexiu REIT is supervised by the Trustee. Please refer to Yuexiu REIT’s Annual Report 2023 for Report of the Trustee (Page 88).

SUSTAINABLE DEVELOPMENT MANAGEMENT

During the reporting period, the Manager neither identified nor confirmed any commercial bribery case. There were also no legal proceedings as a result of commercial bribery against the Manager or its employees.

Business Ethics Construction

The Manager requires employees to make commitments to integrity, organizes business ethics training every year, and requests the hotel and serviced apartments and front-line operators to effectively promote employee commitment to integrity and to propagandize and train integrity. The Manager would carry out special supervision from time to time to prevent the occurrence of events that damage the overall image of the Trust. During the year, the Manager, the hotel and serviced apartments and front-line operators conducted a total of about 1,305 hours and accumulative 1,227 person-times of anti-corruption and anti-commercial bribery training, covering 100% of directors, management and employees.

Anti-bribery of Suppliers

We attach great importance to the integrity management of supply chains and all suppliers are required to comply with our supplier management policy. We carry out a comprehensive investigation on all companies newly included into the supplier database in terms of reputation, service reputation, qualifications, and compliance records and those found to have any illegal or disciplinary records will be eliminated by "one-vote veto". We evaluate the suppliers with cooperation records at least once a year to ensure their persistent compliance with our requirements for supplier management. The Trust mainly invests in property investment, and the investments in engineering are mainly property asset appreciation projects. For property integrity management in property asset appreciation projects, the Manager has taken multiple measures to prevent corruption risks in the process of bid invitation and procurement:

- ① As stipulated in the bid invitation documents, the bidders are required to sign and submit the Bidding Statement to ensure that there is no act of bidding collusion with other companies, and undertake not to transfer the bidding qualification and not to bribe the bid issuer or members of the bid evaluation committee, otherwise, they will be held legally responsible for such acts.
- ② In the process of bid evaluation, employees are randomly selected as integrity supervisors to supervise and confirm the whole process of bid evaluation. The judges evaluate and confirm bidders in a written form in strict accordance with the evaluation criteria.
- ③ When signing the contract, the counterpart of the contract is required to sign the Integrity Agreement with the Company, and undertake not to provide kickbacks, charges, commissions, referral fees, etc. to the employees of the Company to obtain any business opportunities.
- ④ After the contract is signed, the Internal Audit Management Department would carry out special audits of bid invitation and procurement from time to time for independent supervision.

During the reporting year, the Manager did not identify or know any confirmed incidents or proceedings related to supplier anti-corruption and anti-bribery.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Anti-Money Laundering

We have established an anti-money laundering mechanism. For leasing business, we carry out customer identification and verification based on customer identification rules. A leasing management system has been established to register and maintain the business information and basic identity information of customers and their agents. The copies or photocopies of relevant persons' valid identity documents or other identity documents are properly kept. We have also included "anti-money laundering clauses" in the leasing contract, requiring tenants to declare that the sources of all funds submitted to the Company are legal and undertake that the identity information submitted for filing is true and reliable. For the hotel and serviced apartments, customers are required to register their identity information in accordance with relevant laws and regulations before check-in. For investment and financing affairs, the Manager entrusts lawyers or qualified professionals to conduct due diligence to ensure the legality and compliance of relevant economic activities. Meanwhile, the Manager submits anti-money laundering-related questionnaires and materials as required by financial institutions. During the reporting year, the Manager did not identify or know any confirmed anti-money laundering related incidents or proceedings.


INTELLECTUAL PROPERTY RIGHTS PROTECTION

Issue connotation: abide by laws and regulations regarding intellectual property rights, improve management methods and measures for intellectual property rights protection, attach great importance to our own intellectual property rights and enhance the management and promotion and implementation of intellectual property rights protection, avoiding infringement of intellectual property rights of others.

Concept

We respect intellectual property rights, regarding trademarks, brands and other intellectual property rights as important assets, prohibiting all employees from copying or disseminating any unauthorized copyright materials in order to avoid encroaching on the rights of copyright owners. If any infringement of intellectual property rights is found, we will take remedial measures as soon as possible, including withdrawing relevant materials or making compensation.

Target and Progress

Target	Continuously carry out publicity and training on intellectual property rights	
Annual progress	Achieved	

SUSTAINABLE DEVELOPMENT MANAGEMENT

Management Practices

The intellectual property rights of the Trust are collectively managed by Asset Management Department. We hope to spread the concept of respecting intellectual property rights to all sectors of society while doing well in the management of our own intellectual property rights. During the reporting period, the Manager neither identified nor became aware of any confirmed events or litigations regarding infringement of intellectual property rights that are related to the Trust or Manager.

The White Horse Building under the Trust is a clothes wholesale mall, whose tenants involve a wide range of brands, and we create and promote an original atmosphere in the mall through various channels, calling on and monitoring tenants and the public to use practical actions to protect the various types of intellectual property involved in business activities. The practical measures taken during the year mainly include:

- (1) inviting government sectors and intellectual property experts to train employees and tenants. During the year, we invited the market supervision office to carry out consumer rights protection training for five times in total, and organized a total of two training sessions themed by intellectual property rights, aimed at improving employees' professional ability and raising merchants' legal awareness;
- (2) working with the Credit Office, the Market Supervision Bureau and the Bureau of Commerce of Yuexiu District, Guangzhou City, Yuexiu Customs and other governments and units to propagandize the credibility culture in the Lihua Business District;
- (3) having certified 157 merchants as "original brands" during the year, conducting strict reviews to ensure that the standards for original work were met, and giving certain supporting resources to such original brands;
- (4) strengthening the on-site display and propaganda of the promotional materials and posters related to intellectual property rights to create an atmosphere of intellectual property protection.

CASE



The White Horse Building was honored as the "Pilot Market for Standardized Protection of Intellectual Property Rights"

In order to comprehensively strengthen the promotion and education of intellectual property protection, further promote the construction of intellectual property culture centered around "Respecting Knowledge, Advocating Innovation, Being Honest and Law-abiding, and Fair Competition", create a good atmosphere for intellectual property protection, the office of the Intellectual Property Leading Group of Yuexiu District, Guangzhou City carried out the special propaganda event themed by "World Intellectual Property Day" of 2023 on 25 April. At the event, the White Horse Building was honored as the "Pilot Market for Standardized Protection of Intellectual Property Rights", highlighting the White Horse Building's achievement in and contribution to the intellectual property protection.



Awarding Photo

SUSTAINABLE DEVELOPMENT MANAGEMENT


ANTI-UNFAIR COMPETITION

Issue connotation: carry out business activities with integrity and fairness, actively identify the potential unfair competition risks and formulate control measures.

Concept

We are well aware that healthy competition not only can improve efficiency and promote innovation, but also enhance service quality and thus better customer experience. We advocate that all business activities shall be conducted in good faith and fairness to gain the trust of business partners, tenants, investors, and the public.

Target and Progress

Target	Review the controls over procurement process on a yearly basis	
Annual progress	Achieved	

Management Practices

We strictly abide by Competition Ordinance, The Law of the People's Republic of China Against Unfair Competition and other laws and regulations, prohibit unfair competitive behaviors, advocate fair competition and compliance development, actively identify risks in the competition routine and formulate control measures. We include bidding and tendering regulations clearly in the internal system, define the standards and procedures for bidding, and independently review the procurement management process annually to strengthen the preventive management of unfair competition. During the reporting year, the Manager neither identified nor became aware of any incidents of non-compliance with laws and regulations relating to unfair competition.

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management is the key for the Trust to achieve strategic objectives. In order to maintain sound and more effective business operation and sustained business growth, the Manager establishes a systematic risk governance framework, including the governance structure, management processes, and control measures. The Manager's risk management strategies emphasize identifying business-related risks prospectively and reinforcing prevention and control to avoid potential negative impacts. This ensures the timeliness of risk treatment, implementation of management responsibilities and risk monitoring, seizing the opportunities from the corresponding risks, thereby optimizing the business operations.

SUSTAINABLE DEVELOPMENT MANAGEMENT

RISK MANAGEMENT

Three Lines of Defense

The Manager follows the Enterprise Risk Management (ERM) with three lines of defense, and has implemented the Measures of Risk Preference Management. A risk ledger and a key risk indicator system involving various aspects of the operation of the Trust have been further established. During the reporting period, the mechanisms of active risk management, risk monitoring and reporting, and independent risk supervision were effectively operated, and no material risk events occurred.

Line of Defense of Risk

Major Duties



First line of defense

Departments of the Manager, hotel and serviced apartments and front-line operators



- Proactively manage, monitor and report risk events and indicators quarterly in accordance with responsibilities.
- Major risk categories are covered, such as revenue risk, interest rate risk, exchange rate risk, liquidity risk, reputation risk, compliance risk, human resource risk, work safety risk, and information security risk. Potential risks and opportunities from climate risk across key sectors are within their scope of interest.

Second line of defense

Risk management



- Develop and maintain the risk indicator system, integrate the climate risk to risk management framework, set the monitoring threshold based on the annual business plan, calculate and monitor the indicator results every quarter, and check the validity of the threshold every half year.
- Collect, summarize, and monitor all kinds of risk events by means of information technology, analyze the correlation among all kinds of risks utilizing scenario testing and risk mapping, and continuously evaluate the possibility and impact of all kinds of risks.
- Regularly monitor and improve the risk management plans and review risk management and mitigation measures.
- Submit quarterly risk management reports to the Audit Committee that is responsible for controlling the overall risk management and the Board meets once or more quarterly (if necessary) to review whether the risk reports and internal controls implemented by the main procedures of the Trust are implemented in place.

Third line of defense

Internal audit



- Develop the annual risk-oriented internal audit plan at the beginning of every year and submit it to the Audit Committee for approval.
- Independently carry out the work according to the plan, including process internal control evaluation and special audit, identify various management defects, and put forward/follow up corresponding rectification/optimization suggestions.
- Submit internal working report to the Audit Committee on a semi-annual basis.



SUSTAINABLE DEVELOPMENT MANAGEMENT


ESG RISK MANAGEMENT

Issue connotation: systematically integrate environmental, social and governance elements into risk management system to identify, assess and respond to potential risks and opportunities related to sustainable development to protect long-term corporate value and social responsibility.

Concept

We are well aware that ESG risks are an important part of risk management. We advocate and are committed to integrate the ESG elements into the risk management framework system, formulate risk response measures and promote ESG risk and opportunity management capability.

Target and Progress

Target	Review the ESG framework, policy and targets annually	
Annual progress	Achieved	

Management Practices

The Manager has developed the Climate Risk Management Policy, which clearly integrates ESG risks into the risk management system and includes them in the Compliance Manual. The measures for ESG risk management mainly include:

- Take into consideration of ESG related risks in performing risk management procedures, and ensure appropriate steps are adopted to identify, assess, manage and monitor related and significant ESG risks;
- Adopt appropriate tools and indicators to assess and quantify ESG related risks;
- Assess the relevance and practicability of scenario analysis when reviewing the resistance of the investment strategy under different paths against climate related risk;
- Adopt reasonable steps to identify the Green House Gas (“GHG”) emission by scope 1, 2 and 3 (if feasible) of our properties, and define its calculation method and related assumptions.

SUSTAINABLE DEVELOPMENT GOVERNANCE

We firmly believe that sound sustainable development governance is the cornerstone of realizing the sustainable development goals of the Trust, and actively promote the organic integration of ESG concepts and standards into all aspects of business. We have established a four-level sustainable development governance structure that includes the Manager, hotel and serviced apartments, and front-line operators. Under such a structure, the Board actively participates in ESG matters. Each level of governance defines the scope, process and priorities, summarizes the experience in actual operation and makes continuous improvement, so as to achieve the normal management of sustainable development with a structure featuring well-stated rights and responsibilities. During the reporting period, the Manager maintained the efficient operation of the sustainable development management structure at all levels.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Level	Composition	Responsibilities
Board and Board Committees	Executive Directors, Non-executive Directors, and Independent Non-executive Directors	<ul style="list-style-type: none"> • Lead ESG strategy and reporting and supervise ESG work progress. Each Board Committee is responsible for the discussion of ESG related issues according to their scope of responsibility
Sustainability Steering Group	Group Leader: Mr. LIN Deliang (CEO) Members: Ms. OU Haijing (Deputy CEO) and Mr. KWAN Chi Fai (CFO)	<ul style="list-style-type: none"> • Formulate overall concepts, strategies and objectives for sustainable development • Deploy various resources to support sustainable development • Submit work reports to the Board and Board Committees • Follow up/Implement other matters decided by the Board
Sustainability Working Group	Ms. OU Haijing (Deputy CEO) serves as the Group Leader. The coordination is performed by the Investment and Investor Relations Department. The head of each department participates in the discussion, and carries out the relevant work according to the scope of responsibilities.	<ul style="list-style-type: none"> • Study and implement sustainable development management policies • Assess and report the status of sustainable development • Work out short-, medium- and long-term sustainable development work plans • Supervise the progress of sustainable development work • Submit work reports to the Sustainability Steering Group • Follow up/implement other matters decided by the Sustainability Steering Group
Sustainability Teams of Properties	Employees of the Manager, employees of the hotel and serviced apartments, and front-line operators	<ul style="list-style-type: none"> • Conduct daily management and statistics of the corresponding environmental and social indicators of the properties • Implement sustainable development policies and plans • Periodically report the corresponding indicators • Put forward improvement suggestions on daily management • Corporate with other work of the Sustainability Working Group

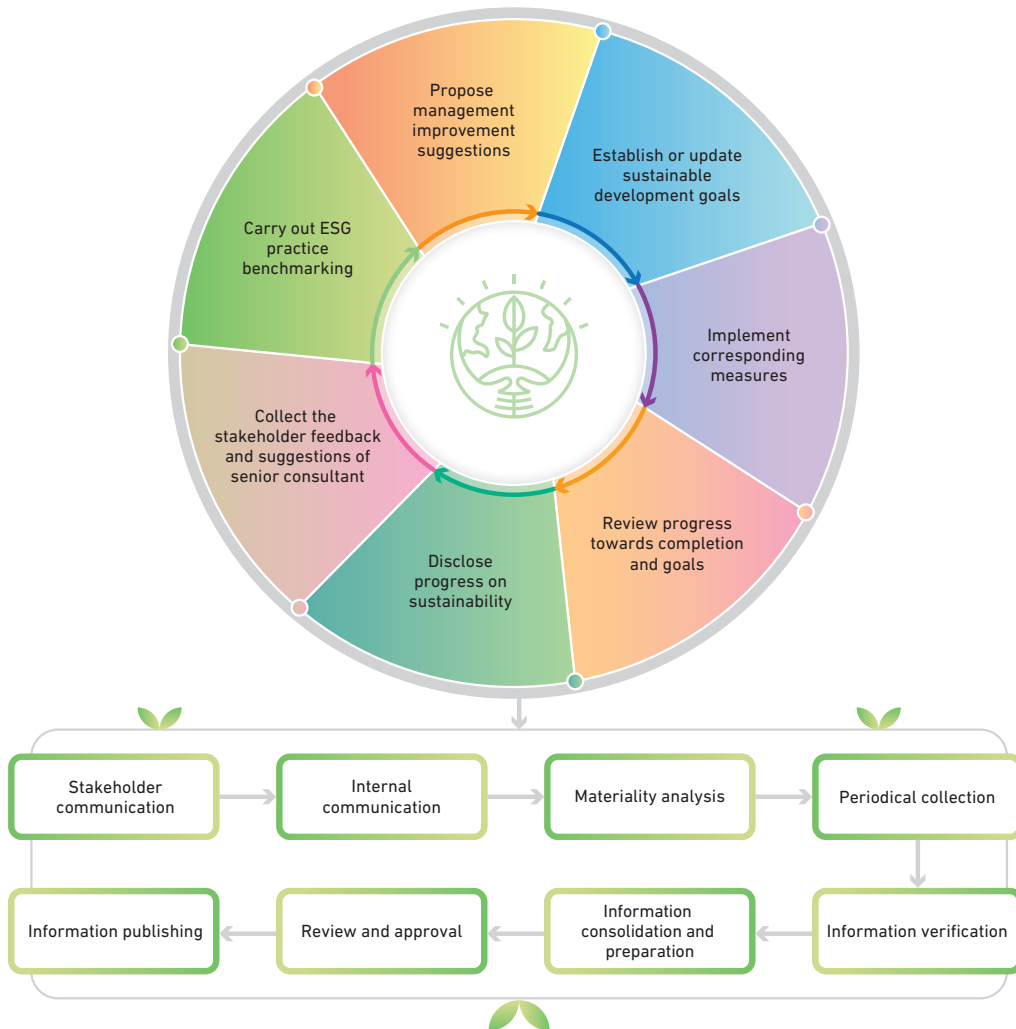
SUSTAINABLE DEVELOPMENT MANAGEMENT

SUSTAINABLE DEVELOPMENT PHILOSOPHY

Adhering to the concept of “Creating Sustainable Value” and following the cycle of P (plan), D (do), C (check), A (action), we constantly review our sustainable development performance and continuously consolidate the management of each stage of ESG, in a bid to create greater ESG benefits for stakeholders.

Through regular communication with stakeholders, peer benchmarking analysis, development goal planning and putting forward improvement suggestions, we integrate the ESG concept with existing business model and management mechanism. In addition, we publish independent ESG report annually, actively respond to the expectations of stakeholders, comprehensively present the annual sustainable development performance of the Trust.

In the investment assessment, we include the ESG elements and sustainable development performance (including green building certification, energy management, building safety, etc.) in the scope of assessment of investment in the potential target, to identify major climate-related risks, and comprehensively assess the ability of the property to resist and adapt to the climate-related risks and opportunities. In our asset appreciation project planning, we take ESG factors into consideration and systematically improve the energy conservation and carbon reduction performance, safety assurance level, product competitiveness and external image of our properties. The Trust did not acquire any new properties this year, and a total of RMB54.45 million was invested in asset appreciation projects. For the green building certification and performance in the property portfolio of the Trust, please refer to the “Green Leasing” section of this report.



SUSTAINABLE DEVELOPMENT MANAGEMENT

SUSTAINABLE DEVELOPMENT GOALS

With reference to the UN Sustainable Development Goals (SDGs), the Paris Agreement and China's Carbon Reduction Goal and Action Plan during the 14th Five-Year Plan, we have adopted comprehensive and feasible measures step by step oriented towards the short-, medium- and long-term sustainable development goals in the combination of the materiality issues of the Trust.

Scope: ▲ Governance/Economy ▲ Environment ▲ Society

Material Issues	Sustainable Development Goals (Towards 2030)	Progress in 2023
Anti-corruption and Anti-bribery	Carry out anti-corruption and anti-bribery training every year completely covering departments of the Manager, the hotel and serviced apartments and front-line operators	✓
ESG Risk Management	Review the overall ESG framework, policies, and goals every year	✓
Stable Value Creation	Review the risk management framework, policies, and goals every year	✓
Anti-unfair Competition	Review the procurement control every year	✓
Intellectual Property Rights Protection	Continuously carry out publicity and training related to intellectual property rights protection	✓
Energy Management	① Based on 2019, reduce power intensity ² by 13.5% by 2025	In progress
	② Complete the formulation of 2030 energy conservation goals and action plans by 2025	In progress
Water Resources Management	① Based on 2019, reduce water intensity ³ by 10% by 2025	In progress
	② Complete the formulation of 2030 water conservation goals and action plans by 2025	In progress
Addressing Climate Change	① Based on 2019, reduce GHG emission intensity ⁴ by 13.5% by 2025	In progress
	② Complete the formulation of GHG reduction targets and action plans for 2030 by 2025	In progress



² The power consumption intensity of the purchased power grid in the public areas of the property and the operation of the hotel and serviced apartments, calculated by unit area or room night.

³ The water consumption intensity in the public area of the property and the operation of the hotel and serviced apartments, calculated by unit area or room night.

⁴ Including Scope 1 and Scope 2, calculated by unit building area or room night.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Scope: ▲ Governance/Economy ▲ Environment ▲ Society

Material Issues	Sustainable Development Goals (Towards 2030)	Progress in 2023
Waste Management	① Adhere to the promotion of paperless office, promote the reduction of waste ⁵ from daily operation. Complete the formulation of waste reduction goals and action plans for 2030 by 2025	In progress
	② Continuously carry out garbage classification every year and entrust a qualified third party to deal with 100% of hazardous waste	✓
Green Leasing	① Continuously promote green conventions and advocate green office	✓
	② Continuously promote green building certification/selection and increase the proportion of green building certification	✓
Biodiversity	Incorporate biodiversity into the scope of interests of public service/publicity campaigns every year	✓
Sustainable Consumption	Continuously call on tenants and customers to reduce the use of disposable items every year	✓
Employee Development and Training	① Every employee receives at least 36 hours of training every year	✓
	② Provide training for 100% of new employees	✓
Employees Attraction and Retention	① Annual employee performance appraisal and performance communication	✓
	② Keep in touch with schools and provide internship positions every year	✓
Employee Rights and Communication	① Enter into a written labor contract with 100% of employees	✓
	② Purchase social insurance for 100% of employees	✓
	③ Organize employee satisfaction survey every year	✓
Employee Safety and Health	① No confirmed work-related death every year	✓
	② Provide annual health check for employees	✓



⁵ Waste generated from asset appreciation projects is excluded.

