ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT SCOPE AND BOUNDARY

The Environmental, Social and Governance ("ESG") Report reaffirms the Group's commitment to sustainability, and covers the efforts and performance of Construction Division, Maintenance Division, Interior Fitting-out Division, and Property Division of the Group in ESG aspects for the period from 1 January 2022 to 31 December 2022.

The environmental data are collected from the Hong Kong headquarters, 6 major construction projects, 8 interior fitting out projects and 15 maintenance projects in Hong Kong, and 4 property projects in the Mainland China.

This report discloses the Group's ESG performance in compliance with the HKEX ESG Reporting Guide. This year, we have taken further steps to align our sustainability efforts with the sub-targets of United Nations Sustainable Development Goals in our reporting.

BETTER TOMORROW 2021-2030

SUSTAINABILITY STRATEGY

With more than 50 years in the construction industry, SOCAM has made sustainability the cornerstone of its policies and practices. We create buildings, including public housing, hospitals, schools, institutional buildings and leisure activities for the community, and have long been committed to safety, environmental protection, and staff volunteering, building dynamic communities that meet community needs.

SOCAM introduced its sustainability strategy for the next ten years back in 2020. Our 'Better Tomorrow 2021-2030' is a multi-faceted determination that is at the core of all SOCAM sets out to achieve.

Purpose

SOCAM has embarked on its first sustainable development strategy **"Better Tomorrow 2021 – 2030"**, which sets out the sustainability blueprint, including the vision and the target, to guide efforts at adopting sustainable practices in all business operations. Powered by the full strength of our team, our mission is to become a sustainable and resilient business through continuous innovation, creating more opportunities and positive impact for our employees and stakeholders.

BETTER ECONOMY

To contribute to the growth of the economy and to pursue long-term development of the Company's businesses through innovation and talent development.

BETTER ENVIRONMENT

To address the climate change by reducing carbon emissions and creating a sustainable supply chain.

BETTER COMMUNITY

To enhance safety and wellbeing among employees and foster a caring culture to create long-term value for the society.

Mid-term Targets

As an important step towards alleviating climate-related environmental impacts and to deliver our sustainability commitment, we have set our mid-term targets for 2024:

CARBON EMISSIONS INTENSITY

Increased

0.11% year-on-year

TARGET ▼ 25% carbon intensity

WASTE GENERATION

Declined

7.27% year-on-year

TARGET ▼ 25% waste generation

ACCIDENT RATE

Declined

15.07% year-on-year

TARGET ▼ 35% accident rate

SOCIAL INVESTMENT VALUE

241 hours of volunteering

Continuing to contribute to solving the domestic housing issue

TARGET Increase social investment value

TOP CHOICE OF EMPLOYER

MANAGING EMPLOYEE TURNOVER

TARGET Being the top employer of choice by managing employee turnover

TRAINING HOURS

Increased

25.2%

TARGET ▲ 25% overall training hours

* baseline year in 2020 while baseline year for accident rate is 2019.

ESG GOVERNANCE

The Board, through the Audit Committee, oversees the overall management of ESG and climate-related risks, and reviews the risk of business disruption and exposure to reputational concerns due to climate-related matters in alignment with Task Force on Climate-Related Financial Disclosure recommendations. The Group has in place an Enterprise Risk Management framework to identify, assess, and manage key risks, including ESG-related risks, effectively. This framework enables us to adopt a structured approach to identifying and managing risks across the Group, with on-going monitoring and reviews in place.

SOCAM's ESG performance is overseen by the Group's Sustainability Steering Committee, comprising our CEO and different business and functional unit heads, supported by five ESG sub-groups. The Committee implements the relevant measures, monitors performance on a regular basis, takes stakeholders' feedback into consideration to achieve continuous improvement, evaluates and prioritises material ESG risks and opportunities, and reports to the Audit Committee biannually.

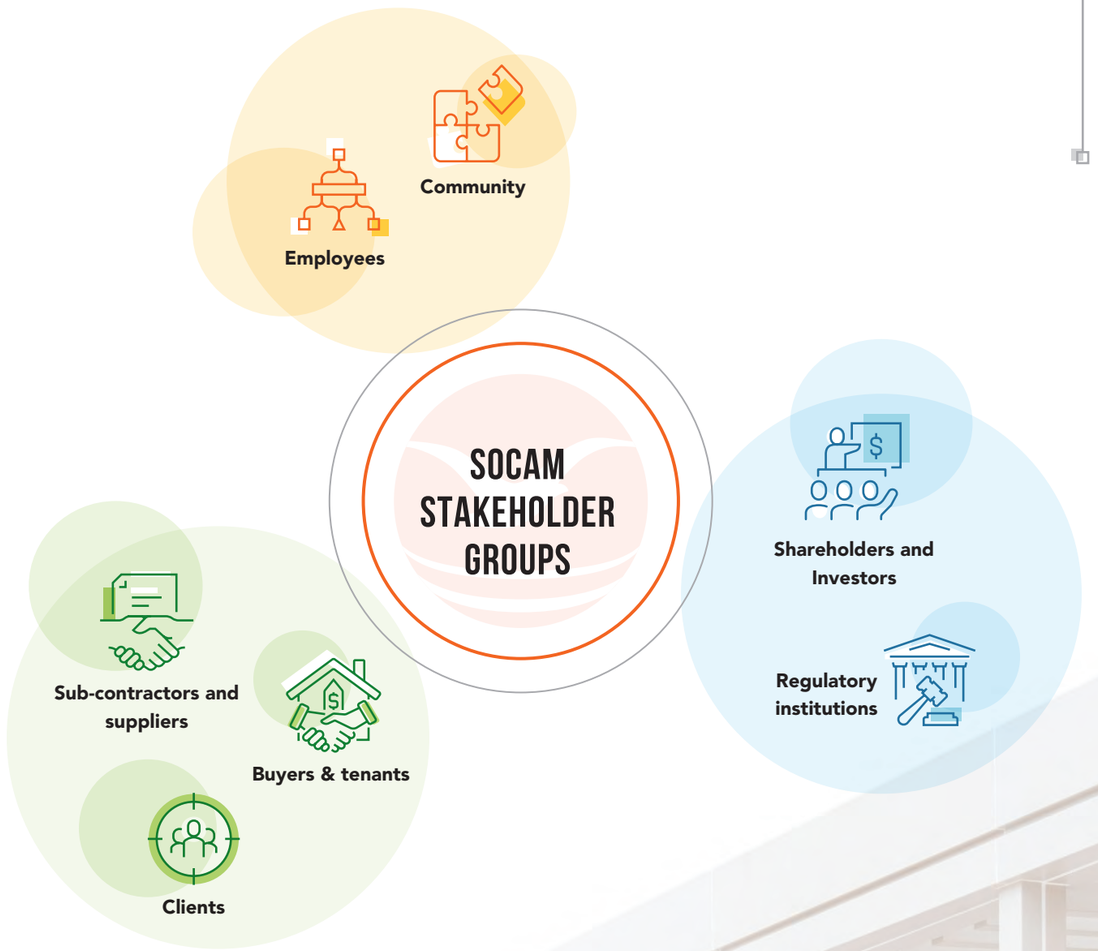
The Board is updated regularly by the Audit Committee on matters relating to the progress against ESG-related targets, and the management of sustainability performance of the Group's key material issues, providing clear sustainability roadmap.

The Group has a sustainability policy in place, and the Committee evaluates the policy regularly to provide all necessary resources and expertise to implement this policy effectively.

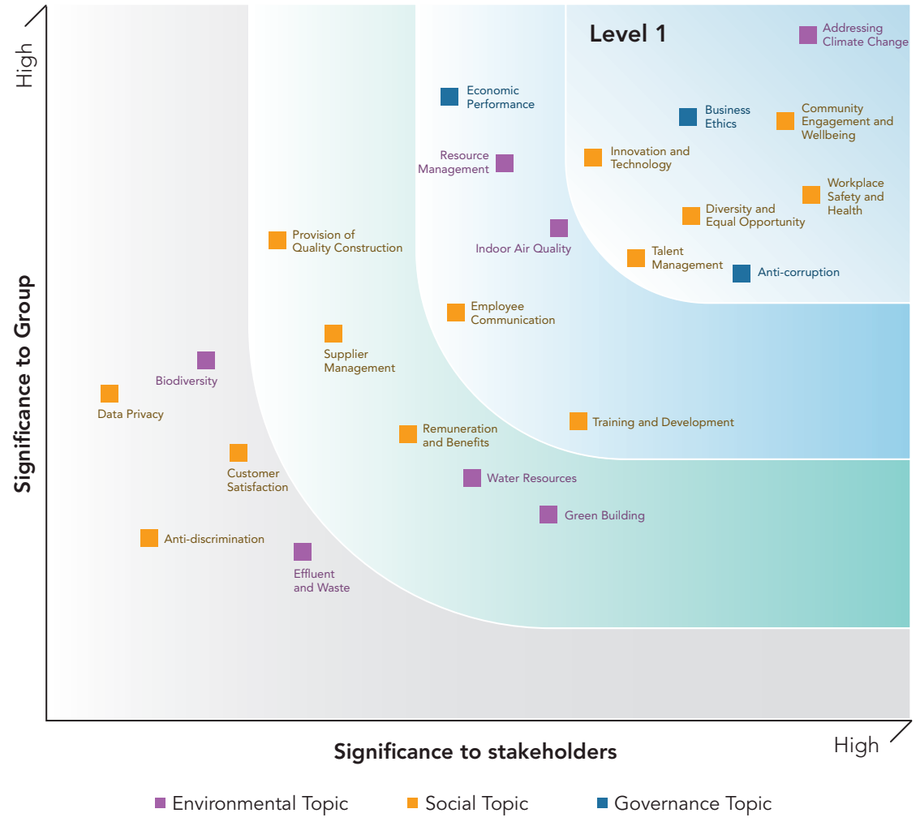
Stakeholder Engagement

Materiality assessment is very important for SOCAM, as we continue to understand our stakeholder needs and expectations to deliver our sustainability strategy. **We conducted an online survey in 2022 to gauge the perceptions of stakeholder groups regarding the impact our operations have on them.** The stakeholder groups selected are indicated in the the below infographics.

Following the process of identifying a pool of sustainability topics by peer benchmarking and reviewing ratings by agencies, and obtaining inputs from industry experts, we asked the stakeholder groups to share their perceptions of the impact. Their inputs were used to group the identified topics and prioritise them by our senior management in terms of impact on our value chain.



These topics include Addressing Climate Change, Innovation and Technology, Anti-corruption, Workplace Safety and Health, Business Ethics, Diversity and Equal Opportunity, Community Engagement and Wellbeing, and Talent Management. The list of identified material topics that was reviewed during the year and validated by our Sustainability Steering Committee is shown below.



Aligning Our Efforts with SDGs

United Nations' Sustainable Development Goals (SDGs) encourage businesses across all sectors to help end poverty, protect the planet, and ensure prosperity for all. SOCAM supports the goals that most closely align with our business activities and we have identified 3 sub-targets. Selected examples of our efforts are disclosed in corresponding sections.