SUSTAINABLE DEVELOPMENT MANAGEMENT

Scope: ▲ Governance/Economy ▲ Environment ▲ Society

Material Issues	Sustainable Development Goals (Towards 2030)	Progress in 2023
Diversity and Inclusion	Review the diversity policy and progress every year	✓
Social Welfare	① Stay connected to communities and provide venues for all kinds of charity activities every year	✓
	② Stay connected to the labor unions and continuously strengthen the volunteer team building	✓
Information Security Protection	Review information security management and control mechanism every year	✓
Property Safety and Health	① Organize at least one fire drill every six months, covering 100% of the properties of the Trust	✓
	② Rectify equipment and facilities safety hazards comprehensively every year	✓
Value Chain Social Responsibility	Evaluate and review 100% of suppliers every year	✓
Service Quality	The overall customer satisfaction of annual third-party survey shall be no less than 90% ⁶	✓
Customer Complaint	Respond to 100% of customer complaints every year	✓
Responsible Marketing	Continuously carry out publicity and training on consumer protection to protect the legitimate rights and interests of consumers	✓
Industry Development	Continuously carry out tenant empowerment activities. Promote industry development through continuous participation in professional forums and industry associations	✓



⁶ Refers to comprehensive satisfaction, applicable to office buildings, wholesale mall and retail malls.

SUSTAINABLE DEVELOPMENT MANAGEMENT

SUSTAINABLE DEVELOPMENT POLICIES

By reference to international and local guidelines and standards on sustainable development and centering on multiple scopes, we established sustainable development policies and mechanism to regulate and guide the sustainable development management of the Manager and the front-line operators.



Compliance Manual

The Manager has incorporated ESG management requirements into the Compliance Manual, specifying the contents such as allocation of ESG management responsibilities, risk management covering ESG risks, ESG disclosure.



Board Member Diversity Policy

The composition of the Manager's Board needs to meet the requirements for diversity and balance, ensuring that board members are broadly representative in terms of age, gender, culture, educational background, professional experience, skills, and service life.



Climate Risk Management Policy

Clarify the climate risk management and governance framework and division of duties, integration of ESG elements into investment management and risk process, climate risk management process and indicators. For details, please refer to the "Addressing Climate Change" of this report.



Policy/Guideline

The Manager, the hotel and serviced apartments and front-line operators formulate various policies related to the sustainable development, covering major aspects of ESG. We continuously review the application of policies and systems to ensure that specific system content is practical and efficient. For details, please refer to the section "Policy List" of this report.

SUSTAINABLE DEVELOPMENT MANAGEMENT

GREEN AND SUSTAINABLE FINANCE

Concept

We bring into full play our comprehensive advantages in asset management and capital operation, and are committed to building a greener and sustainable financial ecosystem. On the one hand, with excellent ESG performance, we enhance our competitiveness and credibility in the capital market, reduce financing costs, and bring both economic and environmental benefits to the Trust. On the other hand, we take green finance as the starting point to promote asset operation optimization, and enhance the green content and operational efficiency of assets. We accelerate the innovation and upgrading of products and services through the opportunities of green capital, and strive to achieve high-quality asset appreciation.

Green and Sustainable Financing Catalogues as of the End of 2023

Type	Year of Signing	Summary	Usage
Green loan	2021	The first green loan of HKD4.8 billion	Acquisition of Yuexiu Financial Tower
Sustainability-linked loan	2022	The first sustainability-linked loan of HKD3.8 billion: the KPIs of sustainability include reduction of GHG emission intensity, increase in proportion of green building in asset portfolio, improvement of mainstream ESG rating	Refinance
Green loan	2023	The green loan of RMB4 billion	Financing replacement



By the end of this year, the proportion of green and sustainability related financing in the financing portfolio of the Trust has increased to

50.3% (2022: 38.5%)

SUSTAINABLE DEVELOPMENT MANAGEMENT

ESG RATINGS



MSCI ESG Rating⁷

According to the rating review results released on 27 February 2024, the Trust's MSCI ESG rating was upgraded to "BBB" rating.



Global Real Estate Sustainability Benchmark (GRESB)

- Awarded Green "Four Star" Rating for the second consecutive year
- Awarded public disclosure Grade A rating (highest rating) for the third consecutive year



Sustainalytics ESG Risk Rating

In 2023, the Trust continued to receive a "Low Risk" rating and scored 12.4, representing that the Trust has minor risk of significant finance impact due to ESG factors, and continued to be included in the list of the "ESG Regional (APAC) Top Rated (Real Estate Industry)".



S&P Global Corporate Sustainability Assessment ("CSA")

In 2023, the Trust scored 40 out of 100 in the S&P CSA, compared with a global real estate sector average of 23 in 2023. This year's score of the Trust increased by 17.6% compared with last year, and the score was higher than 85% of the world's participating real estate enterprises.








⁷ The use by Yuexiu REIT of any MSCI ESG Research LLC or its affiliates (MSCI) data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Yuexiu REIT by MSCI. MSCI service and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.






MATERIALITY EVALUATION

STAKEHOLDER COMMUNICATION METHODS

We attach great importance to effective stakeholder engagement in order to understand stakeholders' expectations on material issues and help us identify potential risks and opportunities in our business operations. Therefore, we continuously optimize our stakeholder engagement mechanism and are committed to building an efficient and transparent communication channel, to better respond to the interests and requests of our stakeholders, strive to create value for them, and provide the best advice for our sustainable development and overall strategy. The Trust's main stakeholders include tenants, customers, employees, government and regulators, unit-holders and investors, ESG third-party evaluation institutions, suppliers, media, communities, etc. The interests of stakeholders and communication methods are shown as below.

Stakeholders		Their Main Concerns	Our Daily Communication
 Tenants	Tenants of office buildings, wholesale mall and retail malls	Property location, internal environment, service quality, safety facilities, energy consumption, rental level, customer traffic	Regular visits, satisfaction surveys, complaint hotlines, resident property management
 Customers	Customers who enjoy services in retail malls, hotel and serviced apartments	Property location, tenant portfolio, property environment, safety facilities, transportation convenience	Complaint mailbox, regular inspection, complaint hotline, satisfaction survey
 Employees	Employees of the Manager and the Trust	Remuneration, employee benefits, development potential, promotion policies, training system, corporate reputation, job intensity, communication channels	Direct communication, employee mailbox/hotline, training programs, assessment and satisfaction survey
 Government/ regulators	Local government and regulators of the registration, listing and operation of the Trust	Complying with laws and regulations, paying taxes according to law, promoting economic growth, promoting employment, social benefits, environmental benefits	Liaison maintenance, policy communication
 Unit-holders and investors	Existing unit-holders, financial institutions and potential investors	Share prices, dividend, financial conditions, business prospects, future development plans, corporate governance	Unit-holders' annual and special meeting, financial information disclosure, investor hotline/mailbox, investor relations roadshow

MATERIALITY EVALUATION

 Stakeholders		Their Main Concerns	Our Daily Communication
ESG third-party evaluation institutions 	Independent third-party institutions evaluating the ESG performance of the Trust	<ul style="list-style-type: none"> • Information disclosure • Governance • Risk management • Environmental benefits • Social benefits 	<ul style="list-style-type: none"> • Interim and annual reports • ESG report • Website/email communication • ESG information inquiry and response
Suppliers 	Suppliers providing devices and services required for daily operations of the Trust and its properties	<ul style="list-style-type: none"> • Procurement policies • Supplier management system • Fair trade • On-time delivery • Timely payment • Communication channels • Partnerships 	<ul style="list-style-type: none"> • Supplier review • Regular visits • Regular assessments
Media 	The media which focus on the Trust and supervise our operating performance and service conditions	<ul style="list-style-type: none"> • Financial performance • Future direction • Awards and honours • Environmental benefits • Social benefits 	<ul style="list-style-type: none"> • Event invitations • Public opinion monitoring • Liaison maintenance
Communities 	Communities where properties of the Trust are located and supported areas	<ul style="list-style-type: none"> • The environmental impact of the properties • Recreational facilities • Creating development opportunities • Public welfare 	<ul style="list-style-type: none"> • Public welfare programs • Complaint hotline



MATERIALITY EVALUATION

IDENTIFICATION AND ANALYSIS OF MATERIAL ISSUES

Assessment Process for Material Issues

Based on our business model, and combined with national policies, capital market rating standards, ESG international disclosure standards, peer analysis, and other issues of concern to stakeholders, we conduct multi-dimensional material issue assessment annually, and submit it to the Audit Committee for review and to the Board of Directors for approval. The steps for analyzing material issues are provided as below.

Step 1: Identify and update the list of ESG issues

Conducted a multi-dimensional review of material issues, identified and updated the list of material issues:

- (1) Policy trend analysis: Closely followed the national strategy, studied national and provincial policies and regulations in depth, and analyzed sustainable development trend of the industry by referring to regulatory requirements of the real estate industry and the finance industry;
- (2) Internal development planning: Identified issues of great significance to our development by referring to investment strategy, operation strategy, annual plan, etc.;
- (3) Disclosure standard analysis: Comprehensively referred to the HKEX ESG Reporting Guidelines, GRI Standards, United Nations Sustainable Development Goals (SDGs), Sustainable Accounting Standards Board (SASB), International Financial Reporting Standards (IFRS), etc.;
- (4) Capital market analysis: Referred to important issues covered by ESG-related ratings and indicators;
- (5) Peer benchmarking analysis: Identified issues of interests to peers by referring to sustainability reports of leading peers at home and abroad.

Step 2: Conduct communication with stakeholders

Communicate and exchange in various methods, covering stakeholders such as employees, tenants, customers, suppliers, investors, government and regulators, media, communities, and public interest organizations, to fully identify issues of concern to stakeholders.

Step 3: Collect opinions from senior management and ESG professional consultants

- (1) Collected opinions from senior management of the Company to fully understand the evaluation of the importance of issues by internal stakeholders within the Company;
- (2) Collected opinions from ESG professional consultants to ensure the professionalism and scientificity of ESG material issue assessment.

Step 4: Review the analysis of material issues

Based on the opinions of multiple parties mentioned above, international standards, and peer interests, a review list of material issue analysis results was formed to identify and analyze the importance of each material issue to the Trust and stakeholders, and to compile a material issue matrix.

Step 5: Determine material issues

Submitted annual material issues and a priority list thereof to the Board of Directors for review and approval.

MATERIALITY EVALUATION

MATERIAL ISSUES AND MATRIX

The Manager organized a stakeholder questionnaire survey in 2022 and collected 495 valid questionnaires. In 2023, the Sustainability Working Group reviewed the materiality of each issue through internal interviews, external interviews, and special meetings, and updated the material issue matrix. In the meanwhile, the Sustainability Working Group solicited feedback on issues from the management and ESG professional consultants to ensure compliance with the Trust's strategic planning and sustainable development needs.

According to the latest review results of material issues, the number of material issues was maintained at 25 (2022: 25). The Manager maintained the high materiality of energy management issues and appropriately increased the materiality of addressing climate change, employee development and training, diversity and inclusion and value chain social responsibility based on the review results.

Environment

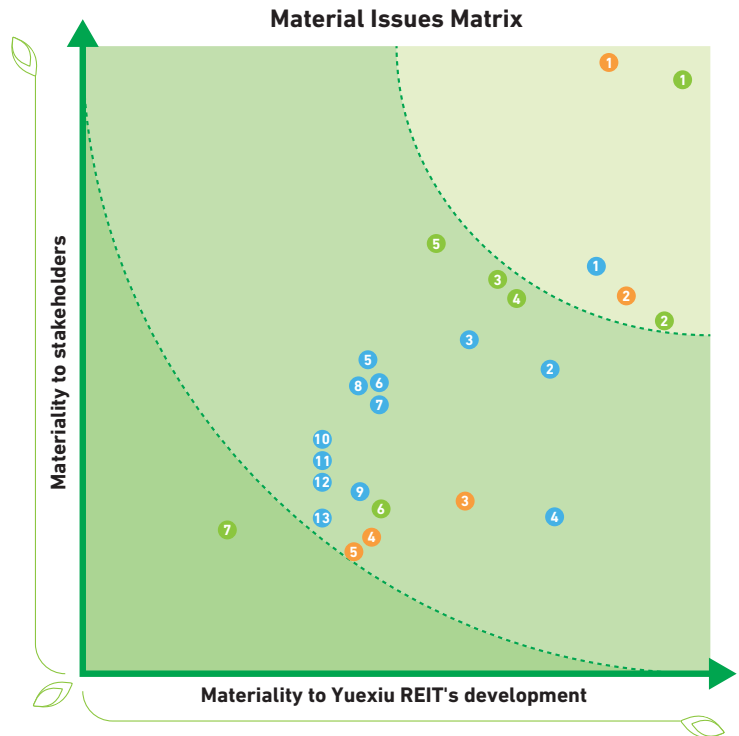
- 1 Energy management
- 2 Addressing climate change
- 3 Water resources management
- 4 Waste management
- 5 Green leasing
- 6 Sustainable consumption
- 7 Biodiversity

Society

- 1 Employee development and training
- 2 Diversity and inclusion
- 3 Employee safety and health
- 4 Employee interest and communication
- 5 Employees attraction and retention
- 6 Value chain social responsibility
- 7 Property safety and health
- 8 Social welfare
- 9 Service Quality
- 10 Information Security Protection
- 11 Customer complaint handling
- 12 Responsible marketing
- 13 Industry development

Governance

- 1 Anti-corruption and anti-commercial bribery
- 2 Stable value creation
- 3 ESG risk management
- 4 Intellectual property protection
- 5 Anti-unfair competition



LOW-CARBON OPERATION

LEADING GREEN DEVELOPMENT

SDGs RESPONDED IN THIS SECTION



OUR CONCEPT

We are committed to fully integrating sustainable development concept into operation, actively promote green leasing, improve energy management efficiency, actively respond to national and local “carbon peaking and carbon neutrality” strategy, and integrate concept of sustainability management into the whole process of the investment and risk management. We formulate and improve climate related management system and policies to provide standard guidance and regulatory instructions for our properties, include climate related factors in the risk management framework, identify climate risk list and enhance climate risk management to further lead low-carbon green development.



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT


ADDRESSING CLIMATE CHANGE

Issue connotation: identify and analyze potential risks of climate change, actively address the risks and opportunities from climate change.

Concept

To provide transparent, consistent, comparable, and verifiable climate related information and data, we refer to the Climate Information Disclosure Guidelines issued by HKEX for disclosure.

Target and Progress

Target	<ul style="list-style-type: none"> • Based on 2019, reduce GHG emission intensity by 13.5% by 2025 • Complete the formulation of GHG reduction targets and action plans for 2030 by 2025 	
Annual progress	<ul style="list-style-type: none"> • Office buildings, retail malls, and wholesale mall: GHG emission intensity (Scope 1 + Scope 2) decreased by 13.3% compared to the base year • Hotel and serviced apartments: GHG emission intensity (Scope 1 + Scope 2) decreased by 13.6% compared to the base year • Scope 3: Completed statistics for three categories 	

Climate Related Information Disclosure

Governance

The Board of Directors is the top policymaker of the ESG governance framework, responsible for overseeing climate change related work. The Board of Directors regularly reviews the assets and operational risks in the property portfolio every year, including climate related risks, reviews the progress of implementing climate related goals, and discusses the development of risk mitigation measures.

The Audit Committee is responsible for risk management, including monitoring ESG and climate risks, and ensuring that these risks are fully considered in the risk management process. The Finance and Investment Committee is responsible for reviewing the investment management process and incorporating significant climate related risks into the investment decision-making process. The Disclosure Committee is responsible for ensuring the transparency and compliance of climate related disclosures, ensuring that information disclosure complies with relevant regulatory requirements, and providing accurate and timely information to investors and other stakeholders.

There are three levels of management structure under the Board, including the Sustainability Steering Group, Sustainability Working Group and Sustainability Teams of Properties, jointly responsible for identifying and evaluating climate related risks, and continuously implementing climate related action plans in daily operations, and regularly reporting climate change related indicators.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Strategy

In the context of global climate change, climate change risks are bringing increasingly severe challenges to enterprises. Under the guidance of international climate goals and China’s “Carbon dioxide peaking and carbon neutrality” strategy, as a practitioner of green low-carbon development, we are determined to actively address these challenges and seize new opportunities for high-quality development.

The Manager has established a governance structure, formulated a Climate Risk Management Policy, clarifying the responsibilities at all levels, and regularly evaluated the suitability and effectiveness of the structure. On the one hand, we actively take measures to mitigate climate changes and have set carbon reduction targets and prepared action plans. On the other hand, we started to optimize the strategy to adapt to the climate change, heard interests and expectations regarding climate change related matters from stakeholders, including climate-related risks and opportunities in overall business strategies and investment decisions, and improve service standards and expand the radius of low-carbon management.

During the reporting period, we deepened climate scenarios analysis by reference to relevant requirements and guidelines of the Climate Information Disclosure Guidelines issued by HKEX. We identified and analyzed the physical and transformation risk parameters in different scenarios, further summarized climate risk indicators list, and clarified the potential impact of climate related indicators on business to promote the climate risk management capability of Yuexiu REIT. In the future, we will further refer to IFRS S2 standards to deepen the actual and potential impacts of climate change risks and opportunities on business, strategy, and financial planning, and conduct quantitative analysis.

CASE



Yuexiu REIT Became a Collaborative Partner in Wild Aid Climate Action

On 21 September, the international environmental protection organization Wild Aid, in collaboration with the Charity Ambassador, the China Green Carbon Foundation, and the China Environmental News Agency, jointly launched the public welfare communication campaign called “Define the Next Climate Action”. As a collaborative partner of this campaign, Yuexiu REIT has been continuously practicing the environmental protection concept and exploring the low-carbon and environmentally friendly lifestyle for many years. Together with multi-party resources and more partners, it calls on the public to jointly address climate changes and actively practice China’s “Carbon dioxide peaking and carbon neutrality” goal.



Event Poster

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Risk Management

- **Climate Scenario Analysis**

In 2022, with the assistance of professional consultants, we analyzed the evolution of physical risks in Guangzhou for the years 2030 and 2050 under the Turquoise scenario (where policies are actively responded to and rapidly advanced, with a smooth transition to clean energy, emission results: RCP 2.6) and the Brown scenario (policies are frequently thwarted and poorly implemented, with a heavy reliance on fossil fuels, emission results: RCP 8.5), thereby laying the foundation for the physical risk scenario analysis.

In 2023, to assess climate risks more scientifically and reasonably in various scenarios, we have comprehensively considered climate scenarios proposed by international authoritative institutions such as the Intergovernmental Panel on Climate Change (IPCC), Central Banks and Supervisors Network for Greening the Financial System (NGFS), and the International Energy Agency (IEA). Based on the situation of Yuexiu REIT, we have chosen the NGFS scenario to conduct physical risk analysis so as to scientifically address the risks and opportunities brought about by climate change and more effectively respond to the concerns of the industry and capital market.

- **Physical Risks**

We used the REMIND model⁸ and specific data from properties under Yuexiu REIT, combined with consideration of time factors, to conduct climate risk exposure analysis on the property assets of different categories, locations, and levels, including extreme high temperature, extreme low temperature, extreme rainfall, extreme strong wind, extreme snowfall, tropical cyclone, coastal flooding, river flooding, low river flow, and wildfire. We formed a physical risk assessment of the climate for Yuexiu REIT under different warming scenarios by 2050 by regarding the project distribution provinces, cities, and regions as the basis for division and based on the hypothetical scenario of 1.5°C (orderly) and 3°C (greenhouse world) warming by 2100.

Setup of the Physical Risk Scenario Analysis

Scenario Setup	Prediction Model	Scenario Name	Temperature Rise	Scenario Setup Description
NGFS	REMIND	Orderly "Net Zero Emission by 2050"	1.5°C (2100)	We aim to achieve net zero carbon dioxide emission around 2050 by implementing strict climate policies and innovation.
		Greenhouse World "Nationally Determined Contributions (NDCs)" ⁹	3°C (2100)	Implement all the recognized Nationally Determined Contributions (NDCs) target plans.


⁸ The Regional Model of Investments and Development (REMIND) is a numerical model that represents the future evolution of the world economy, with a particular focus on the development of the energy sector and its impact on our world climate. The model takes into account the regional trade characteristics of goods, energy fuels, and emission quotas, and includes all greenhouse gas emissions caused by human activities.

⁹ Nationally Determined Contributions (NDCs) are national plans and commitments proposed by countries to reduce greenhouse gas emissions and address climate changes. These contributions reflect efforts of countries to mitigate and adapt to the climate change, aiming to achieve long-term objectives set in the Paris Agreement, namely keeping the rise in global average temperature within 2°C above pre-industrial levels, and working to limit it to 1.5°C.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Results of Physical Risk Analysis

After quantitative modeling and considering the current level of risk and the evolution of risk under both scenarios, the key acute physical risks to properties of the Trust now and in the future include: tropical cyclone, wildfire and river flooding; and the key chronic physical risks include: extreme high temperature and extreme rainfall. We have put in place countermeasures for each of the major risks and regularly review the effectiveness of these measures to ensure that each type of risk is effectively managed.