3 Focus Goals

BETTER ECONOMY

Material Topics/Key Areas

- Innovation and Technology
- Business Ethics
- Talent Development

Risk description

- Failure to adapt and invest in innovative technology to promote sustainable building practices and enhance user experiences
- Any misconduct impairing the Group's interests may damage the reputation of the Group and have a material impact on the Group's business
- See "Innovation and Technology" section on the initiatives we carried out

BETTER ENVIRONMENT

Material Topics/Key Areas

- Addressing Climate Change

Risk description

- Failure to adapt to new climate-related rules and regulations or demands from investors and customers
- See "Tackling Climate Risks" section on how we address climate change

BETTER COMMUNITY

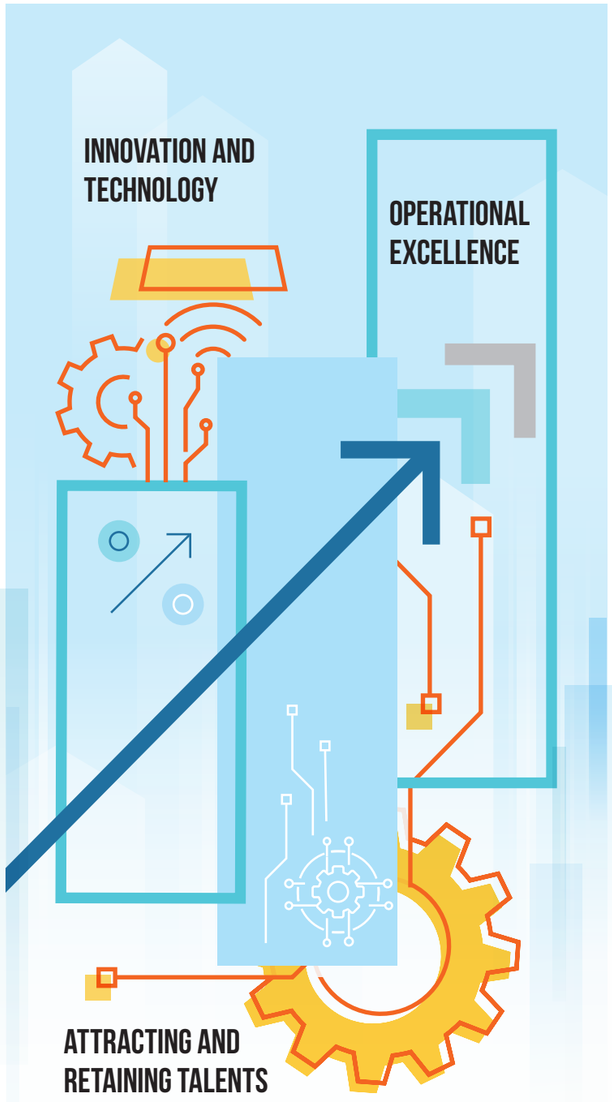
Material Topics/Key Areas

- Workplace Safety and Health
- Community Engagement and Wellbeing

Risk description

- Injuries and fatal accidents affecting people at our sites, or people affected by our operations
- Failure to support local communities where we operate
- See "Better Community" section on how we manage safety issues and create shared value in community

BETTER ECONOMY



Target 9.4
By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased **resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes**, with all countries taking action in accordance with their respective capabilities

INNOVATION AND TECHNOLOGY TO CONTRIBUTE TO SOCIAL DEVELOPMENTS

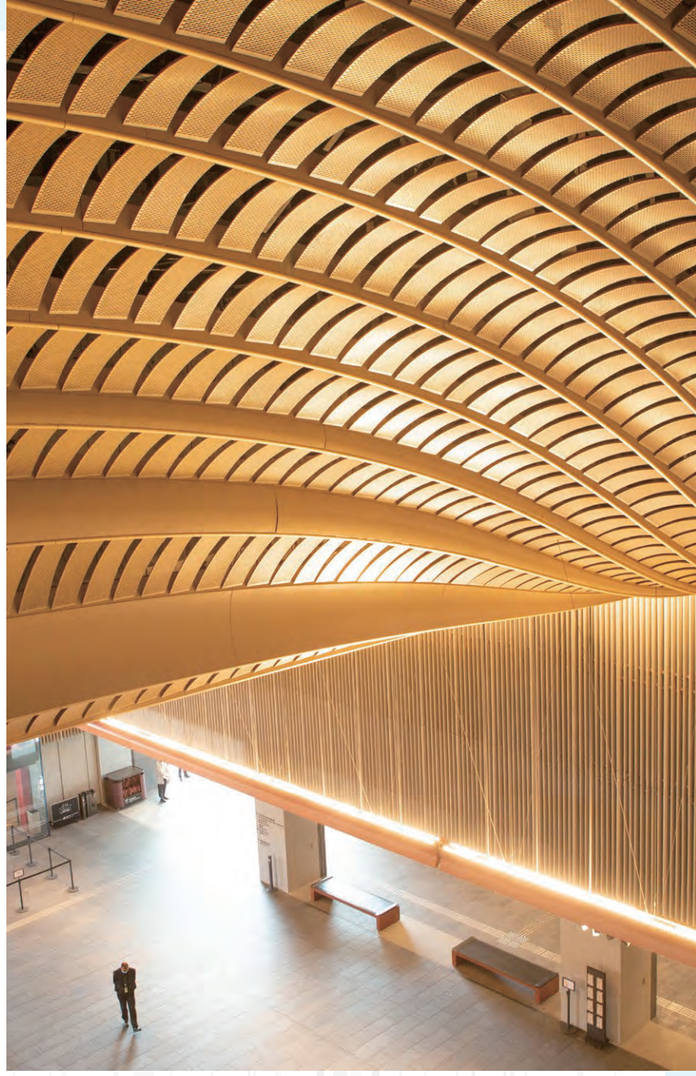
New technology and innovations are playing an increasingly important role to improve the Group's project efficiency. Examples include building information modeling ("BIM"), Modular Integrated Construction ("MiC"), and digitalisation. These technologies and processes facilitate further progress towards sustainability, improved safety, and reduced carbon emissions.

BIM TO INCREASE EFFICIENCY AND COLLABORATION

HONG KONG PALACE MUSEUM – A NEW HONG KONG ICON WITH BIM

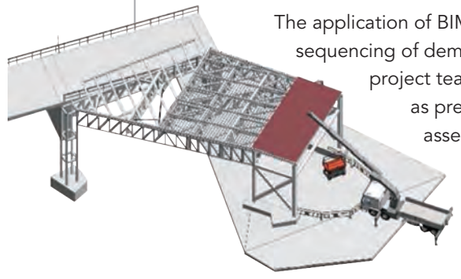
Hong Kong Palace Museum was a challenging project with a unique interior ceiling composed of 6,800 pieces of three-dimensional glazed tiles. BIM helped increase the precision of manufacturing of components and avoiding unnecessary abortive errors. With the use of BIM technology, potential problems were identified and resolved prior to fabrication, preventing any unfitted panels being delivered to the construction site.

The ceiling not only creates a soft welcoming ambience but also enables natural lights to minimise energy use.



THE REDEVELOPMENT OF KWAI CHUNG HOSPITAL PROJECT PHASE 2 – SAFE DEMOLITION

Considering the nature, scale and complexity of the project and its impact on public safety and the environment, all departments of the project team are required to jointly formulate a set of detailed and rigorous safe construction procedures to ensure that the demolition of the platform can be carried out safely and smoothly.



The application of BIM facilitates accurate and careful scheduling and recording of daily work, sequencing of demolition, mechanical placement, or material storage, thus making it easier for the project team to formulate details of the demolition process and the potential risks, such as pre-identifying the site environmental constraints, and then making corresponding assessments on the selection and placement of lifting machinery and working platforms. Consequently, our team was able to successfully complete the relevant demolition of the iron platform in a safe and efficient manner.

- Apply BIM to disassemble the structure of various components of the iron platform

KWU TUNG PROJECT

The project won the "Best Building Design" at the 2022 Autodesk Excellence Awards, recognising our best practices in implementing innovative ideas in building design management. It has successfully demonstrated to the industry the positive change we could make by continuously adopting new construction technologies to improve construction productivity, quality, safety, and environmental performance.

MiC – MAJOR ACHIEVEMENTS IN 2022

The Group further tapped into MiC, an approach that adopts the concept of "factory assembly followed by on-site installation" and the construction processes are transferred to a controlled factory environment for prefabrication, the modules are then transported to construction sites for assembly and installation. This effectively improves productivity, site safety, and quality control, while also shortening the construction time.

Social impact

Home ownership is a fundamental aspiration of the Hong Kong people, and SOCAM has always focused on helping families achieve their dream. Two projects are underway:

Transitional Housing at Kam Tin:

The project fully adopts steel MiC which will shorten the construction period to 13 months. The shorter timeframe is critical as it is to support the Government policy in providing temporary accommodation, meeting immediate housing demand for the general public.

Public Housing Development at Anderson Road:

Another project which adopts MiC will offer 1,410 public rental housing units, when completed in 2025.

COMPLETION OF KWU TUNG PROJECT IN THE NORTHERN METROPOLIS BY USING MiC

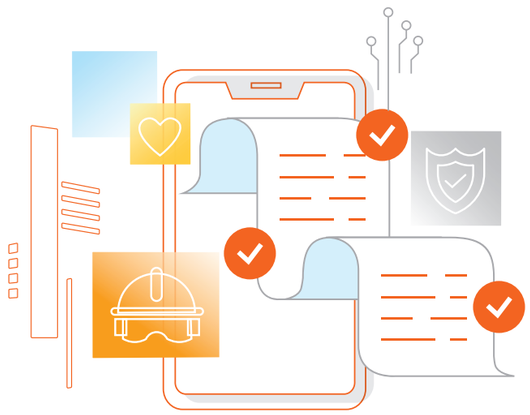
Creating a resilient community is one of SOCAM's sustainability goals. This is reflected not only in our project delivery, but also in the way we build. In the Kwu Tung North Multi-welfare Services Complex project, an 8-storey building providing 250 units of care homes for the elderly and disabled persons, we have adopted the MiC technology to increase productivity, safety and environmental performance. After all the sunny or rainy days spreading over 11 months, we finally reached the exciting moment when all the 1,764 MiC modules were installed. The project is planned to open in mid-2023, meeting the future needs of a green elderly home eco-system.

Our project team has started using Enertainers, large battery packs that replace diesel engines, to operate four heavy tower cranes for lifting and assembling MiC modules so as to reduce environmental impacts, including air and noise pollution caused by diesel generators, making it a quieter and safer construction site. Meanwhile, to safeguard workers' health, we procured an air disinfection robot to disinfect the construction site area and workers' canteen on a regular basis. The project team also used an automated material delivery robot to assist workers in transporting heavy materials. As a result, we were able to avoid any injuries to the workers caused by manual handling of heavy materials.

DIGITALISATION

SOCAM has created an environmentally conscious, technology-focused construction strategy that is committed to making us an employer of choice, and supports the communities where we do business. We will continue to "invest in innovative technology" to promote sustainable construction practices and enhance customer experiences.