Category Acute			
Major Risks	Potential Financial Impacts	Main Mitigation Measures	
<p>Tropical cyclone</p> <p>Wildfire</p> <p>River flooding</p>	<ul style="list-style-type: none"> • Rental income decline: Acute adverse weather such as storms and floods may cause business interruption for tenants, reducing rental income; • Reduced hotel revenue: Adverse weather conditions may cause a decrease in the tourism demand, leading to a decrease in the occupancy rate and a decrease in revenue; • Increased maintenance cost: Strong wind and rainstorm may cause damage to the property structure, such as broken windows and damaged roofs, increasing the maintenance cost; • Increased safety management cost: The tenant and building safety is threatened, leading to an increase in the safety management cost; • Increased procurement cost: Supply chain interruption leads to business interruption, resulting in increased procurement cost and ultimately affecting the revenue; • Increased insurance cost: Frequent climate disasters may lead to an increase in the insurance cost. 	<ul style="list-style-type: none"> • Establish a risk assessment mechanism, identify potential risks, and promptly develop an effective risk response plan; • Establish a diversified supply chain to ensure stable supply of key materials; • Develop an extreme weather management plan and carry out regular drills to cope with more frequent extreme weather events caused by climate changes; • Carry out equipment renovation and upgrading, using weather resistant materials and advanced maintenance technologies to reduce long-term maintenance costs; • Develop plans for remote work and online meetings, and provide employees with laptops. <p>Specific practical cases can be found in the relevant sections of this report.</p>	



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Category		Chronic	
Major Risks	Potential Financial Impacts	Main Mitigation Measures	
<p>Extreme high temperature</p> <p>Extreme rainfall</p>	<ul style="list-style-type: none"> • Rising energy cost: Extreme high temperatures may lead to increased use of the cooling system, and increasing the energy consumption and costs; • Rising maintenance cost: Long-term high temperatures accelerate the aging of building materials and equipment, leading to an increase in the maintenance and repair costs; • Rising cleaning and repair costs: Extreme rainfall may cause overloading of the drainage system, aggravate the risks of water seepage and structural damage, and increase the cleaning and repair costs. 	<ul style="list-style-type: none"> • Purchase insurances for each property in terms of property safety and operational continuity, and regularly inspect the adequacy level; • Optimize energy use, install an intelligent temperature control system, reduce the operating cost, and adjust the rental strategy; • Maintain or boost the green environment and coverage both inside and outside the property, and select drought resistant plants; • Optimize and upgrade the drainage system, and add waterproofing measures in vulnerable areas. <p>Specific practical cases can be found in the relevant sections of this report.</p>	



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

- **Transition Risks**

We conduct scenario analysis based on the analysis of industry transformation risk categories and in combination with the actual situation of the Trust and its properties to determine the actual transformation risks they face:

Policy and Law



Potential Impacts		Responses
Category Risks	<ul style="list-style-type: none"> • Require to comply with higher standards of building energy regulations and guidelines that may be issued by the government; • The maturing carbon pricing (carbon trading or carbon tax) mechanism may result in higher costs for carbon-intensive raw materials, thereby affecting operating and investment returns; • Increasingly stringent international disclosure requirements for climate-related information have resulted in more stringent climate risk disclosure challenges for companies. Insufficient disclosure of risk exposures may be subject to compliance and legal risks. 	<ul style="list-style-type: none"> • Pay close attention to relevant policy developments, plan ahead and adjust business strategies in a timely manner; • Establish a carbon emission management system, strengthen energy management, reduce carbon footprints to alleviate the potential carbon tax risks; • Focus on the trends and development of carbon pricing, carbon emission market, and green electricity market, and pay attention to the latest development in green certification and voluntary greenhouse gas emission reduction certification; • Proactively comply with stricter greenhouse gas emission reporting obligations and disclose climate related matters using ISSB standards; • Continuously promote the acquisition of green certifications for its properties to enhance their efficiency and value.
Category Opportunities	<ul style="list-style-type: none"> • The government's green certification incentives can reduce the operating costs and increasing the property value. 	



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Technology



Potential Impacts		Responses
<p>Category Risks</p> <ul style="list-style-type: none"> • The development of new energy technologies and the restructuring of the energy mix may change the energy supply and consumption patterns, forcing companies to upgrade their new energy technologies; • The advancement of intelligent building technology may require property upgrades to maintain competitiveness; • Energy conservation and consumption reduction renovation and update will generate new cost inputs, and the reliability of energy-saving technologies requires time to be verified. 	<ul style="list-style-type: none"> • Continuously improve the energy management efficiency, upgrade and renovate the equipment and facilities, explore and popularize renewable energy, and examine the carbon footprint of the value chain; • Establish a Green and Low Carbon Committee to collaborate with tenants, customers, professional organizations, and public interest organizations to promote low-carbon transformation; • Provide energy audit services for tenants, and assist them in identifying energy conservation spaces, and improving their energy conservation level; • Maintain communications and exchanges with governmental agencies, industry associations, technology groups, real estate peers, ESG third-party evaluation institutions, etc. 	
<p>Category Opportunities</p> <ul style="list-style-type: none"> • Increased demand in the renewable energy market promotes the development of new energy products and provides investment opportunities for Yuexiu REIT to increase its use of renewable energy, which helps to reduce carbon emissions; • Technological advances have helped to improve energy efficiency, reduce costs and minimize carbon emissions. Although the initial investment is large, long-term costs are expected to fall. 		



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Market



Potential Impacts		Responses
Category	Risks	
	<ul style="list-style-type: none"> Customers' preference is shifting towards green environmental protection, and there's an increasing demand for climate-friendly products. Failure to meet customer expectations through green transformation in a timely manner may lead to losses of some tenants and customers; Customers' demand for data management is growing, with an increased demand for transparency and traceability of data such as electricity and water consumption. Failure to establish a corresponding data management system may lead to customer churn. 	<ul style="list-style-type: none"> Increase the proportion of green and environmentally friendly buildings in their investment portfolios; Continuously improve the service levels, and create low-carbon, environmentally friendly, and healthy physical spaces and service systems to enhance customer satisfaction; Strengthen the construction of upstream and downstream carbon emission data collection and management systems; Maintain close communications with institutional investors and financial institutions.
Category	Opportunities	
	<ul style="list-style-type: none"> Demand for environmentally friendly buildings and services is on the rise. The provision of green building services can increase customer satisfaction and stickiness, reduce carbon emissions and potentially increase rental value; The investors' demand for green and low-carbon finance and investment continues to grow, and good ESG performance may attract more financing opportunities. 	



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Reputation



Potential Impacts		Responses
Category Risks <ul style="list-style-type: none"> Improper handling of climate-related events or lagging performance in the face of higher expectations can affect the brand image and arouse public attention and negative public opinions. 		<ul style="list-style-type: none"> Organize ESG and climate related skill trainings to enhance employees' professional abilities; Establish a sound public communication mechanism, improve operational transparency, and actively participate in social responsibility projects to enhance public trust.
Category Opportunities <ul style="list-style-type: none"> Good ESG performance can better attract excellent employees and high-quality partners. 		

Metrics and Targets

Targets

We have formulated short-, medium-, and long-term targets and realization pathways to reduce GHG emissions based on the current operating conditions of its various business formats.

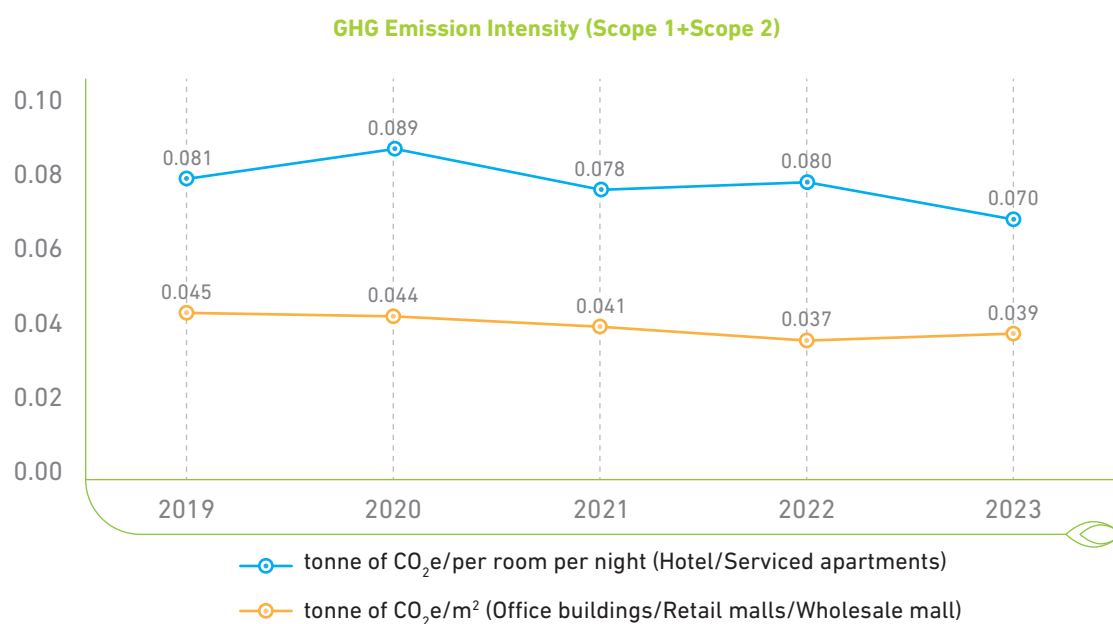
Phase	Target	Critical Pathway
Short-term: 2025	Based on 2019, reduce GHG emission intensity (Scope 1 + Scope 2, calculated per square meter or room night) by 13.5% by 2025	<ul style="list-style-type: none"> Improve energy management efficiency Equipment and facilities upgrade and renovation Explore the use of renewable energy Examine the carbon emissions of the value chain
Medium-term: 2030	Focusing closely on China's 2030 "carbon peak" pace, based on scientific principles, formulate 2030 emission reduction targets and action plans by 2025	<ul style="list-style-type: none"> Energy management efficiency is optimized Increase the proportion of renewable energy Continuously reduce carbon emissions of the value chain
Long-term: 2060	Actively and orderly integrate into the zero carbon era, and contribute to the country's realization of "carbon neutrality" in 2060	<ul style="list-style-type: none"> Comprehensive promotion of renewable energy Research and consider carbon offsetting methods, such as GHG emission reduction certificate

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Carbon Footprint Related Indicators

We calculated the carbon footprint of the properties of the Trust, including GHG Scope 1 and Scope 2, in accordance with the Circular to Licensed Corporations - Management and Disclosure of Climate-related Risks by Fund Managers issued by the Securities and Futures Commission of Hong Kong. In this year, we also systematically collected and counted GHG Scope 3 data.

Indicator	Unit	2023
GHG emissions (Scope 1)	tonne of CO ₂ e	2,375.08
GHG emissions (Scope 2)	tonne of CO ₂ e	51,909.36
GHG emissions (Scope 3) ¹⁰	tonne of CO ₂ e	42,802.87
GHG emission intensity (Scope 1 + Scope 2)	tonne of CO ₂ e/per million revenue (RMB)	26.01
	tonne of CO ₂ e/million property valuation (RMB)	1.28
	tonne of CO ₂ e/m ² (Office buildings/Retail malls/Wholesale mall)	0.039
	tonne of CO ₂ e/per room per night (Hotel/Service apartments)	0.070



¹⁰ Covering Category 1: Purchased goods and services (lease agency services); Category 6: Business travel; Category 13: Downstream leased assets.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT


ENERGY MANAGEMENT

Issue connotation: conduct energy conservation and consumption reduction management, improve the development of energy management platform, pilot and promote the use of new energy sources, apply renewable energy installations and technology, promote energy conservation and emission reduction, improve energy management efficiency.

Concept

We actively respond to China's "carbon dioxide peaking and carbon neutrality" strategy, strengthen energy management, and continuously improve energy utilization efficiency, viewing it as a key way to fulfill environmental responsibilities and achieve economic win-win development. We develop energy management plans based on property characteristics, strategically renovate and upgrade equipment and systems, actively explore renewable energy, reduce the dependence on fossil fuels, and assist in the construction of a low-carbon future. In addition, we regularly review and update energy conservation goals, and track the implementation progress to ensure that energy conservation goals are progressing as scheduled.

Target and Progress

Target	<ul style="list-style-type: none"> • Based on 2019, reduce power consumption intensity by 13.5% by 2025 • Complete the formulation of 2030 energy conservation goals and action plans by 2025 	
Annual progress	<ul style="list-style-type: none"> • Office buildings, retail malls, and wholesale mall: power consumption intensity decreased by 8.4% compared to the base year • Hotel and serviced apartments: power consumption intensity decreased by 2.5% compared to the base year 	

Management Practices

During the reporting period, we refined the regulations on energy and carbon management, established performance-related indicators, and continued to promote use of the energy management platforms. We also additionally deployed the energy consumption management systems in Victory Plaza and Shanghai Yue Xiu Tower. We review, monitor, inspect, analyzes, and evaluate the annual/monthly energy goals for the properties of the Trust to accelerate the achievement of energy management goals.

During the reporting period, all properties strictly adhered to the energy consumption management regulations and norms, monitored energy usage, actively probed into energy usage optimization plans, and carried out equipment energy conservation renovations and upgrades. In addition, the hotel and serviced apartments the front-line operators provided energy use training for employees to cultivate their energy conservation awareness in daily operations.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

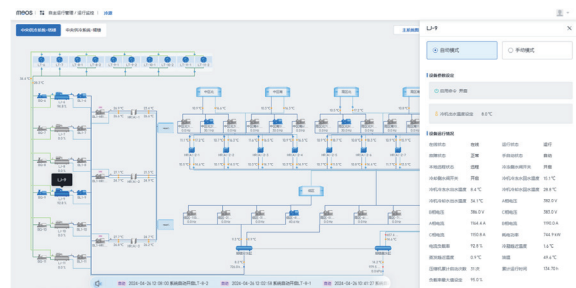
Low-Carbon Transformation

The carbon emission of the Trust's properties is mainly arising from consumption of the outsourced power, and the main energy consumption equipment includes lighting and AC system. Each property actively carries out renovation of old equipment. As of the end of the reporting period, the lighting system of each property has been updated or gradually upgraded to LED lighting, reducing the carbon emissions caused by the use of lighting equipment; the air conditioning equipment was gradually replaced with energy-saving equipment, including fan coil units and energy-saving air cabinets. Some properties have carried out intensive and hierarchical management of air conditioners and intelligent cold source group control upgrade and transformation, achieving energy conservation management of building cooling and heating. During the reporting period, the Manager carried out energy conservation and carbon reduction asset appreciation projects, with newly accumulated investment of about RMB3.11 million.

Property	Asset Appreciation Project	Effect
GZIFC	Energy Conservation Improvement Project for Air Conditioning Control System	By replacing the original cooling source group control system, realizing the combination of indoor environment data in multiple areas of the building, adopting the artificial intelligence technology to dynamically adjust the equipment system control parameters, the total annual energy saving rate is expected to reach 3%
Fortune Plaza	Retrofit Project of Certain Air-conditioning System Terminal	Adopted a new type of brushless DC motor with the advantages of energy conservation and silence, reducing the energy consumption of the equipment by 68%
Victory Plaza	Retrofit Project of Drainage System Facilities and Equipment	Adopted the new kitchen sewage treatment technology, showcasing advantages such as high efficiency and no odor



The new air conditioning control system of GZIFC has a unique autonomous operation intelligent control algorithm, which can use artificial intelligence to interpret customer needs, such as carbon emission priority, energy consumption priority, electricity bill priority, quality priority, etc. The system can dynamically adjust equipment system control parameters such as the cold station power-on time, water supply temperature, and water pump frequency based on weather conditions, passenger flow conditions, and current environmental conditions.



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

CASE



Low-Carbon Renovation Effect of the Cooling Tower of Four Seasons Hotel Guangzhou

Four Seasons Hotel Guangzhou started the low-carbon renovation of its cooling tower in 2022 and completed it in early 2023. By applying technologies such as high-efficiency counter-current towers, stainless steel materials, inverter fans, and fully automatic air conditioning water processors, an efficient control mode was achieved in the equipment room and outdoor hydrothermographs and cooling capacity meters were installed to achieve real-time COP energy efficiency display. In 2023, the air conditioning electricity consumption of Four Seasons Hotel Guangzhou decreased by 21.5% compared to 2019, and the water consumption of air conditioners decreased by 23% compared to 2019, successfully achieving a low-carbon transformation.



Renewable Energy and Energy Recycling Technology Application

We actively explore the application of renewable energy in the properties to reduce carbon emissions. As of the end of the reporting year, the renewable energy facilities and measures implemented at the properties are as follows.

Application of Solar Energy Technology

- Set up up solar cell phone charging tables and chairs outdoors. The photovoltaic solar lighting panels on the top generate electricity to provide power for light box advertisements, mobile phones, USB devices, and lighting; (GZIFC)
- Installed solar street lamps in public areas, and 6 lamps had been put into use; (White Horse Building)
- Renovated part of the outdoor garden lamps into solar lamps, saving about 1,800 kWh/year of electricity; (Ascott Serviced Apartments GZIFC)
- Equipped the roof with solar collectors. It can supply about 9.6 m³ (60°C) of solar hot water per day, saving about 335 kWh/year of electricity; (Yuexiu Financial Tower)

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Elevator Electric Energy Feedback Device

The elevators of GZIFC, Yuexiu Financial Tower, Fortune Plaza and Wuhan Fortune Center generate electricity when the elevators are unloaded upward and fully loaded downward and feed it back to other electrical equipment in the building through the elevator electric energy feedback devices. In GZIFC, the electric energy feedback device reduces elevator electricity consumption by at least about 8% per year.

Heat Collection and Recycling

Four Seasons Hotel Guangzhou uses the air source and water source heat pump hot water units to provide hot water for guestrooms, and the generated cold energy is transferred into the hotel air-conditioning system, achieving significant energy conservation results. It is estimated that this can save more than 300,000 m³ of natural gas and 600,000 kWh of air conditioning electricity a year. For the steam heating system in the logistics area, the steam exchange tank system has been renovated into a water source hot water pump and air source heat pump hot water system, and connected with the AB risers of air conditioning chilled water to make use of the waste heat of central air conditioning in the building. A total of about 110,655 m³ of natural gas is saved every year. The two measures achieved carbon emission reduction of about 605 tonnes of CO₂e per year.

Cold and Heat Source Interconnection

In case of a boiler failure in the shopping mall of Wuhan Properties, the office building's air conditioning system can supply heat for the shopping mall; when the tenants of the office building apply for overtime air conditioning, it will be supplied by the shopping mall starting from 20:00; during the peak period of the shopping mall in the transition seasons, the office building's air conditioning system will provide cooling for the shopping mall's food shops. The renovation guaranteed the continuous heat supply of the mall on the one hand and realized interconnection as required to reduce energy consumption on the other hand. The energy conservation rate reached about 32.6% at interconnection upon testing.

Renewable Energy Procurement

GZIFC purchased 50,000 kWh of green electricity for the first time in 2023, which is equivalent to emission reduction of 32,825kg of carbon dioxide, 23.50kg of sulfur dioxide and 21.50kg of nitrogen oxide, and obtained the Green Electricity Certificate issued by National Renewable Energy Information Management Center.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Lean Management for Energy Conservation

Properties of the Trust strictly implement the ISO 50001 energy management system, formulate equipment lists and energy-use benchmark indicators, and conduct refined statistics and analysis of major energy-consuming equipment through cooling capacity measurement, power monitoring, and weather conditions on a daily basis to achieve effective energy saving.

- Adjust the operation time of lamps and cooling equipment according to the seasonal temperature, sunshine duration, human traffic, tenant peak, etc.
- Explore the operation parameter of maximum efficiency, e.g., adjust the chilled water setting value of the refrigeration host, detect the optimal secondary pump operating frequency and fine control of exhaust fan;
- Set the temperature limit for air conditioners to avoid that the indoor temperature is too low;
- Optimize the lighting in parking lots, including change of lighting for underground parking from constant to induction lamp model and reduction of part of the lighting for remote areas or areas with less parking;
- Regularly scan the building envelope with the infrared thermal imager in order to avoid cold loss and increased energy consumption due to poor air tightness of the building envelope;
- Use infrared thermal imagers to scan the power distribution cabinets, buses, cables and other equipment of the power supply and distribution system monthly to avoid the increase of energy consumption due to the poor contact of the connectors.

Digital Monitoring

We use the digital platform to conduct intensive and intelligent management of electricity consumption, implement daily monitoring and monthly analysis, and identify room for improvement in energy conservation management. We timely give feedback to relevant engineering personnel upon receipt of abnormal energy consumption alerts from the platform to effectively improve the equipment maintenance service quality and emergency response speed of troubleshooting. As of the end of the reporting period, digital energy consumption monitoring covered 84.9% (2022: 77.3%) of property areas of the Trust's portfolio.

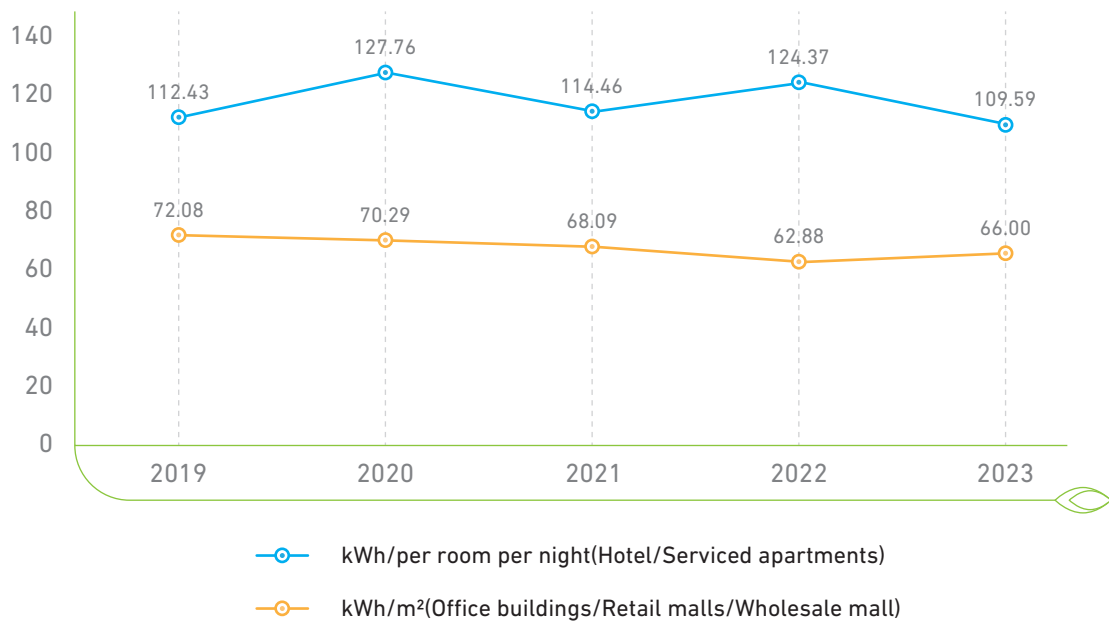
- **Building Management System(BMS):** Both GZIFC and Yuexiu Financial Building have been equipped with the BMS which realizes real-time, centralized, correlated monitoring of all kinds of equipment, and real-time monitoring of the energy consumption intensity of the building.
- **Digital Energy Consumption Management Platform:** GZIFC, Yuexiu Financial Building, Guangzhou Victory, Shanghai Yue Xiu Tower and Wuhan Properties have all deployed an energy management platform to identify room for improvement in energy saving management through monitoring and analysis, and improve the management efficiency of equipment and facilities. Based on the unified data definition and standards of the energy management platform, GZIFC module introduces the digital twin technology to build digital assets, thereby improving the basic capacity of digital and intelligent management of buildings.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Energy Audit

During the reporting year, the Trust's properties actively promoted the energy audit work, conducted energy consumption assessment and diagnosis, formulated scientific energy conservation and carbon reduction routes, better improved energy efficiency, and promoted the achievement of established goals. As of now, we have hired an external third party to complete the energy consumption assessment and diagnosis of six properties in Guangzhou. In addition, we provide energy audit services according to the needs of tenants to help them improve their energy consumption level. We also encourage employees to actively obtain professional certificates related to energy management, in order to better guide all properties in carrying out the energy assessment related work.

Power Consumption Intensity



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT


WATER RESOURCES MANAGEMENT

Issue connotation: call on tenants and customers to save water, attach great importance to water conservation and water recycling, improve water efficiency.

Concept

We advocate the concept of water conservation, set the requirements of improving water efficiency to the hotel and serviced apartments and front-line operators, reduce water consumption as much as possible through standard management, monitoring analysis, water conservation improvement, recycling, etc. We also encourage tenants and customers to save water, develop water-saving habits and use water-saving devices.

Target and Progress

Target	<ul style="list-style-type: none"> • Based on 2019, reduce water intensity by 10% by 2025 • Complete the formulation of 2030 water conservation goals and action plans by 2025 	
Annual progress	Office buildings, retail malls, and wholesale mall: water consumption intensity decreased by 9.1% compared to the base year	

Management Practices

Water Conservation Management

The water source of the properties mainly comes from municipal water supply, so there is no difficulty in water extraction and the risk of water consumption is controllable. After years of accumulation, the water conservation management mechanism and system of the Trust's properties have been relatively completed, and water conservation management has become a normalized task.

- **Regular analysis:** The hotel and serviced apartments and front-line operators regularly conduct water meter reading and testing, carry out monthly statistical analysis of tenant and public water consumption, and compare the results with the preset energy consumption indicators. By finely monitoring water consumption and analyzing data, we ensure accurate understanding of water resource utilization. We also continuously evaluate and optimize water efficiency to ensure the rational allocation and use of water resources.
- **Real-time alarm:** GZIFC and Yuexiu Financial Building have deployed water leakage and overflow monitoring and alarm systems in the facility and equipment room to monitor the status of each major monitoring point in real time.
- **Intelligent meter reading:** We have deployed a remote automated water meter reading (AMR) system, and gradually achieved real-time monitoring of water consumption, further improving the level of intelligent water resource management.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Water Conservation Measures

We continue to promote the extensive implementation of water conservation measures in the Trust's properties. The measures that have been implemented over the years include: planting local drought tolerant plants, replacing water-saving faucets or installing automatic shutdown devices, installing automatic spray devices for public afforested areas, adjusting the irrigation volume according to season and plant characteristics, installing purification and filtration systems in landscape fish pools, reforming water supply and drainage pipelines, adjusting the cleaning frequency according to the customer flow, and using high-pressure water guns. During the reporting period, the newly added water conservation improvement measures are mainly as follows.

- Refined management of cooling water temperature and water distribution methods, effectively improving the heat exchange efficiency of cooling towers; (White Horse Building)
- Introduced new counter-current tower technologies and intelligent monitoring systems to achieve energy conservation in the water use process and intelligent transformation of water management; (Four Seasons Hotel Guangzhou)
- Dynamically adjusted the quantity of in-use central air conditioning cooling towers based on operating load, improve the quality of water used in cooling towers, and optimized the circulation settings of cooling towers. (Wuhan Properties)

Recycling

We actively promote the improvement of water resource recycling efficiency in the Trust's properties, and adopts the main measures as follows.

- **Rainwater recycling:** Collect rainwater for toilet flushing, garage flushing, landscape watering, etc., to achieve the purpose of water conservation. Approximately 804 tonnes of rainwater was recycled in 2023; (Yuexiu Financial Building)
- **Cooling water recovery:** Installed an air conditioning cooling water recovery system, hired a professional third-party to test water quality, collected cooling water and supplied it to the cooling tower for recycling use. Approximately 28,903 tonnes of cooling water was recycled in 2023; (GZIFC, Yuexiu Financial Building)
- **Reclaimed water recovery:** Through the renovation of the cooling water, we can shut down the cooling tower to store water, recover and place the reclaimed water in the water storage pan, and filter out the slag before pumping water for high-pressure water guns. Approximately 1,200 tonnes of reclaimed water was recycled in 2023. (White Horse Building)

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

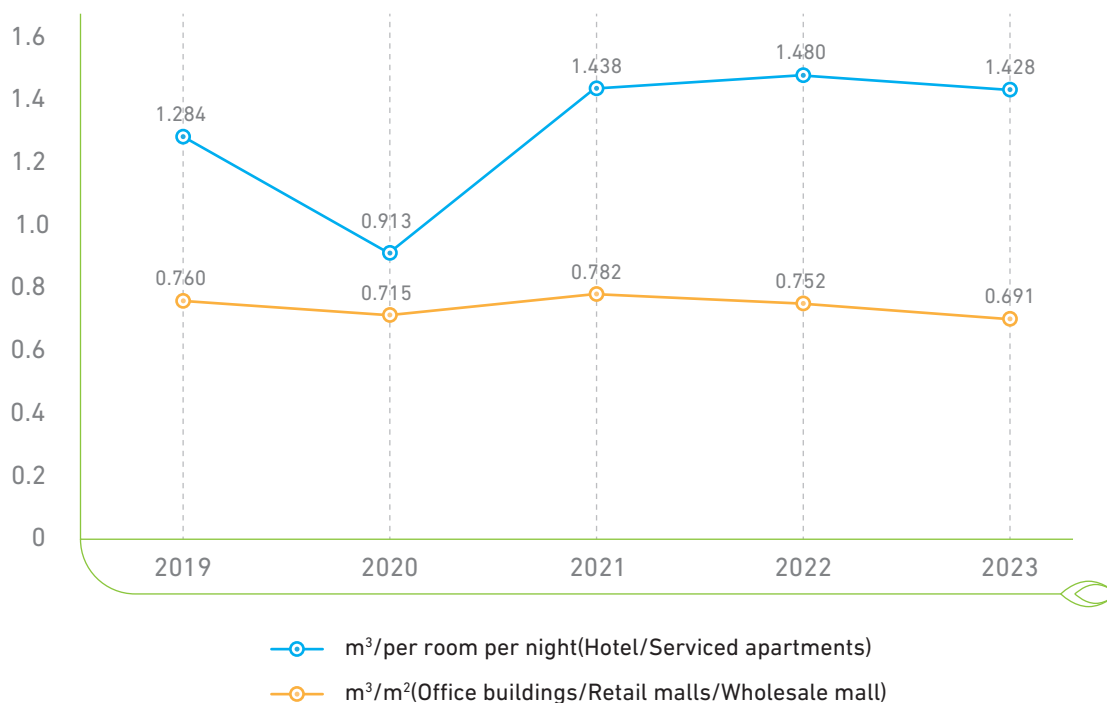
Water Conservation Advocacy

We continue to promote the significance of water conservation through various promotional methods and boost the public awareness of water conservation. We put up water-saving signs in prominent positions of public places such as bathrooms and pantries of the properties, and adjusts the water usage of toilet tanks, calling on and guiding tenants and customers to use water reasonably.



GZIFC Water Conservation Publicity Poster

Water Consumption Intensity



**LOW-CARBON OPERATION
LEADING GREEN DEVELOPMENT**


WASTE MANAGEMENT

Issue connotation: improve management of waste classification, dispose of wastes properly, and advocate waste reduction at source and waste recycling, to reduce wastes generated.

Concept

We are committed to reducing wastes generated and improving the recycling rate of wastes. We sort out the types and proportions of wastes, develop targeted waste reduction plans, and regularly monitor the progress of plan completion. We focus on cooperation with tenants and customers, and advocate waste classification and recycling among tenants/customers. We attach close attention to waste recycling and proactively "turn waste into wealth" to reduce wastes generated at the root.

Target and Progress

Target	<ul style="list-style-type: none"> • Adhere to the promotion of paperless office, and promote the reduction of wastes from daily operation. Complete the formulation of waste reduction goals and action plans for 2030 by 2025 • Continue to carry out garbage classification every year and entrust a qualified third party to deal with 100% of hazardous waste 	
Annual progress	Achieved	

Management Practices

Garbage Classification

In terms of waste management, the Manager always follow national and local laws and regulations, strictly implement waste classification standards, supervise the hotel and serviced apartments and front-line operators to do a good job in waste management, and ensure that waste is stored and processed properly. The Trust's properties cooperate with third-party institutions with professional qualifications to safely dispose of hazardous waste generated during operation according to regulations, and complete registration and file management according to relevant regulations. We also collaborate with tenants through various activities to encourage them to develop green living habits and continuously optimize the waste classification facilities to improve the overall environmental efficiency. The following main measures have been taken by its properties to improve the effects of waste classification and management:

- Set up special waste classification and disposal points both inside and outside buildings, and actively carry out promotional activities;
- Set up a separate waste recycling bin specifically for recycling waste batteries and waste lamp tubes;
- Implement differentiated waste recycling strategies based on the characteristics of different tenants. (1) Office buildings: Waste classification is carried out by setting garbage bins on each floor, followed by secondary sorting in waste rooms; (2) Retail mall catering tenants: Professional suppliers are directly responsible for cleaning and transporting kitchen waste;
- Upgrade and transform the waste room, add the types of classification and garbage bins, and achieve more accurate waste sorting;
- The cleaning and transportation suppliers are required to recycle and dispose of wastes such as bricks, wood, glass, and old furniture, reduce the storage volume of construction waste, and improve the secondary utilization rate of wastes.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

During the reporting period, we did not discover or become aware of any event confirmed to be in violation of relevant regulations on waste disposal.

Domestic Sewage

All sewage from the properties is collected into the municipal sewage network and then treated together with the urban sewage. We check the smoothness of sewage pipes regularly to avoid silting up, and invest resources in the renovation of storm sewage pipes when necessary. During the reporting year, we did not discover or become aware of any event confirmed to be in violation of relevant regulations on sewage discharge.

Green Office

We adhere to the core principle of waste reduction operation, guides the Trust's properties to deeply implement the paperless office strategies, and advocates the concept of recycling, striving to reduce the amount of waste generated in public areas. Set out below is the content of call and measures:

- Reduce dependency on traditional paper documents by widely promoting digital document management and online approval processes;
- Call for the principle of no printing, no single-sided printing, and no color printing unless necessary;
- Encourage the collection of single-sided printed paper and its reuse for printing of drafts or informal documents so as to increase the paper utilization;
- Advocate the principle of bringing your own water cups to meetings to reduce the use of disposable water cups and bottled mineral water;
- Advocate the use of electronic business cards and reduce the use of paper business cards;
- Promote recycling of plastic bags, reusable bags, and paper bags;
- Continuously carry out the "Clean Plate" campaign to advocate cherishing food.



At the GZIFC, waste is clearly segmented into different categories within the waste sorting area, ensuring that all discarded materials are managed and disposed of appropriately.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT


GREEN LEASING

Issue connotation: continuously promote the Green Convention among tenants, advocate green office, energy conservation operations and use of green and environmentally friendly decoration materials, and proactively carry out energy conservation and low-carbon transformation.

Concept

We uphold the concept of green and low-carbon, continue to promote the certification and selection of green buildings, increase the proportion of green buildings with international certificates, and urge the Trust’s properties to conform to the best practices of sustainable development. Meanwhile, we incorporate the concept of green operation and requirements of low-carbon management into the whole lifecycle of asset management and investment, actively promote the Green Convention, and advocate green office and energy-saving operations. We also regard customers as common partners in green development, guide them to operate in a more “low-carbon” way by organizing various green and environmental protection activities, and work together with them to forge a green, efficient, and sustainable business future jointly.

Target and Progress

Target	<ul style="list-style-type: none"> • Continue to promote Green Convention and advocate green office • Continue to promote green building certification and selection and increase the proportion of certified green buildings 	
Annual progress	Achieved	

Management Practices

Green Building Management Mechanism

Strict and effective management and gradually improved mechanisms are important pillars for us to achieve green leasing. We standardize and guide the internal environmental management of the Trust’s properties to consolidate the energy consumption management mechanism.

- **Work guidelines:** For details, please refer to the section the “Policy List” of this report.
- **Working mechanism:** We organize front-line operators, tenants, professional institutions, and public interest organizations to establish a Green and Health Committee, continuously probe into the aspects such as green operations, green construction, and green office, and make joint efforts to live a green and healthy low-carbon life by ways including organizing campaigns, carrying out publicity and advocacy, and conducting selection for award activities. The Manager establishes an energy conservation and carbon reduction working group jointly with the hotel and serviced apartments and front-line operators, and determine the structure and definition of responsibilities of the working group, covering the entire process of resource use recording, testing, feedback, and target adjustment.
- **Daily practice:** For details, please refer to the content of this chapter.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Green Building Certificate

We are committed to increasing the proportion of certified green buildings. As of the end of the reporting period, properties of the Trust have won a number of green building-related certificates. Among them, the proportion of LEED gold or above certified properties reached 68.2% in terms of gross floor area, which has met the coverage goal.

Property	External Certificate
GZIFC	<ul style="list-style-type: none"> • LEED V4.1 O+M Platinum Certificate (with renewal completed in January 2023) • BOMA 360 Certificate (with renewal completed in August 2023) • BOMA China COE Certificate (with renewal completed in January 2023) • Certificate of Green Building Design Label of China (One-Star) (first obtained in December 2023)
Yuexiu Financial Tower	<ul style="list-style-type: none"> • LEED V4.1 O+M Platinum Certificate (with renewal completed in August 2023) • Certificate of Green Building Design Label of China (Three-Star) • Platinum WCELL Certificate • Certified by the Guangzhou Association of Building Economy Promotion as a “Zero-Carbon, Digital, Intelligent, Energy-Saving, And Carbon-Reducing 3-Star Building” (first awarded in November 2023)
Wuhan Yuexiu Fortune Centre	<ul style="list-style-type: none"> • LEED V4.1 O+M Platinum Certificate • The “Net Zero Carbon Building Excellence Certificate” jointly awarded by BRE and TÜV Rheinland (first obtained in August 2023)
Hangzhou Victory	<ul style="list-style-type: none"> • Certificate of Green Building Design Label of China (Two-Star)



Both GZIFC and Yuexiu Financial Tower completed LEED V4.1 O+M Platinum Certificate renewal in 2023, which has stricter ESG requirements than the previous V4 standard. By the end of 2023, 100% of the Trust’s properties with LEED certificate have applied the V4.1 version standard.



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Popularizing Green Convention

We deeply integrate world-class management requirements with the internal standardized management system, include green conventions in lease contracts, prepare low-carbon and environmental clauses, and agree on the maintenance of environmental performance for front-line operators, tenants, decoration teams and employees in the decoration, operation and other links.

- **Front-line operator**

The regular assessment of front-line operators by the Manager includes an analysis of the achievement of energy and water consumption goals, and the achievement is linked to performance. The routine promotion and training activities of front-line operators have been incorporated into ESG content, and promotional posters have been widely put up within the properties. As of the end of the reporting period, 100% of the assessments for all front-line operators have covered the environmental target assessment.

- **Tenants/Customer**

The Trust's properties sign green conventions with tenants or issue a Green and Environmental Initiative to encourage tenants to fully consider the environmental friendliness, reasonable use of materials, indoor air circulation, light pollution, and other factors of decoration materials before entering the decoration site, with a view to creating a green and healthy environment. We actively guide tenants to conduct green procurement, such as using cleaning agents and paper that comply with the CQC standards, FSC and HACCP certifications, and calling for the purchase of daily consumables certified by FSC and office equipment products certified by EPEAT and Energy Star. As of the end of the reporting period, the Green Convention has been extended to 100% of super-A office buildings, and we continue to promote the Green Convention to more properties. In addition, Ascott Serviced Apartments GZIFC are mainly rented by long-term tenants, who have relatively stable water usage habits, so we continue to implement water quota management for households.

- **Decoration personnel**

In order to ensure that the materials meet the environmental protection and safety standards, the Trust's properties have formulated management rules and procedures for decoration materials, put forward specific requirements for tenants' decoration materials, and implemented a strict audit system, such as low smoke and halogen-free flame retardant wires, boards of flame retardant B1 grade and formaldehyde emission E1 grade, paint and coatings meeting the technical requirements of environmental protection label products, and prohibited use of high energy consumption lamps. During the decoration period, the front-line operators are responsible for conducting regular inspection and supervision to ensure that the decoration materials used are consistent with the requested materials. After the decoration is completed, the front-line operator will conduct air quality testing to ensure that the indoor air quality reaches the environmental standards.

- **Other stakeholder**

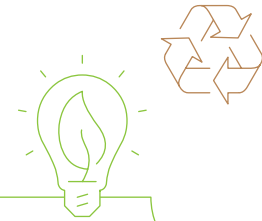
We also collaborate with professional organizations and public interest organizations to establish a Building Green and Health Committee, which functions as an important platform for promotion, training, and exchange of the sustainable development concept.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Building Green Communities

We carry out various forms of public welfare activities themed of low-carbon operation, and continuously make innovations in low-carbon and environmental protection-themed activities based on actively responding to “Earth Hour”, “International Earth Day”, and “World No Tobacco Day” for many years. With the increasing attention of customers to low-carbon and environmental protection issues, such green-themed activities not only improve the effect of environmental protection publicity, but also form positive interactions with our customers, jointly promoting the in-depth practice of low-carbon and environmental protection concepts, and injecting a continuous and positive momentum into our communities and environment. In addition, we appeal to tenants, customers, and employees in various manners to jointly create a green space:

- Turn off lights before leaving the room
- Turn off electronic products not needed
- Reduce the use of disposable products
- Take stairs to go up to the second floor and go down from the third floor
- Set air conditioner temperature to 26 °C
- Remember to remove room cards before leaving room (hotel and serviced apartments)



LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT



On 26 March, properties of the Trust actively responded to the "Earth Hour" public welfare activity initiated by the World Wide Fund for Nature by turning off lights not needed for one hour from 8:30 p.m., jointly releasing the low-carbon environmental protection potential for 60 minutes.



On 31 May, properties of the Trust responded to the 36th "World No Tobacco Day" through various themed activities. The Green and Health Committee of GZIFC launched an environmental protection event on "World No Tobacco Day" with the theme of "A No-Tobacco World · Embrace a Sustainable Future". It launched the "Tobacco for Sugar" campaign, allowing the exchange of unhealthy cigarettes for candies and turning the bitter and choking thick smoke into a sweet taste. If we stay away from the harm of cigarettes, our life will become sweeter.



We set up a check-in point on the first floor of Yuexiu Financial Tower, for the themed initiative of "No-Tobacco World·Have Fun with Seed". Driven by care about the physical health of customers and ensuring a healthy environment of the office, we adopted the form of "abandoning cigarettes" to throw simulated cigarette props into an earth-shaped recycling bin, guided customers to participate in the on-site interaction, and gave them plant seeds as a gift for smoking ban support.



On 28 December, GZIFC organized an urban low-carbon and healthy running activity with the theme of "Seek Low-Carbon Beauty, Run Happily in City", jointly advocated the lifestyle of green and low-carbon travel, and presented the honorary certificate of "Annual Low-Carbon Office Excellence Award" to outstanding tenants.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT



Yuexiu Financial Tower, Fortune Plaza, and Wuhan Starry Victory Shopping Center made use of rooftop space to create the “Skyline Farm”. In particular, Yuexiu Financial Tower held the “Small Farm but Big Oxygen Cabin” Skyline Farm event on 30 August, providing participants with the experience of picking fresh organic vegetables and enjoying DIY plant micro-scenery handicrafts.