Our company-wide paperless and process optimisation effects, such as paperless, management portal and e-tendering system, continue to enhance efficiency and communication.



Application of Internet of Things at Construction Sites

The SOCAM site adopts smart safety helmets to monitor the safety, health and location of users, which can detect and warn users not to enter hazardous areas. We also have temporary lift gates, alarm devices, and electrical box alarm devices at our sites to monitor and record usage. In case of any irregularities, the system automatically sends phone messages to alert the site management. Other applications are adopted to:

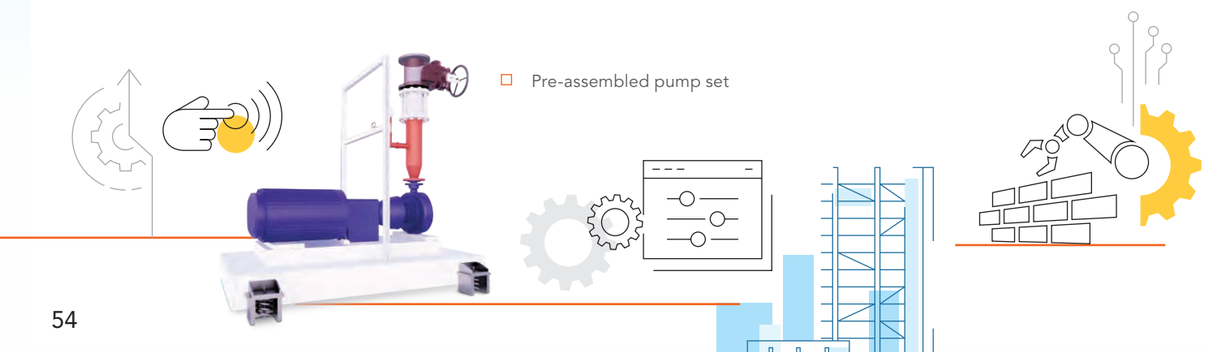
1. Monitor the concrete intensity
2. Monitor the location and usage of machinery
3. Ensure usage of safety belt
4. Detect workers' location and body index

Application of Automation and Mechanisation at Construction Sites

The Company has increased the use of automated and mechanised robots or mechanical equipment to assist construction workers, successfully mitigating the potential risk hazards faced by construction workers. We pioneered the application of automation and mechanisation at construction sites, such as intelligent robots and self-developed material transportation vehicles. Intelligent robots can automatically travel to the workers' walking areas and main access to the construction site. Automated spray heads are installed on the robots, which can continuously disinfect the construction site, greatly enhancing the sanitation of the construction site and protecting the health of workers.

The self-developed material transportation vehicles can be fully automated after entering the driving route and destination to assist workers in transporting construction materials. In addition, transportation vehicles are equipped with anti-collision function to avoid collision between transportation vehicles and nearby obstacles and pedestrians, which greatly reduces the risk associated with the transportation of materials.

Since digital transformation of the Mainland's economy is moving fast and a new normal is evolving rapidly, the Group has accelerated its asset enhancement initiatives at its malls in Chengdu, Chongqing, Shenyang and Tianjin. We remain committed to re-energise our malls' retail, dining and entertainment atmosphere, and enhance the green and fun mall experience to meet evolving consumer expectations and trends.



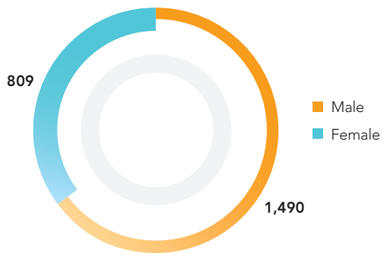
ATTRACTING AND RETAINING TALENTS

SOCAM's success starts with having the best talents. To ensure that success, the Group focuses on attracting, developing and retaining a highly skilled workforce. We have a well-implemented process for attracting talents through various channels such as career talks and recruitment programmes. Ability to tap into a wide talent pool in the Greater Bay Area is also essential to reach that goal. For the past three years, our Zhuhai office has expanded 53% in workforce and has now formed an affiliated drawing team for adoption of advanced construction technologies, supporting the construction operations in Hong Kong and Macau. The new workforce and perspectives offer more opportunities for SOCAM to implement ambitious innovation plans, in order to enhance future growth.

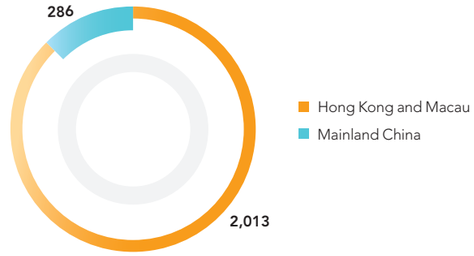
As of 31 December 2022, we employed 2,299 people in total, of which 2,013 were based in Hong Kong and Macau and 286 based in cities located in Mainland China. The male to female ratio is approximately 1.8:1.

Employee distribution

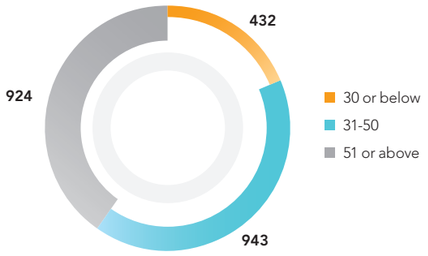
Gender



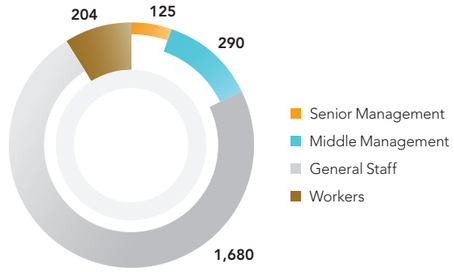
Geographical Location



Age



Employee Category



Fostering a diverse and inclusive culture enables us to achieve stronger outcomes together. The embrace of diversity is integrated into employee attraction and recruitment initiatives, performance review processes and talent development programme, ensuring that we continue to make positive progress.