SUSTAINABLE CONSUMPTION

Issue connotation: continue to call on tenants and customers to reduce the use of disposable items, encourage recycling and promote propaganda of sustainable consumption.

Concept

We continuously promote the concept of sustainable consumption, and advocate the green and low-carbon lifestyle and consumption pattern.

Target and Progress

Target	Continuously call on tenants and customers to reduce the use of disposable items	
Annual progress	Achieved	

Management Practices

The properties of the Trust work with partners to promote the concept of green living, advocate low-carbon consumption, reduce the use of plastics and disposable items, and lead consumers to move towards a sustainable lifestyle.



Coffee has become a part of many people’s daily lives, and we guide our tenants to recycle coffee grounds for planting purposes.

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

Concept advocacy

- Promote the concept of green consumption to tenants and customers by means such as promotional videos and flyers;
- Advocate for the reduction of disposable items through the Tenant Handbook and Green and Environmental Initiative;
- Introduce benchmark merchants to forge sustainable concept stores and act as a model.

Actions and measures

Four Seasons Hotel Guangzhou	<ul style="list-style-type: none"> • The plastic bottle of mineral water in rooms was replaced with biodegradable paper bottle of mineral water • Travel-sized shampoo, conditioner, body wash, body lotion, etc. in rooms were replaced with bottled ones, soaps were replaced with hand sanitizers • Disposable tableware was replaced with degradable tableware, including takeaway boxes, tableware, straws and stirring rods • Cafés offered “bring your own cup” discounts, and customers who bring their own cups enjoyed certain discounts when ordering drinks
Ascott Serviced Apartments GZIFC	<ul style="list-style-type: none"> • The 35 ml small bottles of bathing products were replaced with 500 ml large bottles of bathing products • The frequency of provision of disposable bathing products was reduced, and barreled water and no-cleaning signs were provided in the rooms to encourage guests to reduce cleaning not needed • The outer packaging of guest toiletries is made of biodegradable and environmentally friendly materials • Disposable plastic items such as toothbrushes and combs were replaced with products made from biodegradable materials such as wood, bamboo, wheat straw, corn starch, etc.
Tenant/Shop	<ul style="list-style-type: none"> • Yuexiu Financial Tower introduced “Starbucks Green Concept Store” • Wuhan Properties changed the toilet roll tissue to the sheets-packed tissue to save hygiene consumables • Each property advocates using electronic LED screens for marketing, and reduced the replacement of traditional printing and inkjet materials like light protection films and paper • Wuhan Yuexiu Fortune Centre held a “Coffee Ground Recycling Plan - Potted Plant DIY Salon” in April, and Yuexiu Financial Tower launched the public welfare activity of planting succulents with coffee grounds in June to guide tenants to recycle coffee grounds for plant cultivation
Parking lot	<ul style="list-style-type: none"> • There are a total of 150 new energy vehicle charging piles in the Trust’s parking lots, meeting the needs of green travel

LOW-CARBON OPERATION LEADING GREEN DEVELOPMENT

BIODIVERSITY


Issue connotation: focus on and emphasize biodiversity protection, and proactively advocate and promote activities related to biodiversity protection during routine operation management.

Concept

Biodiversity is the lifeblood and foundation for the community of life on earth, making the earth full of vitality, and also the basis for human survival and development. We are committed to reducing the burden on natural ecology, preventing damage to biodiversity, and making positive contributions to the ecological protection where we operate our business areas as possible.

We pay close attention to the potential impact of our daily operation on biodiversity and encourage our operation team to incorporate biodiversity conservation into the planning and execution of annual public welfare or promotional activities. Moreover, we organize diversified themed activities to communicate the urgency of biodiversity conservation to tenants and the public, and stimulate social attention and action on this important issue.

Target and Progress

Target	Incorporate biodiversity into the scope of social service or publicity campaigns every year	
Annual progress	Achieved	

Management Practices

The properties of the Trust are in the downtown, none is located at or adjacent to protection zones of high biodiversity value, including but not limited to world heritage sites, special sites for scientific interest (SSSI) and category I-IV protection zones under the International Union for Conservation of Nature (IUCN). As a whole, we are facing limited biodiversity risks and associated effects.

In spite of that, we regularly assess the risks and opportunities associated with the ecosystem. We recognize that the physical footprint of our properties may have potential impacts on biodiversity, which run through all stages of the investment and property operation lifecycle. Therefore, we are committed to mitigating adverse effects and striving to play a positive role in promoting biodiversity.

We continue to carry out charity/publicity activities themed with animal and ecological protection in the properties of the Trust, and post posters concerning biodiversity introduction or place biodiversity-related introduction, picture books and books in public areas for the public to learn more about biodiversity and read freely. Inspired by natural experience and green elements, we build nature-integrated building scenes and space including outdoor greening, green gardens and waterscapes, which intensifies property biodiversity, mitigates the heat island effect and rainfall runoff of properties, creates atmosphere of vigor and vitality, and promotes consumers' connection with the nature.



LOW-CARBON OPERATION
LEADING GREEN DEVELOPMENT

CASE



Animal Care Series Themed Activities

GZIFC

In September 13, we collaborated with multiple public interest organizations to hold the “Pet Home” photography tour and the “Charity and Public Welfare Themed Market” in M Space. The creative integration of public welfare markets and art salons allowed the public to understand the relationship between humans and animals from multiple perspectives, calling for adoption instead of pet purchasing and finding a home for stray cats and dogs.



Event Photos

Wuhan Starry Victory Shopping Center

We collaborated with tenants to promote multiple plans and activities with the theme of animal care within the year, including:

- “Small Animal Stray Ending Program”: Advocate for adoption instead of purchasing and clarify the adoption standards, and provide free consultation on the knowledge about scientific feeding and small animal disease prevention and control;
- “Victory Pet Friendly Program”: Develop a “Pet Friendly Convention” that defines friendly pets and specifies standards, and add a “Pet Friendly Sign” to merchants who join the program. Customers who meet the requirements can bring their pets indoors using carts, backpacks, or portable cages;
- “Victory Pet Community”: Regularly release news about the exciting activity on Pet Day, and provide an interaction and communication space for pet enthusiasts.



Event Photo



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT



SDGs RESPONDED IN THIS SECTION



OUR CONCEPT

We uphold the business philosophy of "Professionalism, Steadiness, Excellence and Win-Win Results", constantly pursue higher service quality, always adhere to the strategy of win-win cooperation, and commit to creating sustainable value for customers, partners, industry peers for win-win development.



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


SERVICE QUALITY

Issue connotation: continue to improve customer service management system, assure operational service quality of properties and offer better quality service experience.

Concept

According to the characteristics of various properties, we develop differentiated management standards and regulations, improve the customer service system and details, and strive to create better quality service experience for customers. We positively maintain high level of customer satisfaction and trust, hire third-party institution yearly to carry out customer satisfaction surveys and feedback the survey results to front-line operators, pushing them to continuously improve the service system and quality.

Target and Progress

Target	The overall customer satisfaction of annual third-party survey shall be no less than 90%	
Annual progress	The overall customer satisfaction of annual third-party survey reaches 99.9%	

Management Practices

During the year, the properties of the Trust fully launched the YEService to provide comprehensive services to customers through the six value systems of YESintelligence, YEShealthy, YEScare, YESeasy, YESshare and YESocial, and provided customers with wonderful services in terms of comfortable environment, safety and efficiency, and humanistic care services. As one of the cases in Guangzhou's "Social Value and ESG Blue Book", YEService has become the industry benchmark. In 2023, the properties' overall customer satisfaction of annual third-party survey was 99.9%, and we received letters of thanks from tenants and customers repeatedly. During the reporting period, the Manager carried out several asset appreciation projects for operation and image enhancement, with a cumulative investment of approximately RMB43.23 million.

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Property	Asset Appreciation Project
GZIFC, Yuexiu Financial Tower, Fortune Plaza, City Development Plaza, Wuhan Fortune Center, Shanghai Yue Xiu Tower	Leased unit decoration and renovation project with a total area of approximately 26,100 sq.m.
Four Seasons Hotel Guangzhou	Ground renovation in the logistics area
White Horse Building	Passage 35 renovation project on the third floor Upgrading and reconstruction on the seventh floor (roofing)
Wuhan Properties	Floor paint restoration for the park on the B1 floor, lane stone replacement for the drop-off area of Fortune Center
Hangzhou Victory	Upgrading and reconstruction of the lobby, the park on the B1 floor, the logistics area and the periphery passage



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

YESintelligence		YEShealth	
<ul style="list-style-type: none"> ✓ Apply cloud technology and big data technology ✓ Intelligent energy management systems ✓ Building structure health monitoring system ✓ Promote the 5G network coverage ✓ Parking navigation system ✓ Self-service visitor registration ✓ One-stop online service platform 	<ul style="list-style-type: none"> ✓ IAQ air quality control system, WELL healthy building standards ✓ Standardize tobacco odor control for smoke-free environment ✓ Use ultraviolet light tubes and disinfectants for frequent disinfection, clean the air conditioning system regularly ✓ Health topic propaganda and charitable consultation ✓ Build the "Skyline Farm" for tenants to relax their minds and bodies 		
YEScare		YESeasy	
<ul style="list-style-type: none"> ✓ Offer escort service at midnight and handy services for the public on rainy days ✓ Make comfortable nursing rooms or baby care rooms available ✓ Equip with AED facilities 	<ul style="list-style-type: none"> ✓ Braille for elevator buttons ✓ Wheelchair accessible parking spaces ✓ Wheelchair accessible passage ✓ VIP fast channel ✓ Convenient car rental points 		
YESshare		YESocial	
<ul style="list-style-type: none"> ✓ Build a platform of communication and interaction ✓ Office space sharing 	<ul style="list-style-type: none"> ✓ Diversified offline social network activities ✓ Aesthetics, art and charitable exhibitions 		

Four Seasons Hotel Guangzhou and Ascott Serviced Apartment GZIFC provide guests with catering services. They have qualified food safety administrators, and all their employees who provide catering services have effective health certificates, as required by the relevant regulatory requirements for food sanitation. All restaurants also employ qualified professionals to control the food quality, ensuring the food safety. If any comment or complaint about food quality is received from any guest, the restaurant manager will follow up on such comment or complaint immediately to understand customer demands and to handle the problem properly. During the reporting period, no food safety incidents occurred.

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


PROPERTY SAFETY AND HEALTH

Issue connotation: implement property safety management measures, assure safety performance of properties of the Trust, in-depth inventory and rectify hidden safety hazards, create safe, healthy and sustainable environment.

Concept


Properties of the Trust have implemented the safety production work guidelines "safety first, prevention foremost and comprehensive management", strictly abide by laws and regulations, and constantly improve the system building to promote the standardization of work safety. We take preventive measures as the key, actively promote the safety propaganda, organize and carry out health and safety training and fire drills, and collaborate with tenants in jointly promoting safety and health management. We continuously attend industry experience exchanges to gain experience and to boost property safety and health management capabilities.

Target and Progress

Target	<ul style="list-style-type: none"> Organize at least one fire drill every six months, covering 100% of properties of the Trust Rectify equipment and facilities safety hazards comprehensively every year 	
Annual progress	Achieved	

Management Practices

We take property security as our top priority. We intensify the safety management of its properties by performing safety inspections, emergency drills, safety publicity, etc. Furthermore, we vigorously work with tenants and customers to organize regular safety training, selection of safety ambassadors and other activities, to improve self-protection skills of tenants and customers, and make safety awareness and safety concepts deeply rooted in the hearts of the people. During the reporting period, according to the changes in laws and regulations, we updated the safety control standards to promote the work safety standardization of 100% of the Trust's properties. During the reporting period, the Manager has carried out a number of safety and security asset appreciation projects, with a cumulative investment of approximately RMB8.11 million, approximately 70.6% of which has been invested in the upgrading and reconstruction of the monitoring system.




Property	Asset Appreciation Project	
GZIFC	Lighting cable replacement for the public area of the office building	
Ascott Serviced Apartment GZIFC	Monitoring system upgrading project	
White Horse Building	Upgrading of the monitor display and floor information release system	
Shanghai Yue Xiu Tower	Upgrading of the displays in the monitoring center, peripheral displays and the first floor's monitoring system	
Hangzhou Victory	Elevator upgrading and reconstruction for safety Upgrading and renovation of the weak current system of the monitoring system	



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

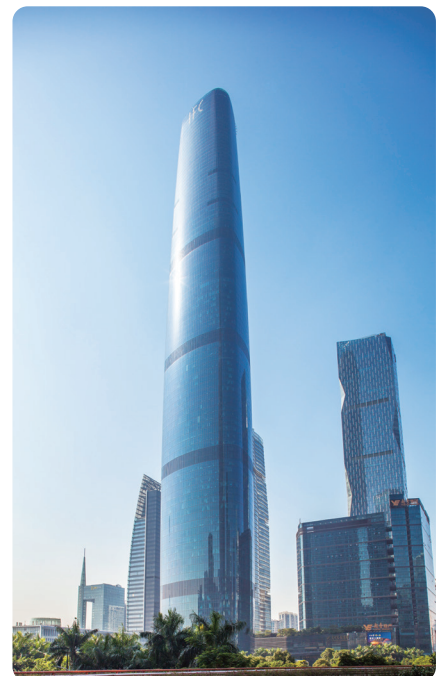
Building Safety

In order to ensure the safety of the buildings themselves and the people therein, we have established a comprehensive safety monitoring system, hired a third party for assessment and inspection, and selected safety ambassadors to publicize and promote safety knowledge.

- 
 - **Monitor hidden safety hazard**
 - ✓ Monitor operation states of building facilities in real time using BMS system
 - ✓ Introduce IoT devices to monitor operation states of facilities and equipment
 - ✓ Use the safety monitoring and control system to discover and rectify risks and hidden hazards in a timely manner
- 
 - **Third-party inspection**
 - ✓ Hire third-party institutions to inspect building safety
- 
 - **Collaborate on safety management**
 - ✓ Select employees and tenants to act as safety ambassadors, and expand coverage of the safety management team

As a super high-rise landmark building, GZIFC has enough rigidity to resist lateral force and is excellent in wind prevention and anti-seismic performance, due to its unique tube-in-tube structure. It was equipped with the real-time online monitoring system for building structure in 2022 for 24-hour dynamic monitoring of the building safety:

- The sensor system was arranged at the monitoring points on the west, south and east sides of the 67th, the 81st and the 102nd floors respectively to collect data of accelerated speed, dip angle, displacement, etc.
- The wind speed and direction instruments were arranged on the 103rd floor to collect data of wind speed and wind direction.
- The coordinate reference value was established for the long-term observation point through the settlement test to monitor the settlement risk.



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Fire Safety

Fire safety is the top priority for property safety and health management. We have built a fire protection training base, regularly inspected and maintained fire protection equipment, set up a fire safety culture wall and provided the tenants with fire safety manuals, so that employees and tenants can comprehensively understand fire control knowledge, deepen the fire safety participation and cooperate to maintain building fire safety.

- ✓ A fire drill was carried out for each of the properties in the first half and the second half of each year
- ✓ The “Work Safety Month” propaganda activity was organized on a regular basis
- ✓ The fire safety pamphlets were distributed to tenants and employees
- ✓ The office spaces were equipped with fire extinguishers and gas masks



GZIFC | Escape experience house for fire drill simulation



Yuexiu Financial Tower | “One fire brigade for one station” mini fire station



Victory Plaza | 24-hour intelligent fire safety monitoring



Fortune Plaza | Rescue simulation and drill

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Coping with Extreme Weatherr

According to the environmental characteristics during the typhoon period and the flood season, we developed the contingency plan for natural disasters and risks and conducted drills in advance to make sure that their employees were familiar with the emergency procedures, so that they could effectively cope with potential risks resulting from extreme weather. Besides, we reminded tenants of typhoon and rainstorm to remind them to take measures to do well the safety protection.



GZIFC | Emergency drill for natural disasters (flood prevention) in March and September



Wuhan Properties | Emergency drill for flood prevention in May

Safety Inspection

We constantly carry out a number of regular and irregular safety inspections every year, including monthly inspections, quarterly inspections, special inspections, sudden inspections and holiday inspections. We include safety management in performance appraisal. For the hidden security risks identified in inspections, we would make and fully implement rectification plans.

Safety Training

We work with tenants to set up the role of "Safety Ambassador" to deepen safety culture publicity, extend safety training scope, and improve self-rescue capability of tenants and customers. Each year, we organize all kinds of theoretical and hands-on safety training with the recent safety accident cases used as warning materials, covering employees and tenants.





Safety Training Photos

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Light and Air Health

We attach importance to light and air quality within the properties. While reducing energy consumption, we are committed to providing tenants and customers with a comfortable and environmentally friendly office and consumption environment for win-win development.

Property	Light	Air
<p>GZIFC</p> 	<ul style="list-style-type: none"> The LOW-E hollow glass with dual silver plating is adopted. The nano technology for thin film deposition made the glass opaque selectively, which can ensure the natural light while effectively blocking 70% of ultraviolet rays, with a heat transfer coefficient that is 50% lower than that of simple glass, so that less heat can enter the room and the energy consumption of air conditioners can be reduced effectively. 	<ul style="list-style-type: none"> The four types of air conditioner systems are available, namely the VAV systems, the centralized air supply systems, the primary air fan-coil systems, and the VRV systems. With the CO₂ monitor, the air inside the building is treated through electrostatic precipitation, G3 coarse filtration, F7 medium efficiency purification and photocatalytic sterilization, ensuring the clean and fresh air. The CO₂ monitor work with the primary air system and the exhaust system to ensure the indoor air quality.
<p>Yuexiu Financial Tower</p> 	<ul style="list-style-type: none"> With the "respirable curtain wall" technology applied, the curtain wall consist of the internal and the external curtain walls, and the curtain wall ventilator make the natural ventilation effective. Thus, the temperature of the inner curtain wall is close to the indoor temperature, reducing the temperature difference and saving about 40% to 60% of energy for heating and cooling. The light guide tube is set up to capture natural light in place of artificial lighting. 	<ul style="list-style-type: none"> The four air systems, namely the VAV air conditioning system, the international primary air system, the purification system and the real-time monitoring system, conducts the timed monitoring of the CO₂ content through the CO₂ concentration sensor. The property is also equipped with the two-layer air filter device and photocatalysis air purifier made available. Up to 99% of PM2.5 can be blocked; up to 90% of methanal/benzene, etc. can be removed; the primary air can reach 40m³/person/hour; and the indoor sterilizing rate can reach up to 99%.

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


HANDLING CUSTOMER COMPLAINTS

Issue connotation: place high value on customers' opinions, continuously improve the complaint handling mechanism, follow up and respond to customer complaints timely, and conduct research on customers' opinions periodically.

Concept

We listen to customers' opinions carefully, build smooth communication channels, carry out exchange activities on a regular basis, and keep optimizing our management capabilities and service capabilities according to customer needs and opinions.

Target and Progress

Target	Respond to 100% of customer complaints every year	
Annual progress	Achieved	

Management Practices

In order to keep raising the efficiency of responding to customer complaints, we integrate digital technology to continuously improve the complaint handling system and feedback mechanism. The front-line operators of the Trust's properties sort tenant complaints and their handling progresses every month, describe the analysis results in the monthly operation report for release, actively respond to customer demands, and keep improving service capabilities. The hotel and serviced apartments collect customer opinions online and offline as an important reference for service level improvement.

Handling Complaint and Feedback

Considering the diversity of the customer portraits of properties of the Trust, we keep refining the on-site complaint management system, and to handle and resolve customer complaints or suggestions quickly in a targeted manner. In order to listen to customers' opinions in a timely manner, each front-line property operator maintains various channels for communication with tenants, including complaints via hotline, expert coordinator and face-to-face communication, and applies the real-time feedback system in private places such as washrooms, so that tenants can scan the QR code to feed back their opinions and demands timely. Moreover, we also conduct customer research including periodic visits and special visits, handle complaints following an effective and clear information reception and feedback process, classify complaints according to different information, designate special employees to receive complaints for handling, and respond to and resolve complaints instantly. As a result, we have received commendatory letters from tenants repeatedly.

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


INFORMATION SECURITY PROTECTION

Issue connotation: in the digital era, continuous review and optimize information security management and control mechanism, prevent network security risks, provide information security training, and implement information security management and privacy protection.

Concept

We strictly comply with relevant laws and regulations on information security protection, such as the Cybersecurity Law of the People’s Republic of China, the Data Security Law of the People’s Republic of China and the Personal Information Protection Law of the People’s Republic of China, complete internal management systems and practices, and review the effectiveness of internal information security protection mechanisms regularly. In addition, we collect relevant privacy information and data following the “need-to-know” principle and maximize the protection of personal information and privacy of employees, tenants and customers.

Target and Progress

Target	Review information security management and control mechanism every year	
Annual progress	Achieved	

Management Practices

We attach great importance to protection of tenant personal information and operating information ensure that collected data are only used for internal operation management. In 2023, the Manager required the front-line operators to establish an information security governance organization and apply to implementation level. As of the end of the reporting period, the front-line operators namely Yicheng BM and Guangzhou Yuexiu City Construction Jones Lang Lasalle Property Management Co., Ltd. (“GZ Yue Xiu JLL”) have obtained ISO 27001 certifications. During the reporting period, the Manager did not identify or know any confirmed lawsuits related to infringement of customer privacy or loss of customer data.

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Management Mechanisms and Measures

We pay high attention to information security management, and attach importance to data backup and disaster recovery drill. To ensure the integrity of the business system, we implement the daily data backup and the annual disaster recovery drill to ensure that 100% of the business system is covered. In the meantime, we strengthen the information security supervision, enhancing employees' awareness and work skills of information security by organizational development, training, routine inspection, assessment, etc. We quantify the assessment of daily information security work, and evaluate our work in terms of organization security, data security, key asset security, cybersecurity, personnel security, etc.

We encrypt and set permission for all kinds of sensitive information, which cannot be viewed or copied without authorization, and clearly marks all confidential documents, which should be viewed and used following the strict authorization approval procedures strictly. Each property has set up special posts to be responsible for sorting, summarizing and filing tenant information and other operating data, and established customer privacy ledgers to identify and keep confidential sensitive business information documents.

○ **Online prevention strategies**

- ✓ It is strictly forbidden to install and use information software from unknown sources
- ✓ Regularly review network security strategies, and install patches in a timely manner if network security loopholes are discovered
- ✓ The system automatically reminds employees to update computer and mailbox passwords quarterly
- ✓ Perform regular backups of key system data and conduct data recovery tests
- ✓ The hotel and serviced apartments are equipped with unified data center and encryption systems
- ✓ Regularly check whether the management of confidential documents complies with the established requirements



○ **Offline prevention strategies**

- ✓ Stipulate the employee's information confidentiality obligation in the labor contract
- ✓ Hire professionals to provide information security training and phishing tests for employees
- ✓ Equip machine rooms with an access control system and monitoring system, and staff with designated personnel for maintenance
- ✓ Regularly carry out anti-peeping inspections in the properties



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


VALUE CHAIN SOCIAL RESPONSIBILITY

Issue connotation: closely cooperate with various stakeholders of the value chain, conduct supplier evaluation and review, integrate ESG factors in the supplier management mechanism, and strive to guide upstream and downstream business partners to jointly integrate ESG factors in the supply chain management mechanism.

Concept

To build strong partnership, we work with our suppliers for low-carbon transition. Throughout our operations, we maintain close cooperation with upstream and downstream entities in the value chain. Through multiparty interactive communication, we integrate industry resources, promote coordinated development, and fulfill our social responsibility. In order to promote a sustainable procurement and a sustainable supply chain, based upon standardized compliance requirements for suppliers in the process of bid invitation and procurement, we have formulated a series of policies and systems concerning supply chain management and suppliers' social responsibilities, to constantly keep the value chain compliant, corruption-free, fair and low-carbon.

Target and Progress

Target	Evaluate and review 100% of suppliers every year	
Annual progress	Achieved	

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Management Practices

Policy and Guideline

We have formulated a number of supplier management systems and standards for commitment to control of the quality of suppliers' products and services, standardized the management mechanisms for the whole life cycle of suppliers from entry to exit, and continuously refined the supplier management system. We independently review the entire procurement process on a regular basis to ensure compliance and effectiveness.

Qualification Management

We keep promoting the standardization of the supplier qualification management process for constant central management of supplier information, and the continuous optimization of our supplier database. We promise to give priority to purchasing products with environmental qualifications under the same conditions, and call on tenants to practice environmental protection and green procurement through the "Green Convention". We evaluate suppliers regularly, and adjust non-compliant suppliers accordingly. We explicitly incorporate suppliers' ESG performances into the assessment standards for suppliers.

Supplier selection

Conduct an on-site visit to the supplier to assess their product quality and environmental qualifications during the pre-bidding selection stage

Supplier admission

Require suppliers of asset appreciation projects to hold valid quality management system certificates, environmental management system certificates, and occupational health and safety management system certificates. We also have certain requirements for decoration materials, for example, construction panels must reach E1 level or above, and the use of oil-based paints is prohibited. Internationally recognized environmentally safe refrigerants are required for the central air conditioning system

Supplier audit

Conduct regular audit of materials and qualifications of suppliers, as well as conduct product supervision, to ensure that such suppliers comply with the legal compliance requirements, contract provisions and procurement requirements for fulfillment of supplier duties

Supplier evaluation

Evaluate suppliers at least once a year, and make adjustment if any supplier is found to be unqualified after audit, or require such supplier to exit



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Company	Type	Certification
Yicheng BM	Tenancy service Property management	① GB/T 19001-2016/ISO 9001:2015 ② GB/T 24001-2016/ISO 14001:2015 ③ GB/T 23331-2020/ISO 50001:2018 and RB/T 107-2013 ④ GB/T 45001-2020/ISO 45001:2018 ⑤ GB/T 22080-2016/ISO/IEC 27001:2013
Baima BM	Tenancy service Property management	GB/T 19001-2016/ISO 9001:2015
GZ Yue Xiu JLL	Property management	① GB/T 19001-2016/ISO 9001:2015 ② GB/T 24001-2016/ISO 14001:2015 ③ GB/T 23331-2020/ISO 50001:2018 and RB/T 107-2013 ④ GB/T 45001-2020/ISO 45001:2018 ⑤ GB/T 22080-2016/ISO/IEC 27001:2013

Quality Supervision

- The Asset Management Department inspects the quality of property management quarterly, and the inspection content covers property environment management, customer complaints, outsourcer management, etc.
- The Project Management Department conducts quarterly special inspections on the maintenance of property equipment and facilities and the management of energy consumption. It assesses suppliers and evaluates their performances in terms of security red lines, quality and services, civilized construction, customer experience, waste disposal, etc.
- We hire professional third-party institutions to carry out energy consumption management audit and equipment and facility safety audit depending on actual situation.

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Green Procurement

In the procurement process, we clearly put forward our requirements for environmental protection to suppliers to advocate green procurement. For art display and layout for events, we advocate preference for recyclable or renewable environmental materials, require suppliers to take into account the reusability of the props and displays that they design, and encourage the new look of visual appearance to be created by innovative combination and redesign of existing props, reducing the environmental impact by recycling.

We tend to choose suppliers that operate where properties of the Trust are located. This, on the one hand, supports local economic development, shortens the distance of logistics and transportation, reduces GHG emissions in transit, on the other hand, facilitates our active communication with and monitoring of suppliers.

CASE



Four Seasons Hotel Guangzhou implemented the local low-carbon procurement plan

This year, Four Seasons Hotel Guangzhou implemented the local procurement measure, stating in the menu of Yu Yue Heen that it actively cooperated with local farms and suppliers and prioritized the use of local characteristic agricultural products for commitment to minimize carbon emissions during transportation.



Site photo



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


INDUSTRY DEVELOPMENT

Issue connotation: dovetail with national strategies, promote industrial development, strengthen industry exchanges, and empower industry progress.

Concept

We actively explore innovative services and practices, and are committed to becoming affordable commercial properties, providing more resources and value for tenants, while growing together with commercial tenants.

Target and Progress

Target	Carry out tenant empowerment activities. Promote industry development through continuous participation in professional forums and industry associations	
Annual progress	Achieved	

Management Practices

We integrate resources of multiple parties to build a business community that facilitates communication, and empower the industry to develop new business opportunities. We exchanged progress, effectiveness and experience in ESG management with all parties through different channels, continuously contributing to the sustainable development of the commercial real estate assets management industry in China.

Ecology Construction

We build the office ecology platform, namely YUE OFFICE centered around "Products + Services + Community + Resources", organize our tenants to participate in industry exchange activities, integrate tenant resources to hold exhibitions and activities, connect internal and external quality resources to carry out popular theme activities such as "Cheerful Energy Season", "6:30 Theater", "Funny Human Party", "Joyful Gift Season", etc., and use the property service platform to assist merchants in promotion and propaganda, promoting the office building ecology construction.



We organize green building and tenant seminars, inviting architects, tenant representatives, as well as government and industry experts to gather and exchange insights on how ESG trends impact green buildings and asset values.



WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT

Common Development

We build a business community that facilitated communication for tenants, and launch various activities to promote communication and cooperation between merchants while enhancing the stickiness between customers and buildings. Each property carries out various sphere activities, invites financial institutions, government agencies and other relevant personnel to participate in circle community exchange activities, and makes an efficient communication platform available to tenants to achieve common development. We also actively participate in industry exchange activities to learn, share and promote the experience in the sustainable development.

CASE



White Horse Building worked with tenants to promote the prosperous development of the garment industry

In 2023, White Horse Building continued to promote the linked development of the garment industry by carrying out diversified advocacy activities to facilitate the incubation of original brands, and was honored as one of the "Top 100 Markets by Comprehensive Strength" and the "Fashion Market" at the 13th China Commodity Market Summit.

- The China original brand design base was created in March, to which a total of 15 original design brands were introduced throughout the year;
- From 12 May to 14 May, we worked jointly with original brands to carry out the linked autumn and winter ordering meeting, at which a number of brands jointly launched their new products, to provide a broad platform for purchases who were seeking for new autumn and winter clothing;
- From 8 September to 22 September, an approach meeting for supply chain procurement (fabric and accessories special event) was organized, providing tenants with access to suppliers of better-quality fabric and accessories;
- On 18 September, the Clothing Procurement Festival was held, with the goal of "leading the trend of fashion consumption and promoting the circulation for fashion business" to accurately approach buyers from all over the country;
- At the 2023 China Clothing Growth Brand Conference held on 20 September, 4 tenants recommended by White Horse Building were honored as the "Chinese Growth-type Clothing Brand", the "Original Designer Brand", the "Business Model Innovation Brand", etc.



Guangzhou White Horse Clothing Procurement Festival

WORK WITH PARTNERS FOR WIN-WIN DEVELOPMENT


RESPONSIBLE MARKETING

Issue connotation: practice responsible marketing, avoid dissemination of misleading, ambiguous product information and overcommitment, and protect rights and interests of customers and consumers.

Concept

We focus on marketing compliance of hotel and serviced apartments, front-line operators and all properties, combine relevant internal management guidelines by referring to laws and regulations including the Advertising Law of the People’s Republic of China and the Law on the Protection of Consumer Rights and Interests, deepen training and publicity on responsible marketing for front-line operators, hotel and serviced apartments and their employees, and deepen the protection awareness of consumer rights and interests.

Target and Progress

Target	Continuously carry out publicity and training on consumer protection to protect the legitimate rights and interests of consumers	
Annual progress	Achieved	

Management Practices

Compliance Marketing

The Manager requires front-line operators to adhere to the principles of objectivity and preciseness in publicity and marketing activities, avoid dissemination of misleading and ambiguous product information and overcommitment, and effectively protect legitimate rights and interests of customers to implement compliant marketing. We have developed a strict review process for marketing materials, and advertisements must not be deceptive, ambiguous, false or misleading. For leasing business, to avoid any unnecessary misunderstanding, we require front-line operators to inform customers of current building conditions and delivery standards truthfully and accurately.

Compliance Training

The Manager requires hotel and serviced apartments as well as front-line operators to include responsible marketing in their annual training plans on topics such as compliance marketing, consumer rights protection and interests and the advertising law. The relevant training aims to strengthen front-line personnel’s awareness of marketing compliance risks, effectively implement marketing compliance risk screening, and support properties of the Trust with compliant operation.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

SDGs RESPONDED IN THIS SECTION



OUR CONCEPT

We uphold the principle of "Focusing on people", and view employees as important assets. We strictly follow related national labor regulations to protect legal rights of employees, provide a comprehensive training system, take care of their physical and mental health, and establish a democratic atmosphere that cares for employees, creating a fair and equitable workplace that is full of opportunities and happiness for every employee.



WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT


EMPLOYEE RIGHTS AND COMMUNICATION

Issue connotation: respect labor rights and interests of employees, implement compliant and regulated employment, protect employee benefits in accordance with the law, provide employees with smooth communication channels and resist child labor and forced labor.

Concept

We respect and protect employees' legitimate rights and interests and ensure that employees are equal in working opportunities and benefits based on respect and non-discrimination. We are happy to listen to our employees and ensure that their voices are heard and valued through regular communication and feedback. We're committed to providing employees with promising careers, strengthening talent development and enhancing work benefits.

Target and Progress

Target	<ul style="list-style-type: none"> • 100% of employees signed written labor contracts • 100% of employees have taken out social insurance • Organize employee satisfaction survey every year 	
Annual progress	Achieved	

Management Practices

Legal and Compliant Employment

We're dedicated to creating a working environment that is fair, legal and respectful of human rights. We strictly abide by national labor laws and regulations, and fully respect and safeguard the International Covenants of Human Rights and the International Labor Standards signed by the Chinese government, guaranteeing the freedom and rights of employees according to the law.

- Establish labor relations with employees in accordance with the voluntary principle
- 100% of employees sign labor contracts and purchase social insurance in accordance with relevant national regulations, which list positions, remuneration, working hours, vacations, etc.
- Clarify rights and obligations of employees in the Employee Handbook;
- Proactively make public the policies and system related to employee benefits to accept supervision proactively;
- Resolutely resist and prohibit recruitment of child labor, forced labor, harassment and abuse
- Guarantee legal rights of employees to participate in political life; and
- Regularly organize employee communication meetings

During the reporting period, there was no violation or complaint related to human rights and labor measures in the Company, and employment relations remained stable and harmonious.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

Communication with Employees

We have set up diversified communication channels, including regular meetings with employees, internal newsletters, online communication platform, team building activities, to expand the communication channels continuously. We have well-developed policies and procedures for handling employee complaints, and each feedback channel handles employee opinions in accordance with established procedures to ensure that employees' opinions can be effectively communicated and a harmonious labor relationship can be established.

Type/channel	Specific way
Labor union	The Manager, Four Seasons Hotel Guangzhou and Ascott Serviced Apartments GZIFC all have established labor unions, and 100% of employees have joined. As required by the relevant systems, we convene the employee congress for the matters that need to be submitted for discussion at the employee congress, to ensure that such matters can be handled through democratic discussion, voting and decision-making. We respect and guarantee employees' right to participate in political activities according to the law.
Daily feedback	In our daily operations, we encourage employees to express their opinions and suggestions. Employees can submit their feedback through the special mailbox of the labor union or the "Opinion Box" placed at the front desk. We assign dedicated personnel to collect opinions or complaints from employees to ensure that such opinions or complaints can be handled timely and the necessary replies are provided to employees in strict confidence.
Evaluation communication	The Manager requires heads of each department to communicate their performance evaluation results face-to-face with employees of the department at the end of the year, and record feedback results of employees. The Manager also requires and urges management of hotel and serviced apartments to do a good job in employee assessment and communication, and take the initiative to care for and respond to reasonable demands of employees.
Cross-level communication	The Manager regularly convenes staff seminars and invites the management and staff representatives to attend such seminars. At the seminars, employees can ask or share with the management questions or suggestions. Four Seasons Hotel Guangzhou realizes information transparency and openness by convening monthly line meetings with the General Manager. Ascott Serviced Apartments GZIFC also organizes face-to-face communication between management and staff from time to time.



WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

CASE



Ascott Serviced Apartments GZIFC's meeting of communication with new employees

On 21 December, Ascott Serviced Apartments GZIFC organized a meeting of communication with new employees, which was chaired by the management to allow new employees to express their questions in the new positions, be clearer about their own career development directions, work more efficiently and communicate with superiors and subordinates or between departments effectively, in order to promote the smooth progress of work.



Event photo

Satisfaction Survey

The employee satisfaction is a key indicator to reflect the status of employees, which can help us understand employees' emotional state effectively. The Manager, Four Seasons Hotel Guangzhou and Ascott Serviced Apartments GZIFC organize the employee satisfaction surveys on a regular basis and present the survey results to the senior management to ensure that the survey results can be valued.

- (1) In 2022, the Manager organized an employee satisfaction survey, covering more than 97% of the Manager's staff, with an overall effective response rate of 87.3%. The survey result showed that employees were more concerned with the Company's improvement in the remuneration, benefits, talent development, etc. This year, the Manager maintained competitive remuneration and benefits, invited internal and external mentors to train employees, and responded to employees' concerns. This year the Manager maintained a low level of employee turnover, reflecting high level of employee satisfaction.
- (2) Four Seasons Hotel Guangzhou and Ascott Serviced Apartments GZIFC conducted employee satisfaction surveys every year under the guidance of their respective global group, and the survey results are centrally managed by the global headquarters. This year, 72% of employees of Four Seasons Hotel Guangzhou participated in the satisfaction survey, and the overall satisfaction was 90%.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT


TALENT ATTRACTION AND RETENTION

Issue connotation: provide competitive remuneration and benefits for employees, perfect performance appraisal and communication, boost employees' efficiency, strengthen talent attraction and optimize our talent reserves.

Concept

We continue to strengthen talent attraction and optimize our talent reserves. Based on the needs of business development, we have formulated a talent recruitment plan, implemented a systematic talent pipeline construction through a combination of online and on-site recruitment, internal open competition and external recruitment.

Target and Progress

Target	<ul style="list-style-type: none"> • Annual employee performance appraisal and performance communication • Keep in touch with schools and provide internship positions every year 	
Annual progress	Achieved	

Management Practices

Employee recruitment

We conduct annual human capital analysis, including talent inventory and forecast of hiring needs, to ensure enough suitable talents for the business development.

By means of combination of online recruitment and on-site recruitment, internal competition for recruitment and external recruitment, we improve the coverage and transparency of the recruitment information released, so as to ensure the recruitment efficiency. To achieve the goal of matching positions with suitable talents, we also continue to identify key target talents and key employees, and adhere to the "two-way selection" principle in combination with the matching employees' career plans with development opportunities, to improve retention rate of talents.

Each year, we offer internship positions, keep in touch with local schools to provide a variety of career opportunities for students. The program not only reserves talents, but also allows us to hear the voices of the new generations so as to keep improving the vitality of the team.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

Remuneration and Benefits

We strictly comply with laws and regulations and provide our employees with market-competitive salaries and benefits in accordance with our internal policies, and ensure that our employees are entitled to statutory holidays and vacations in accordance with the law. The following non-salary benefits cover all employees:

- Pay endowment insurance, medical insurance, unemployment insurance, work injury insurance and maternity insurance for employees, as well as housing provident fund and supplementary medical insurance;
- Provide the Manager's employees with a competitive enterprise annuity plan as an important supplement to employee pensions;
- Employees can get annual leave ranging from 5 to 15 days per year according to the cumulative working years of participating in the society;
- Provide employees with a cafeteria with rich and healthy meals, and provide employees with meal allowances;
- Provide employees with professional suit cleaning, home movies and other benefits;
- Provide dormitory with beautiful environment and superior location for employees of the hotel and serviced apartments in need;
- Organize basketball games, badminton games, yoga courses and other physical activities for employees.

To enhance employee motivation and ensure a fair performance assessment, we implement a floating salary system in which employee remuneration consists of basic salary and performance bonus. We also establish special awards based on business achievements to collectively share the fruits of our operations. This aims to maximize the incentive effect.

Fair Incentives

We have established the performance assessment mechanism to systematically evaluate employee performances, guaranteeing fair incentives. The Manager breaks down the annual work plan of the Company for key performance indicators of departments, and the department heads communicate with employees to confirm the letter of responsibility for the semi-annual and annual performance targets for employees, so as to conduct the mid-year and year-end performance assessments of all employees. A letter of responsibility for the performance targets is the basis for the annual performance assessment after it's signed by an employee and his or her immediate superior.

The Manager conducts a performance assessment every six months mainly by reporting on the work, with the department heads, all employees and HR representatives acting as the judges for the all-around evaluation. According to the fulfillment of performance indicators, department heads have one-to-one and face-to-face performance interviews with employees to feed back the assessment results, work highlights and shortcomings and to discuss the improvement directions. The performance assessment results are linked to employees' performance bonuses and are an important basis for adjustment to employee's remuneration and talents cultivation.

Employee Retention

In the reporting year, the overall turnover rate of the Manager's employees was about 6.4% (male: 0%; female: 13.6%). The Trust undertook hotel operation through its subsidiaries and serviced apartments through its affiliates. In the reporting year, the overall turnover rate of employees working for hotel and serviced apartments was about 22%.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT


EMPLOYEE DEVELOPMENT AND TRAINING

Issue connotation: improve the employee training and development system, support career development of employees consolidate talent team building, and create smooth promotion pathways.

Concept

We attach great importance to the growth and development of talents, encourage and support our employees to participate in various types of training and to take examinations for professional certificates to maintain continuous self-improvement, while establishing a complete employee training and development system within the Company. The training covers employees of the Manager, employees of hotel and serviced apartments, front-line operators and all kinds of outsourcers.

Target and Progress

Target	<ul style="list-style-type: none"> • Every employee receives at least 36 hours of training every year • Provide training for 100% of new employees 	
Annual progress	Achieved	

Management Practices

Management System

We develop internal management policies including Employee Handbook, Labor Contract, Salary Management Measures and Performance Management Measures, to provide standardized guidance on employee development and training management.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

Multi-level Talent Team Building

Up to now, the Manager has established a talent pipeline development plan and management succession plan covering management trainees, professional elites, management reserve talents as well as middle and senior management. Hotel and serviced apartments have built a talent cultivation system covering all levels and developed targeted development courses according to their business development needs and industry characteristics.