In the face of intensifying competition for talents, we will step up and further implement measures to improve work conditions and provide diverse professional training.

TRAINING AND DEVELOPMENT

The Group's objective is to make itself attractive as an employer for top talents. Adopting sustainable technologies and digitalisation help us achieve this by offering more opportunities for our talents to develop and excel with the Company, the industry and the community.

The Group's talent development programme is being expanded to other business units, covering corporate and smart facilities management. These programmes help build relationships and networks across the talent pool to foster collaboration and knowledge sharing across the organisation, while developing the critical thinking skills needed to be effective in today's challenging business environment, preparing associates for future leadership roles at SOCAM.

The COVID-19 pandemic has accelerated the development of our Learning Management System which offers various self-paced courses. More technology-related, and industry-related courses were introduced during the year, covering essential business topics and management skills.

NEW TRAINING COMPOUND

During the year, the Group established a sub-office in Fanling, to shorten the distance our staff has to commute while working in the Northern Metropolis area, and a brand-new training compound in Ping Che aiming to create a venue close to the natural environment, facilitating experiential learning.

2022 TRAINING HOURS (EXCLUDING HSE TRAINING)

GROUP-WIDE

26,234 ▲ 25.2% 2021: 20,961

AVERAGE TRAINING HOUR

11.4 ▲ 20.0% 2021: 9.5

GENDER

18,864 ▲ 27.0% 2021: 14,855

7,370 ▲ 20.7% 2021: 6,106

EMPLOYEE CATEGORY

Senior Management
4,251 ▲ 66.3% 2021: 2,557

Middle Management
5,733 ▲ 22.1% 2021: 4,695

General Staff
15,031 ▲ 23.0% 2021: 12,224

Workers
1,219 ▼ 17.9% 2021: 1,485

OPERATIONAL EXCELLENCE

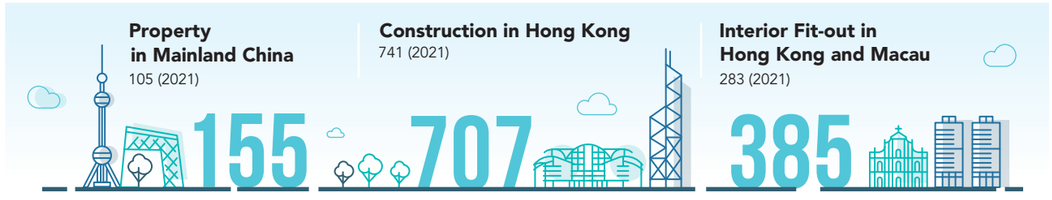
Supply Chain Management

Close cooperation with suppliers and enhanced digital capabilities are increasingly important in improving productivity and reducing environmental impacts. We work with our supply chain partners to implement a shared commitment to ESG topics such as labour rights, safety, ethics and environment. The Group's procurement department has standardised procedures to select, evaluate, supervise and review the performance of suppliers and sub-contractors.

Assessments are conducted quarterly to review the quality of materials, progress of work, site safety, environmental protection performances and wage payments. During the year, we have updated our Green Procurement Guidelines, urging departments responsible to preferentially procure environmentally friendly products.

With an extensive supply chain consisting of more than 1,200 suppliers of materials and goods, sub-contractors for construction and property management agencies, maintaining effective communication is key to promoting responsible practices.

Number of Suppliers and Sub-contractors (2022)



Anti-corruption

SOCAM is devoted to upholding responsible business practices. The Management is fully committed to enforcing of our code of business ethics and to ensuring employee knowledge and compliance.

Business Ethics Policy

A business ethics policy, whistle-blowing policy and staff handbook are in place and regularly updated to enhance employee awareness and understand their rights and obligations. We have reviewed our business ethics and anti-corruption policy during the year, incorporating the latest updates from ICAC which include best practices and corruption guidelines.

Integrity Training

Much effort has been expended throughout the years to emphasise a high degree of integrity in all our daily operations. In November, the ICAC provided a total of 7 online and group gatherings on the latest best practices updates involving our top executives, management teams and employees across our different businesses. This helped us to work together with our business partners, sub-contractors and suppliers to consolidate total probity, which is imperative to fulfilling our corporate commitment towards building an inclusive and transparent community. During the year, **a total of 1,816 hours were recorded on anti-corruption training.**

BETTER ENVIRONMENT

13 CLIMATE ACTION

Target 13.1
Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

TACKLING CLIMATE RISKS

The changing climate is putting pressure on society, with the higher frequency of extreme weather incidents affecting all stakeholders. During the year, the European Union has taken a step closer to adopting a carbon tax law. Policy changes aimed at reducing carbon emissions and changing of building standards are also taking place in Hong Kong and Mainland China. The projects that SOCAM develop must be gradually adapted in order to withstand the effects of climate change. **Our climate policy is in place to guide us through disclosing our carbon data with integrity, assessing the climate-related risks and opportunities and implementing actions to deal with those risks and opportunities.**

Disclosure

Develop a carbon tracking digital platform to ensure collection of reliable high-quality data of Greenhouse Gas ("GHG") emissions data with proper documentation

Assessment

Assess climate-related risks and opportunities according to the recommendations of the Taskforce on Climate-related Financial Disclosure ("TCFD")

Implementation

Adopt energy efficient practices and technologies in our construction projects and operations; implement eco-friendly practices along our supply chain and encourage our employees to adopt low-carbon practices in our daily operations

As this report highlights, our company is getting ready in each of the four elements of recommended climate-related financial disclosures.