Talent team and cultivation system		
Character	Training content	Training method
Management trainees	Guide the formulation of personal development plans and clarify mid- and long-term career development goals. Formulate a job rotation task book and growth list, and clarify short-term task goals and ability improvement goals	<ul style="list-style-type: none"> • Course study • Internal and external communication • Presentation and examination • Cultural team building
Professional elites	Rotation exercise plan, in-depth understanding of different functions and formats	<ul style="list-style-type: none"> • Work rotation • Special topic training • Presentation and examination
Management reserve talents	Customized training programs to exercise business capabilities and team management capabilities	<ul style="list-style-type: none"> • Asset management • Business management • Team management
Middle and senior management	Diversified subject learning, business management and business management learning seminars	<ul style="list-style-type: none"> • Regular communication • Thematic seminars • Study tour



We are glad to nurture newcomers to the workplace. This year, the Manager continued to promote the management trainee program for fresh graduates, while Four Seasons Hotel Guangzhou and Ascott Serviced Apartments GZIFC also set up their management trainee or intern programs for fresh graduates based on their global management network.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

The Manager

The Manager has set up a management trainee program for fresh graduates to attract them from domestic and foreign colleges and universities, with the Company's management acting as the professional mentors. The training program covers career planning and professional ability training, as well as job rotation arrangement, with the aim of helping trainees familiarize themselves with the working environment and improve their work efficiency and skills.

Four Seasons Hotel Guangzhou

The local management trainee program of Four Seasons Hotel Guangzhou ("Local MIT") is open to all employees. It's a 12-month specialized training plan for all management trainees, featuring staged assessment on the management trainees during the training and rotation periods. According to the core principle of "people orientation", Four Seasons Hotel Guangzhou will offer a final position to each management trainee after taking full consideration of training and assessment results, based on their personal strengths and willingness combined with job requirements.

Ascott Serviced Apartments GZIFC

Based on its Graduate Development Plan ("GDP") in the global headquarters, Ascott Serviced Apartments GZIFC provides management trainee opportunities every year for high potential young graduates with less than two years of work experience to help with their personal growth and development and comprehensive learning planning. The graduates in GDP can learn about markets around the world by rotation in the real estate sector.

Training System

We have set up a variety of training courses and training methods according to the characteristics of different positions, and introduced resources from external educational institutions, tertiary institutions and professional institutions to help employees improve their occupational skills. We provide employees with external learning opportunities, as well as access to external training and expense budget for application, with the relevant external training funded by the labor union, so that they can acquire leading professional skills and management experience in external exchanges. We also encourage employees to take occupational skill examinations or professional examinations for certificates to keep developing their professional competence. If any employee obtains a professional certificate of the skill required for his or her position, we'll reimburse or reward him or her depending on the actual situation, and this benefit is available to all employees.

- Create "10 Core Courses" of asset management, covering topics such as asset management, business management, and enterprise management; invite scholars and experts to give lectures of professional knowledge about commercial real estate;
- Formulate training plans covering various professional lines, education and training institutions resource plans and cross-training programs;
- Recommend employees to participate in short-term exchanges, learning and training organized by external training institutions, external benchmark enterprises and industries;
- Invite external trainers to offer leadership development special training.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT



Sustainable development training

On 27 December, we invited professional ESG consultants to carry out an ESG theme training for a professional explanation of the ESG development trend, regulatory developments, industry trends, leading practices, etc., deepening our understanding of the ESG standards and trends.



Intellectual property training

On 15 March, White Horse Building invited professionals to carry out "Learning the protection of property rights to safeguard the clothing operation" theme lecture. At the same day, we invited a member of the Intellectual Property Law Association to offer "Learning the knowledge of protection of rights to protect your own rights" theme training to help customers learn more legal knowledge of intellectual property and apparel trademarks and to explain the knowledge by introducing real-life cases.



Assets management training series

- (1) On 22 July, we invited an expert from bridge5asia to share key points and practical operation skill in each part of assets management.
- (2) On 21 April, we organized a retail mall workshop activity, where an internal lecturer comprehensively explained customer insight, information gathering ability and negotiation skills.
- (3) On 17 August, we conducted an office building business development seminar to deliberate over the development idea and to discuss countermeasures around resources, policies, mechanisms, etc.



Professional skill training

On 8 May, Four Seasons Hotel Guangzhou organized a three-day "Master Trainer" fully-closed professional training, involving theory lecture, exercises and assessment.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT



Leadership training

On 26 August, we invited an external human resources expert to strengthen the team management ability around three core steps: "Perception, Improvement and Development", in order to keep the Company innovative and competitive.



Communication skill improvement courses

On 17 December, Ascott Serviced Apartments GZIFC organized a workplace communication skill improvement course with the help of MBTI to help employees know their characteristics of personality and behavioral styles better, so that they could adjust their manner of working and communication skills. In the meantime, the course also helped employees know the difference between themselves and other people, facilitating a clearer understanding of preferences for different working styles.



Compliance training

During the reporting year, we held four compliance practice lectures and training sessions for employees and front-line operators, involving approximately 200 attendees in total, with the aim of consolidating employees' and front-line operators' awareness of compliance and strengthening the ability to identify, prevent and control compliance risks.



Sustainable Development 101 Courses

On 18 September, Ascott Serviced Apartments GZIFC launched the Sustainable Development 101 Courses to introduce the importance of sustainable development by sharing a series of real-life cases of environmental pollution and habitat destruction, and to introduce excellent measures for sustainable development, raising employees' awareness of environmental protection and sustainable development.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT


EMPLOYEE SAFETY AND HEALTH

Issue connotation: abide by requirements of laws and regulations related to production safety as well as the health and safety system, improve systems related to employee health and safety management, pay attention to physical and mental health of employees, supply protective facilities and articles, organize production safety training, offer mental health counselling, etc.

Concept

We insist on focusing on prevention, compliance with laws and regulations, cultivation culture and continuous improvements, for commitment to providing employees with a safe working environment and protecting their well-being. We organize regular occupational safety training every year and keep assessing and optimizing the health and safety management system to ensure a constant guarantee for employee health and safety.

Target and Progress

Target	<ul style="list-style-type: none"> • No confirmed work-related deaths every year • Provide annual health check for employees 	
Annual progress	Achieved	

Management Practices

Occupational Health and Safety

The Manager, hotel and serviced apartments and front-line operators strictly abide by the applicable national and regional laws and regulations related to Environment, Health and Safety (EHS), such as the *Fire Protection Law of the People's Republic of China*. We equip our employees with facilities, tools and personal protective equipment that are compatible with occupational safety and health protection, as well as AEDs in the properties. The properties of the Trust have posted warning signs in hazardous workspace to remind entering staff to wear temporary protective items, and offer pre-job training to outdoor operators, reinforce ventilation and heat reduction during high temperature periods, hand out cooling items to employees, and ensure sufficient drinking water supply on site.

We arrange professional medical examinations in 3A hospitals for employees every year, and arrange additional medical examinations for female employees. For specific positions, we establish workplace occupational hazard monitoring files and individual occupational health monitoring files. We carry out safety training such as fire drills and emergency training every year, and the coverage rate of staff safety training is 100%.

Physical and Mental Health

Committed to keeping employees sound in body and mind, we support employees in keeping energetic and healthy by a series of regular health promotion activities such as the Well-being Month of Four Seasons Hotel Guangzhou and the annual sports meet of Ascott Serviced Apartments GZIFC, as well as irregular funny activities including basketball games, badminton games and yoga courses. We also attach importance to employees' mental health by inviting professionals to offer mental health courses and mindfulness activities, and engage professional consultation institutions to provide mental health counselling services.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT



Well-being Month

In June 2023, Four Seasons Hotel Guangzhou held the Well-being Month to carry out a variety of activities for physical and mental relaxation, including healthy recipe, yoga courses, traditional Chinese medical treatment, meditation, sports, to create a warm and harmonious working environment and to care for employees' physical and mental health.



Mindful leadership training courses

Four Seasons Hotel Guangzhou launches the mindful leadership training courses for its manager-level employees, and provided a one-month post-training coaching session to help employees apply positive mentality principles to their daily work.



Ascott Moment

Ascott Serviced Apartments GZIFC holds the "Ascott Moment" event every year. The event in 2023 was held in May and lasted for a week, at which employees actively participated in activities such as morning jog, energetic breakfasts, energetic bodybuilding exercises, caring lunches, job exchange day, etc.



WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT


DIVERSITY AND INCLUSION

Issue connotation: advocate diversity and inclusion, encourage and recruit employees with diversified background, culture, experience and capabilities, respect employees' wishes, and create diversified and inclusive work environment.

Concept

We are people-centric and committed to building a diversified talent composition. Following the principles of anti-discrimination and fairness, we treat all employees equally. Different nationalities, races, marriages, genders, regions and religious beliefs do not affect the employment, remuneration and promotion. We firmly believe that the diversity of employees and the inclusion are key elements of the Company's development, because a diversified team can bring a wider range of perspectives and ideas, enhancing the decision-making quality and innovation ability.

Target and Progress

Target	Review diversified policies and corresponding progress every year	
Annual progress	Achieved	

Management Practices

Board Diversity

Following the requirements of the Corporate Governance Code, the Manager has formulated a board member diversity policy in the Compliance Manual. The Remuneration and Nominations Committee reviews the composition of the board and implementation of the diversity policy on a semi-annual basis. For details about corporate governance, please refer to the "Corporate Governance and Business Ethics" section.

Employee Diversity

We emphasize accepting talents from diverse backgrounds. Externally recruited positions are open to applicants of different genders, races, regions, religious beliefs and cultural backgrounds, and differential treatment is prohibited. We ensure scientificity, objectivity and consistency of the recruitment process and selection criteria in the recruitment process, provide convenient facilities and related integrative training for employees from different backgrounds.

We follow the anti-discrimination rules and actively promote the values of diversity and inclusion. We not only emphasize those rules in our employee training, but also implement them by specific actions. Four Seasons Hotel Guangzhou organizes training sessions and monthly communication activities themed by diversity, inclusion and perception of affiliation, effectively raising employees' awareness and acceptance of diversity culture. In the meantime, Ascott Serviced Apartments GZIFC also incorporates the values of respect, inclusion and diversity into its employee training session, further strengthening the construction of the enterprise culture system.

WORK SIDE BY SIDE WITH EMPLOYEES FOR BETTER DEVELOPMENT

(1) *Employees of the Manager*

We set the Remuneration and Nomination Committee under the Board, chaired by an Independent Non-executive Director, which regularly reviews the employees' comprehensive performance, including work performance evaluation and competence evaluation. The Manager's team boasts diversified professional backgrounds and rich working experience. 25% of those holding the senior executive positions are female, 43.9% of the employees of the Manager are female. For more information about directors and senior executives, please refer to Introduction of Directors and Senior Executives in the Annual Report 2023 (Page 89).

Professional fields	Professional qualifications held separately or cumulatively by the employees of the Manager (on 31 December 2023)
Real Estate	China Real Estate Appraiser, Land Valuer, Real Estate Agent, Real Estate Economist
Economy/Finance	Finance Economist, Business Management Economist, Hong Kong Regulated Activity Type 9 Asset Management (Representative (R) and Responsible Officer (RO)), China Securities Qualification, China Fund Qualification
Law	Lawyer (Hong Kong, Chinese mainland), Franchised Company Secretary, Corporate Counsel (China)
Accounting/Tax /Audit	Certified Public Accountant (CPA), Accountant, Management Accountant, Tax Accountant, International Certified Internal Auditor
Engineering	Certified Engineer/Engineer (Civil, HVAC, electrical and mechanical, electrical, cost and safety)
Information System	Information Systems Manager certificate, Certified Information Systems Auditor
Human Resource	Human Resources Manager certificate, Psychological Consultant

(2) *Employees of the Trust (Namely "Employees of Hotel and Serviced Apartments")*

Hotel and serviced apartments create and maintain diversified workplaces. We explicitly prohibits any employees or customers from discriminating individuals due to genders, races, skin colors, ages, disabilities, nationalities, marital status, religions, states of health, sexual orientation or otherwise in the Employee Handbook. As of the end of 2023, employees with disabilities and foreign employees accounted for 1.4% and 0.9% of all employees of Four Seasons Hotel Guangzhou, and employees with disabilities accounted for 0.8% of employees of Ascott Serviced Apartments GZIFC.

Respect and Inclusion

- (1) **Disabled employees:** We focus on accepting and employing the special group without affecting the performance of duties. They play a valuable role in various divisions such as the finance department, housekeeping department and laundry room, enjoy the same remuneration and benefits as other employees, and equally participate in the evaluation of outstanding employees and job competition.
- (2) **Female employees:** We strictly guarantee various benefits that pregnant female employees are entitled to according to law, including labor insurance and medical treatment, paid maternity leave, breastfeeding leave, etc. Female employees receive additional medical examinations every year, and special holidays are available on the International Women's Day.
- (3) **Fresh graduates:** We pay attention to the integration and cultivation of newbies, promote the development of newbies by the management trainee program, the intern program, etc., and listen to feedback from new employees by meetings of communication with new employees.

COMMUNITY ENGAGEMENT FOR HARMONIOUS DEVELOPMENT

SDGs RESPONDED IN THIS SECTION



OUR CONCEPT

We actively fulfill the corporate citizens by promoting the environmental protection and green development, and promote the sustainable development through the active involvement in environmental protection activities. We care for the vulnerable groups, contribute to the harmonious development, and pass warmth through communities and charitable activities. We strive to build an inclusive and sustainable society and to create long-term values for all stakeholders.



COMMUNITY ENGAGEMENT FOR HARMONIOUS DEVELOPMENT


SOCIAL WELFARE

Issue connotation: be enthusiastic about social welfare, organize or respond to charity activities, strengthen volunteer team building, support community development and take on social responsibilities.

Concept

Always adhering to the aim of "Sincerely Giving Back to the Society and Building a Beautiful Community", we are concerned about social issues, and set the goal of achieving our own development and social win-win situation. We attach great importance to the social benefits of the place where we operate, proactively respond to demands of communities, and support and participate in charity programs to contribute to the harmonious social development.

Target and Progress

Target	<ul style="list-style-type: none"> Stay connected to communities and provide venues for all kinds of charity activities every year Stay connected to the labor union and continuously strengthen the volunteer team building 	
Annual progress	Achieved	

Management Practices

Support Community Safety, Development and Public Welfare

As a corporate citizen, we emphasize community building and would like to contribute to community development. The properties give full play to advantages of public space and urban landmarks, and provide carriers and windows for various public welfare activities and information. During the year, we continued to cooperate with sub-districts, communities, social organizations, volunteer teams and other resources to give full play to our influence, and drove more people to pay attention to and participate in public welfare by launching various forms of public welfare exhibitions and interactive activities, such as charity markets, concerts, theme salons and workshops.

COMMUNITY ENGAGEMENT FOR HARMONIOUS DEVELOPMENT

Advance Together for Public Welfare

We are firmly committed to fulfilling our social responsibilities, and encourage our employees to actively participate in various charity activities we hold by developing our team of employee volunteers to promote the social well-being. During the reporting period, we actively responded to voluntary activities such as charity sale for donation, blood donation, donation of steps for assisting impoverished students, tree planting, ecological protection, caring for the disabled, etc., contributing to social charity. At the 2023 “Light of Textile-Circulation Special Fund Love” event, White Horse Building mobilized tenants to donate a total of RMB0.549 million of clothing for public welfare.



On April 2, during the 16th World Autism Awareness Day, GZIFC and Yuexiu Financial Tower lit up blue lights to call on the public to pay attention to the autism community.



On 10 June, Four Seasons Hotel Guangzhou organized employee volunteers to participate in the “Walking for Charity” activity of the Huiling Work Service Center to walk slowly with people suffering from mental disabilities to raise donations.



Four Seasons Hotel Guangzhou held two charitable blood donation activities on 14 June (World Blood Donor Day) and 18 December respectively, involving a total of 28 person times throughout the year.



On 3 June, Ascott Serviced Apartments GZIFC organized employee volunteers to participate in the “Pick up Program”, jogging around Guangzhou International BIO-Island to pick up wastes, in a bid to protect ecology by “picking up wastes + outdoor sports”.

COMMUNITY ENGAGEMENT FOR HARMONIOUS DEVELOPMENT

Creating a Harmonious Cultural Atmosphere

To create a harmonious and cultural atmosphere for community, we carry out various forms of community activities, constantly innovate the activity modes, and combine healthy life, environmental protection concept, charity with art and culture, in an effort to build a harmonious and healthy atmosphere. The M Space of GZIFC is a platform for art and aesthetics carefully crafted by us. It presents art, cultural trends and charity topics to the public through exhibitions and salons. A total of 10 charity activities were held during the year.

From 20 April to 26 May, "A Line · Two People -- Joint Exhibition of Zhan Zhongxiao and Jin Cheng: Art of Line Drawing" organized by China National Academy of Painting, Guangzhou Federation of Literary and Art Circles and Guangdong Artists Association was held in the M space, displaying more than 70 classic original works by Zhan Zhongxiao and Jin Cheng. It was an important exhibition that comprehensively displayed the creative ideas and artistic level of the two artists, and was also a beneficial attempt to explore the contemporary line drawing art.

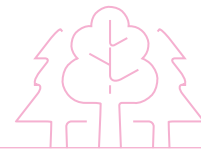


From 1 June to 30 June, "From a Piece of Paper to the Metauniverse - Special Exhibition for the 65th Anniversary of the Smurfs" was held in the M Space. The exhibition rolled out with The Smurf Song. Visitors could enjoy the artworks along the 36 exquisite display panels "From a piece of paper to the Metauniverse" designed by the Belgian Peyo Studio led by Peyo's daughter Veronique, to view the 65-year long history since the birth of The Smurfs.



COMMUNITY ENGAGEMENT FOR HARMONIOUS DEVELOPMENT

From 10 November to 24 November, the “Cloud Gate Dances, Long Time No See” stage photo show was held in the M space. It was a special show that showcased the stage photos of wonderful moments of the Cloud Gate Dances “Send in a Cloud” and some past works. Due to the dramatic dance movements, it seemed that the dancers were dancing in front of a “cloud” they created by themselves, telling their story with their body movements. The scenes presented with the dancers’ dramatic movements, injecting youth and vitality, creating a broad artistic space, breaking through the limitations of time and space, and reflecting the ever-changing “Send in a Cloud”.



PROSPECTS

2024 is a critical year for China to realize the objectives of the 14th Five-Year Plan. In this crucial year, we will adhere to the principle of seeking progress while maintaining stability, deepen our strategic approach to sustainable development, and join hands with all stakeholders to promote the harmonious coexistence of the economy, society and the environment, so as to make greater contributions to the realization of high-quality asset enhancement.

PROMOTING HIGH-QUALITY AND STEADY DEVELOPMENT

We will continue to focus on building the second track of high-quality development to improve the speed of response to market demand and the quality of service. We will optimize our industrial ecosystems according to the characteristics of each industry, and diversify our business portfolio to strengthen our competitiveness. In addition, we will strive to improve the quality and efficiency of our asset management, further optimize our debt structure, reduce costs and create lasting value for our stakeholders.

PROMOTING LOW-CARBON AND GREEN TRANSFORMATION

We will continue to implement an energy and resource efficiency management strategy that combines miniaturization and digitization to enhance the resilience of our properties to the risks associated with climate change, and at the meantime, seize the opportunities brought about by climate change. We will play an exemplary role in the field of green building management, continue to raise the environmental protection standards of our properties, actively explore paths to carbon reduction, lead the industry in green and low-carbon transformation, and contribute to the achievement of the country's "Carbon Peaking and Carbon Neutrality" goal.

PROMOTING MULTI-PARTY COOPERATION FOR A WIN-WIN SITUATION

We will collaborate with our supply chain partners to deepen our green supply chain system and form a green and resilient supply system. We will continuously expand the coverage of the Green Conventions to promote sustainable consumption patterns. At the same time, we will sustain our efforts to build a sustainable future by organizing or responding to a series of charity events to gather the power of "social kindness" and work together with all parties.

APPENDIX

POLICY LIST

ESG Aspect	Laws and Regulations	Internal Policies and Regulations ¹¹
<p>A1 Emissions</p>	<p>Environmental Protection Law of the People’s Republic of China; Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes Law of the People’s Republic of China on Prevention and Control of Water Pollution; Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution; Regulations of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Waste; Provisions on the Administration of Urban Construction Wastes; National Catalogue of Hazardous Wastes</p>	<p>Environmental Monitoring Guidelines; Environmental Factors Identification and Evaluation Guidelines; Environmental Protection Guidelines</p>
<p>A2 Use of Resources</p>	<p>Law of the People’s Republic of China on Energy Conservation</p>	<p>Measures for Energy Consumption Management; Implementing Rules for Energy Consumption Management; Rules of Energy and Carbon Management; Rules of the Energy Management Platform; Public Energy Consumption Control Index;</p>
<p>A3 Environment and Natural Resources</p>	<p>Environmental Protection Law of the People’s Republic of China</p>	<p>Guidelines on Chemical Safety Instructions; Environmental Protection Guidelines; Guidelines for Property Smoking Control Management; Green Convention</p>
<p>A4 Climate change</p>	<p>China’s National Climate Change Program; Responding to Climate Change: China’s Policies and Actions (White Paper); Guiding Opinions on Integrating and Strengthening Efforts in Climate Action and Ecological and Environmental Protection; Opinions on Fully, Accurately and Comprehensively Implementing the New Development Concept to Perform Carbon Peaking and Carbon Neutrality Work; Fund Manager Code of Conduct</p>	<p>Compliance Manual; Measures for the Management of Risk Preference; Drill Plan of Emergency Plan; Emergency Kit Configuration Guidelines; Climate Risk Management Policies; Rules of Energy and Carbon Management</p>



¹¹ Covers the related policies and regulations of the Manager and front-line operators.



APPENDIX

ESG Aspect	Laws and Regulations	Internal Policies and Regulations
B1 Employment	Labor Law of the People's Republic of China; Labor Contract Law of the People's Republic of China; Social Insurance Law of the People's Republic of China; Personal Income Tax Law of the People's Republic of China	Employee Handbook; Salary Management Measures; Performance Management Measures
B2 Health and Safety	Labor Law of the People's Republic of China; Labor Contract Law of the People's Republic of China; Social Insurance Law of the People's Republic of China; Work Safety Law of the People's Republic of China; Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases	Fire Emergency Response and Disposal Guidelines; Guidelines for the Investment of Safety Production Funds; Administrative Measures for Safety Production Responsibility System; Fire Drill Guidelines; Measures for the Management of Fire Control Facilities and Equipment; Guidelines on Operation Procedures for Safe Production; Administrative Measures for Occupational Health and Safety
B3 Development and Training	Labor Law of the People's Republic of China; Labor Contract Law of the People's Republic of China; Social Insurance Law of the People's Republic of China	Employee Handbook
B4 Labor Standards	Labor Law of the People's Republic of China; Labor Contract Law of the People's Republic of China; Social Insurance Law of the People's Republic of China; Hong Kong Employment Ordinance	Employee Handbook
B5 Supply Chain Management	Company Law of the People's Republic of China; Civil Code of the People's Republic of China	Management Measures for Suppliers of Major Asset Appreciation Projects; Management Review Procedure for Material Suppliers; Supplier Management Guidelines



APPENDIX

ESG Aspect	Laws and Regulations	Internal Policies and Regulations
B6 Product Responsibility	Construction Law of the People's Republic of China; Personal Information Protection Law of the People's Republic of China	Standard Operating Procedure of GZIFC; Guidelines for Customer Satisfaction Survey; Guidelines for Management of Clients' Opinions; Guidelines for the Handling of Customer Complaints; Customer Resource Management Operational Guidelines; Guidelines on Service Standards for Special Groups; Decoration Manual; Tenancy Relationship Management Operational Guidelines; Guidelines for Customer Call Operations; Data Protection Notification and Authorization
B7 Anti-corruption	Provisions of the Independent Commission Against Corruption of Hong Kong Special Administrative Region; Prevention of Bribery Ordinance Prevention of Hong Kong Special Administrative Region; Guideline on Anti-Money Laundering and Counter-Terrorist Financing	Compliance Manual; Guidelines on Anti-money Laundering; Measures for Risk Preference Management; Implementation Measures for Internal Audit; Statement of Bidding; Integrity Agreement; Measures for the Administration of "Three Public Matters"
B8 Community Investment	Charity Law of the People's Republic of China; Charity Donation Law of the People's Republic of China	Notes for Volunteers



APPENDIX

PERFORMANCE LIST ¹

Aspect	ESG Metrics	Unit	2023	2022	2021	2020	2019
A. Environment							
A1.2 Greenhouse Gas (GHG) Emissions and Intensities							
A1 Emission	GHG emissions (Scope 1) ²	Tonne of CO ₂ e	2,375.08	2,349.50	2,991.88	2,793.46	3,288.87
	GHG emissions (Scope 2) ³	Tonne of CO ₂ e	51,909.36	49,424.60	44,634.93	48,567.70	51,039.41
	GHG emissions (Scope 3) ⁴	Tonne of CO ₂ e	42,802.87	—	—	—	—
	GHG emission intensity (Scope 1)	Tonne of CO ₂ e/per million revenue	1.14	1.26	1.69	1.59	1.60
		Tonne of CO ₂ e/m ² (Office buildings/Retail malls/Wholesale mall) ⁵	0.001	0.001	0.001	0.001	0.001
		Tonne of CO ₂ e/per room per night (Hotel/Service apartments) ⁶	0.008	0.009	0.012	0.011	0.012
	GHG emission intensity (Scope 2)	Tonne of CO ₂ e/per million revenue	24.87	26.39	25.24	27.62	24.80
		Tonne of CO ₂ e/m ² (Office buildings/Retail malls/Wholesale mall)	0.038	0.036	0.040	0.043	0.044
		Tonne of CO ₂ e/per room per night (Hotel/Service apartments)	0.062	0.071	0.066	0.078	0.069
	GHG emission intensity (Scope 1 + Scope 2)	Tonne of CO ₂ e/per million revenue	26.01	27.65	26.93	29.21	26.40
		Tonne of CO ₂ e/million property valuation ⁷	1.28	1.23	1.39	1.49	1.55
		Tonne of CO ₂ e/m ² (Office buildings/Retail malls/Wholesale mall)	0.039	0.037	0.041	0.044	0.045
		Tonne of CO ₂ e/per room per night (Hotel/Service apartments)	0.070	0.080	0.078	0.089	0.081



APPENDIX

Aspect	ESG Metrics	Unit	2023	2022	2021	2020	2019
A. Environment							
A1 Emission	A1.3 Total hazardous wastes produced						
	Waste fluorescent tubes	Tube	7,942	6,437	5,134	4,532	3,906
		Kg	2,277	1,504	—	—	—
	Waste batteries	Kg	289	468	142	—	—
	Waste printer cartridges	Cartridge	248	283	77	45	64
		Kg	248	263	—	—	—
	Waste ink boxes	Box	166	196	130	146	150
		Kg	49	173	—	—	—
	Paint buckets	Kg	96	236	70	251	94
	Hazardous waste generation intensity	Kg/per million revenue	1.42	1.41	—	—	—
	A1.4 Total non-hazardous wastes produced and intensity						
	Construction waste ⁸	Tonne	9,889	11,104	—	—	—
	Food waste ⁹	Tonne	3,304	1,739	—	—	—
	Recyclable waste ¹⁰	Tonne	517	142	—	—	—
	Non-hazardous waste generation intensity	Tonne/per million revenue	6.57	6.93	—	—	—
Office paper consumption ¹¹	Kg	14,525	20,308	21,878	22,318	43,292	
Office paper consumption intensity	Kg/per million revenue	6.96	10.84	12.37	12.69	21.03	
A2 Use of Resources	A2.1 Total energy consumption and intensity						
	Gasoline consumption	L ¹²	3,193	1,340	3,510	1,140	1,209
	Gasoline consumption intensity	L/per million revenue	1.53	0.72	1.98	0.65	0.59
	Diesel consumption	L ¹³	6,364	4,857	5,135	5,720	5,678
	Diesel consumption intensity	L/per million revenue	3.05	2.59	2.90	3.25	2.76
	Natural gas	m ³ ¹⁴	1,087,422	1,079,359	1,373,838	1,283,854	1,512,957
	Natural gas consumption intensity	m ³ /per million revenue	521.07	576.33	776.88	729.99	735.12
	Outsourced electricity	kWh ¹⁵	91,065,860	86,664,218	76,824,327	79,606,125	83,657,449
	Outsourced electricity consumption intensity	kWh/per million revenue	43,639.91	46,275.21	43,442.84	45,263.36	40,647.67
		kWh/m ² (Office buildings/Retail malls/Wholesale mall)	66.00	62.88	68.09	70.29	72.08
	kWh/per room per night (Hotel/ Serviced apartments)	109.59	124.37	114.46	127.76	112.43	



APPENDIX

Aspect	ESG Metrics	Unit	2023	2022	2021	2020	2019
A. Environment							
A2 Use of Resources	A2.2 Total water consumption and intensity						
	Water consumption	m ³ ¹⁶	1,010,742	1,035,551	904,023	745,677	902,876
	Water consumption intensity	m ³ /per million revenue	484.33	552.94	511.21	423.99	438.69
		m ³ /m ² (Office buildings/ Retail malls/Wholesale mall)	0.691	0.752	0.782	0.715	0.760
		m ³ /per room per night (Hotel/ Serviced apartments)	1.428	1.480	1.438	0.913	1.284
B. Society							
B1 Employment	B1.1 Total workforce by gender, age group and geographical region ¹⁷						
	Total workforce	Person	715	672	648	700	764
	– Male	Person	346	338	307	336	369
	– Female	Person	369	334	341	364	395
	Management	Person	134	125	120	127	133
	– Male	Person	67	—	—	—	—
	– Female	Person	67	—	—	—	—
	Non-management	Person	581	547	528	573	631
	– Male	Person	279	—	—	—	—
	– Female	Person	302	—	—	—	—
	29 and below	Person	341	303	307	322	422
	30-49	Person	319	319	304	340	303
	50 and above	Person	55	50	37	38	39
	Chinese mainland	Person	705	661	634	685	747
	Hong Kong, Macao and Taiwan Regions of China	Person	5	3	7	5	9
	Overseas	Person	5	8	7	10	8
	B1.2 Employee turnover rate by gender, age group and geographical region ¹⁸						
	Total employee turnover	Percentage	22	19	27	27	28
	Male	Percentage	25	21	31	29	32
Female	Percentage	20	18	23	25	24	
29 and below	Percentage	27	25	34	38	33	
30-49	Percentage	18	16	20	15	22	
50 and above	Percentage	23	6	30	28	13	
Chinese mainland	Percentage	22	19	27	27	29	
Hong Kong, Macao and Taiwan Regions of China	Percentage	0	29	13	56	15	
Overseas	Percentage	33	8	18	8	22	



APPENDIX

Aspect	ESG Metrics	Unit	2023	2022	2021	2020	2019
B. Society							
B2 Health and Safety	B2.1 Number of work-related fatalities						
	Number of work-related fatalities	Person	0	0	0	0	0
	Percentage of workrelated fatalities	Percentage	0	0	0	0	0
	B2.2 Lost days due to work injury¹⁹						
	Work injury	Case	30	22	30	19	6
Lost days	Day	159	142	122	64	26	
B3 Development and Training	B3.1 Person times and percentage of employees trained by gender and employee category						
	Employee training coverage rate	Percentage	100%	100%	100%	100%	100%
	Total employees trained	Person time	19,922	17,866	15,525	16,912	14,560
	Male	Person time	8,822	7,586	6,496	7,017	5,629
	Female	Person time	11,100	10,280	9,029	9,895	8,931
	Management	Person time	2,646	2,086	2,107	2,218	1,711
	Non-management	Person time	17,276	15,780	13,418	14,694	12,849
	B3.1 Training hours completed per employee by gender and employee category²⁰						
	Total training hours	Hour	43,635	38,122	38,188	35,519	40,788
	Male	Hour	21,299	18,286	17,845	16,220	18,881
	Female	Hour	22,336	19,836	20,343	19,299	21,907
	Management	Hour	8,519	6,807	6,945	6,516	7,433
	Non-management	Hour	35,116	31,315	31,243	29,003	33,355
	B3.2 Average training hours completed per employee by gender and employee category						
	Every employee	Hour	58	53	56	48	49
Male	Hour	58	51	55	45	48	
Female	Hour	58	56	57	51	51	
Management	Hour	60	51	54	44	50	
Non-management	Hour	57	54	56	49	49	
B5 Supply Chain Management	B5.1 Number of suppliers by geographical region²¹						
	Total suppliers	Quantity	950	854	1,024	1,013	1,212
	South China	Percentage	82	75	81	73	72
	East China	Percentage	10	11	9	11	19
	Central China	Percentage	5	11	6	6	7
	North China	Percentage	1	0	2	0	0
	Northeast China	Percentage	0	0	0	3	0
	Southwest China	Percentage	0	0	0	5	0
	Northwest China	Percentage	0	0	0	0	0
	Hong Kong, Macao and Taiwan Regions of China and Overseas	Percentage	2	3	2	2	2



APPENDIX

Aspect	ESG Metrics	Unit	2023	2022	2021	2020	2019
B. Society							
B6 Product Responsibility	B6.2 Number of received complaints regarding products and services						
	Facility	Case	32	23	28	31	37
	Service	Case	58	33	33	21	22
B7 Anti- corruption	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees						
	Corruption cases	Case	0	0	0	0	0
	B7.3 Anti-corruption training provided to directors and staff ²²						
	Anti-corruption training coverage for employees	Percentage	100%	100%	100%	100%	—
	Hours of anti-corruption training	Hour	1,305	1,761	1,171	620	—
	Person-times of anti-corruption training	Person time	1,227	1,169	1,167	716	—
B8 Community Investment	B8.2 Resources used in the focus area ²³						
	Person times of welfare activities	Person time	185	706	422	254	—
	Hours of welfare activities	Hour	510	16,239	1,540	816	—

NOTES

- The “-” in the performance list represents that no relevant data was collected or disclosed in previous years, and we are gradually improving the breadth and depth of disclosure of quantitative performance metrics.
- According to the ISO 14064 International Standard for GHG Emissions Inventories and Verification, Scope 1 of GHG emissions refers to the direct GHG emissions from the sources owned and as controlled by the organization, such as emissions from vehicles owned by the organization.
- According to the ISO 14064 International Standard for GHG Emissions Inventories and Verification, Scope 2 of GHG emissions refers to the indirect GHG emissions from outsourced power, covering GHGs such as carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Of that amount, GZIFC purchased and used 50,000 KWH of green electricity for public areas in 2023, which has offset 32.825 tons of Scope 2 CO₂ emissions. For properties located in Chinese Mainland, the carbon emission coefficients used to calculate Scope 2 of GHG emissions in this report are unanimously the China power CO₂ coefficients released by the Ministry of Ecology and Environment of the People’s Republic of China in relevant year. In 2023, the carbon emission coefficient was 0.5703 kgCO₂/kWh. For property located in Hong Kong, the carbon emission coefficient is 0.68 kgCO₂/kWh as disclosed in the HK Electric Investment Limited’s Sustainability Report 2022.
- Statistical disclosure of data related to Scope 3 of GHG emissions start from 2023. Scope 3 of GHG emissions refer to all other indirect emissions generated in the corporate value chain. Scope 3 of GHG emissions calculated for 2023 include category 1: purchased goods and services (lease agency services), category 6: business travel, category 13: downstream leased assets. Category 1 lease agency services procurement carbon emission factors provided by the leasing agent; Category 6 carbon emission factors involved are selected from the China Products Carbon Footprint Factors Database jointly constructed by the China Urban Greenhouse Gas Working Group and the Center for Public and Environmental Research.
- According to the principle of Materiality, the range of properties included in the statistics of current year is determined in consideration of actual management (refer to “Scope and Boundary of this Report”). The area of ownership is calculated according to the properties included in the statisticalscope of this year. In 2023, the scope of the statistics has covered all ten properties held by the Trust.
- Room nights = total number of rooms × annual days × annual average occupancy rate.
- According to the principle of Materiality, the range of properties included in the statistics of current year is determined in consideration of actual management (refer to “Scope and Boundary of this Report”). The property of valuation is calculated according to the properties included in the statistical scope of this year. In 2023, the scope of the statistics has covered all ten properties held by the Trust.
- The construction waste statistics cover asset appreciation projects, client decoration and restoration works, etc., which are cleaned and transported by professional third parties. The data is backdated to 2022.
- Food waste is cleaned and transported by a professional third party. The data is backdated to 2022

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10. The types of recyclable waste include plastics, glass bottles, waste paper, metals and used clothes. The data is backdated to 2022.
11. This refers to the amount of paper consumed in daily operations, not the amount of waste. The amount of paper recycled is included in the recyclable waste statistics.
12. The gasoline consumption is the gasoline consumption of vehicles in the hotel and serviced apartments.
13. The diesel consumption is mainly the diesel consumption of electric generator owned by the properties of the Trust.
14. The statistic range of natural gas consumption covers the natural gas consumed by the heating equipment of properties of the Trust and the natural gas consumed by the catering sector of Four Seasons Hotel Guangzhou, other than the natural gas consumed by catering tenants and dining halls in retail malls and office buildings.
15. Power consumption in the public areas of office buildings, wholesale mall, retail malls, and operation of the hotel and serviced apartments, excluding the power consumption of tenants.
16. Water consumption in the public areas of office buildings, wholesale mall, retail malls and operation of the hotel and serviced apartments, excluding the water consumption of tenants.
17. "Employees" are the persons who perform the operational functions and service of the hotel and serviced apartments, including fulltime employees and interns. "Management" refers to employees at the manager level and above.
18. "Employee turnover" includes employees who voluntarily leave or terminate their employment by reason of dismissal, retirement or death, excluding interns. The employee turnover rate is calculated as the number of employees turnover/(the number at the beginning of the group + the number of employees who enter the group in the year).
19. Statistics of work-related injuries shall be subject to the approval of the Ministry of Human Resources and Social Security.
20. The statistic range covers the employees of the Trust and the Manager.
21. The regions of suppliers are determined based on their place of incorporation, including suppliers of the Manager and suppliers providing services to the properties.
22. The statistic of anti-corruption training data covers the Manager, the hotel and serviced apartments and front-line operators.
23. The statistic of public welfare activities data covers the Manager, the hotel and serviced apartments and front-line operators. In 2022, there were more volunteer activities due to public health incidents. Since there were no relevant activities in 2023, the number of person time and hour of public welfare activities decreased year-on-year.

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STANDARDS AND INDEXES

Contents	ESG Reporting Guide	GRI Standards	IFRS S2	Remarks/Notes
Sustainable Development Review	—	201-1/203-1/205-2/ 302-1/302-3/303-5/ 305-1/305-2/306-2/ 401-1/404-1/405-1	—	
About Yuexiu Real Estate Investment Trust	—	2-1/2-6	—	
About This Report	Reporting Scope Reporting Principle	2-2/2-3	—	
Chairman's Message	—	2-22/2-23	—	
Statement of the Board	Governance Structure	2-22	Governance	
Sustainable Development Management	A1 Emissions: A1.5/1.6 A2 Use of Resources: A2.3/2.4 B6 Product Responsibility: B6.3 B7 Anti-corruption: General Disclosure /B7.1/7.2/7.3	2-9/2-10/2-11/2-12/ 2-13/2-14/2-15/ 2-23/205-2/205-3/206-1	Governance Risk Management Metrics and Targets	
Materiality Evaluation	Reporting Principle	2-16/2-29/3-1/3-2/3-3	—	
Low-carbon Operation Leading Green Development	A1 Emissions: General Disclosure/A1.5/A1.6 A2 Use of Resources: General Disclosure/A2.3/A2.4 A3 Environment and Natural Resources: General Disclosure/A3.1 A4 Climate Change: General Disclosure/A4.1	3-3/301-2/301-3/ 302-4/303-1/303-2/ 305-1/305-2/305-3/ 305-4/305-5/306-2	Governance Strategy Risk Management Metrics and Targets	



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Contents	ESG Reporting Guide	GRI Standards	IFRS S2	Remarks/Notes
Work with Partners for Win-win Development	B5 Supply Chain Management: General Disclosure/ B5.2/B5.3/B5.4 B6 Product Responsibility: General Disclosure/B6.2/B6.4/B6.5	2-6/3-3/203-1/ 204-1/308-1/308-2	—	
Work Side by Side with Employees for Better Development	B1 Employment: General Disclosure B2 Health and Safety: General Disclosure/B2.3 B3 Development and Training: General Disclosure B4 Labor Standard: General Disclosure/B4.1/B4.2	2-7/2-30/3-3/401-1/ 401-2/401-3/402-1/ 403-1/403-3/403-5/ 403-6/403-7/403-8/ 404-1/404-2/405-1/406-1	—	—
Community Engagement for Harmonious Development	B8 Community Investment: General Disclosure/B8.1/8.2	3-3/203-1/413-1	—	
Policy List and Performance List	A1 Emissions: A1.2/A1.3/A1.4 A2 Use of Resources: A2.1/A2.2 B1 Employment: B1.1/B1.2 B2 Health and Safety: B2.1/B2.2 B3 Training and Development: B3.1/B3.2 B5 Supply Chain Management: B5.1 B6 Product Responsibility: B6.2 B7 Anti-corruption: B7.1/B7.3 B8 Community Investment: B8.2	2-4/203-1/204-1/ 205-2/301-1/302-1/ 302-3/303-5/305-1/ 305-2/305-3/305-4/ 305-5/306-3/401-1/ 403-9/404-1/405-1	Metrics and Targets	A1.1 Emissions of nitrogen oxides, sulphur oxides and other pollutants are not significant to the business of the Trust. A2.5 Not applicable to the business of the Trust. B6.1 Not applicable to the business of the Trust.



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FEEDBACK FORM

Thank you for reading Yuexiu REIT's 2023 ESG Report. We sincerely hope that you can evaluate this Report and provide valuable suggestions for us so that we can make continuous improvement.

If you have any comments or suggestions on the ESG of Yuexiu REIT, please fill in the form and email to yxft.ir@yuexiureit.com.

Yuexiu Real Estate Investment Trust's 2023 ESG Report Opinion Feedback Form

Name _____

Employer _____

Title _____

Tel _____

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Your evaluation on this Report: (Please ✓ in the corresponding position)

	Very good	Good	Fine	Poor	Very poor
Do you think this Report highlights Yuexiu REIT's material ESG information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the information and indicators disclosed in this Report are clear, accurate and complete?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Do you think the layout and style of this Report are easy to read?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Which parts of this Report are you most interested in?

What else do you think you need to know that is not reflected in this Report?

Do you have any suggestions for our future release of ESG reports?