GOVERNANCE

Chaired by the CEO, the Sustainability Steering Committee identifies and assesses ESG-related risks and opportunities, including climate-related issues. The Sustainability Steering Committee reports bi-annually to the Audit Committee which in turn reports to the Board, which oversees ESG and climate-related matters and strategies.

STRATEGY

SOCAM prioritises climate-related risks and opportunities in short-, mid- and long-term, and gradually integrates into the Group's businesses, strategies, and financial planning.

RISK MANAGEMENT

Our risk management and internal control systems take into consideration ESG and climate-related issues.

METRICS & TARGETS

We have been measuring and disclosing our energy consumption and Scope 1, 2 and 3 emissions. We have set a target of reducing our GHG emissions intensity by 25% by 2024, against the 2020 baseline.

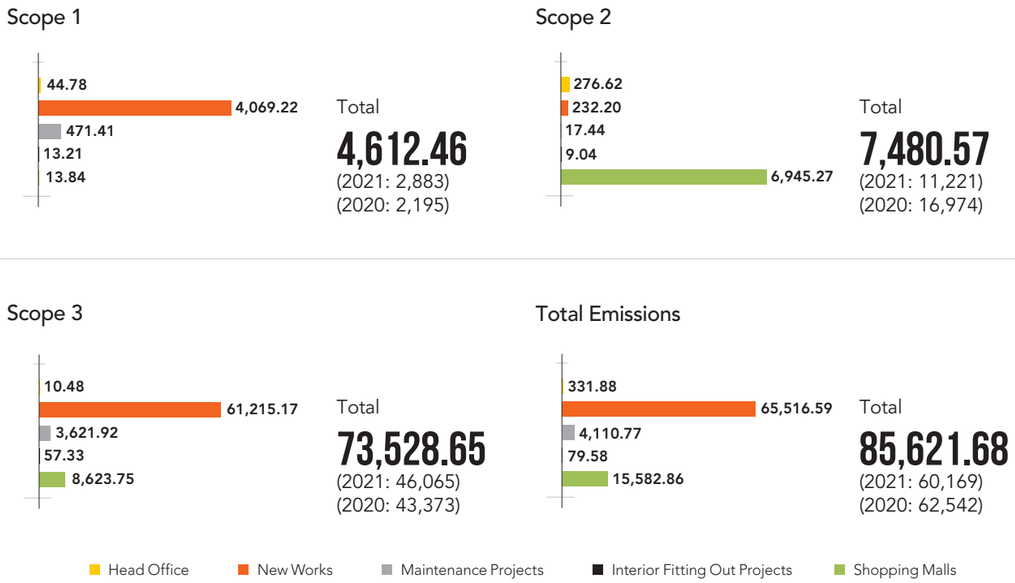
For climate-related risk and opportunity assessment, we utilised a questionnaire that involved key personnel across the business and corporate functions to uncover and understand SOCAM's material climate risks and opportunities. We have identified climate risks and opportunities that are relevant to our business operations, and listed the actions taken to manage them, as shown in the table below.

Type	Risks/ Opportunities	Potential Financial Impacts	Our Actions in 2022
Physical Risks			
Acute	Frequent Extreme Weather	• Extra costs may be incurred due to disruption of project completion • Increased costs due to damage of structures and facilities	Assessment • Conduct specialised training for employees concerned
Chronic	Prolonged period of extreme hot weather	• Higher manpower costs because of increased health issues	Implementation • Launch HSE campaigns to promote prevention of heat strokes and implement measures during times of extremely hot weather
Transition Risks			
Policy and Legal	More stringent government policies for decarbonisation	• Increased cost of compliance and operation	Disclosure • Set a carbon reduction target
Technology	Intensified competition in green building construction	• Reduced tenders due to competition	Implementation • Adopt sustainable construction technologies
Opportunities			
Resource Efficiency	Improved resource efficiency in response to market demand	• Reduced operating costs due to resource conservation	Implementation • Implement energy-saving initiatives and digitalisation of processes
Products	Advancement in green building technologies	• Increased revenue through demand for low emission infrastructure • Increased revenue with strengthened capabilities	• Increase the use of green products and renewable energy

Our annual carbon emissions are much influenced by the project development cycles, as we are involved in a range of projects that vary in scale and stages of work progress every year. We are fully aware that more effort is needed, and we will continue to manage and improve our reduction plans in order to meet our carbon reduction target in 2024.

The table on the next page shows our carbon emissions in 2022 from different business segments. In 2022, the total carbon emissions amounted to approximately 85,622 tonnes of carbon dioxide equivalent (tCO_2e), representing an increase of approximately 42.3% in the total emissions. Carbon intensity is 18.02 tCO_2e per million turnover.

Carbon Emissions[1] (Unit: tCO_2e) in 2022



Our goal is to transition to low-carbon construction across all our projects and lower our carbon intensity by 25% by 2024.

1 The scope of carbon emissions are defined as below:
Scope 1 Direct emissions: Combustion of fuels for energy generation and mobile combustion, fugitive emissions (refrigerant leakage), process emissions (acetylene combustion, and CO_2 from fire extinguisher)
Scope 2 Energy indirect emissions: Electricity use, natural gas use and imported heat in our office as well as other business units
Scope 3 Other indirect emissions and removals: Transportation of purchased materials and waste; electricity used for processing fresh water and sewage treatment; major construction materials used; paper waste disposal; inert and non-inert waste disposal; business travel of our employees

Innovative energy storage

ENERGY EFFICIENCY INITIATIVES

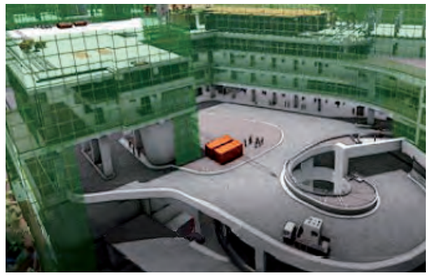
Partnering with AMPD, the Group has installed eleven Enertainers operating in our sites during the years to replace diesel generators. Compared with the conventional diesel generators, Enertainer does not produce point-of-use emissions such as CO, NOx, PM and HC, and its carbon footprint is around 20% of a diesel generator. Going forward, the Group has plans to install more Enertainers which can provide stable and high efficiency energy to the tower crane, especially during the superstructure construction phase. We also aim to encourage our sub-contractors to use Enertainers so that fossil fuels consumption on sites is significantly reduced.

Non-road Mobile Machinery

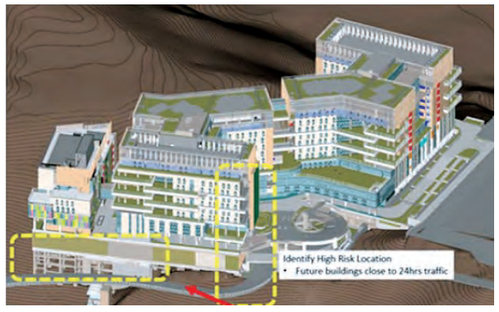
The Group has increasingly been adopting B5 diesel which can reduce GHG emissions by using more of ULSD. B5 diesel includes 5% of biodiesel and 95% diesel. Biodiesel is mainly produced from locally collected waste cooking oil and grease trapped oil. Biodiesel also reduces greenhouse gas emissions on a lifecycle basis. This is because the carbon dioxide released during combustion is offset by the carbon dioxide sequestered while growing the feedstocks that are used to produce the fuel.

Installation of Automatic Engine Switch off System for Forklifts

When the forklift operator has left the seat for a pre-determined period, the system gets activated and automatically switches off the forklift engine by cutting off its diesel supply. A typical excavator machine is energised by a 110 kW diesel engine and consumes 33 Litres of diesel fuel per hour, and only 30% of this energy is used for digging and lifting loads. The rest of consumed energy is wasted in mechanical and hydraulic maneuverings.



The use of BIM minimises errors in construction



Energy Retrofits Undertaken in Mainland China

The Group operates four shopping malls in Mainland China. Amid the backdrop of COVID-19 for the past three years, we are committed to undertaking retrofits to improve energy efficiency and mitigate impacts to the environment. The table below summarises the initiatives implemented and their results obtained in 2022.

Location	Retrofits implemented	Results obtained	Future plan
Tianjin	Optimising AC in public area, redistribution of transformer load to reduce power loss	Reduced electricity by approximately 766,048 kWh, reduced consumption by 29.2% from 2021	Plan carpark lighting retrofit and AC system enhanced control
Chengdu	Lighting system and public area AC system retrofitting	Saved approximately 1,187,500 kWh annually, or down 28.7% from 2021	Plan to implement retrofit on office AC system and low nitrogen transformation for gas boiler
Chongqing	Lighting retrofit in public area	Reduced approximately 12,000 kWh from 2021	Plan to obtain additional 20% reduction by digitalising central AC system
Shenyang	Retrofitting AC air handling unit, lighting equipment and escalator	Reduced electricity by approximately 264,345 kWh, or down by 9.7% from 2021	Plan to implement retrofit on AC system and gas boiler using energy enhanced control system and car park lighting retrofit

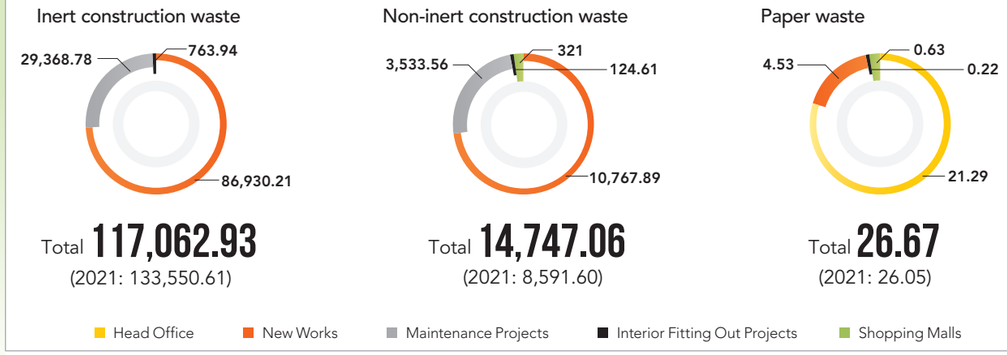
Partnering for Improved Energy Efficiency

Our property management arm partnered with CLPe, a wholly-owned subsidiary of CLP Holdings, to launch innovative service solutions for energy saving - Hong Kong's first Cooling as a Service project, which will be installed in Shui On Centre. The new cooling system will be controlled by Artificial Intelligence ("AI") and is expected to save more than 30% on electricity consumption compared to the existing seawater-cooled chiller plant. The project is expected to reduce carbon emissions by 370 tonnes a year. We believe this pioneering project will provide us with an exciting direction and energy efficiency solutions to optimise the performance of existing buildings, bringing benefits to tenants towards achieving carbon neutrality and sustainability goals.

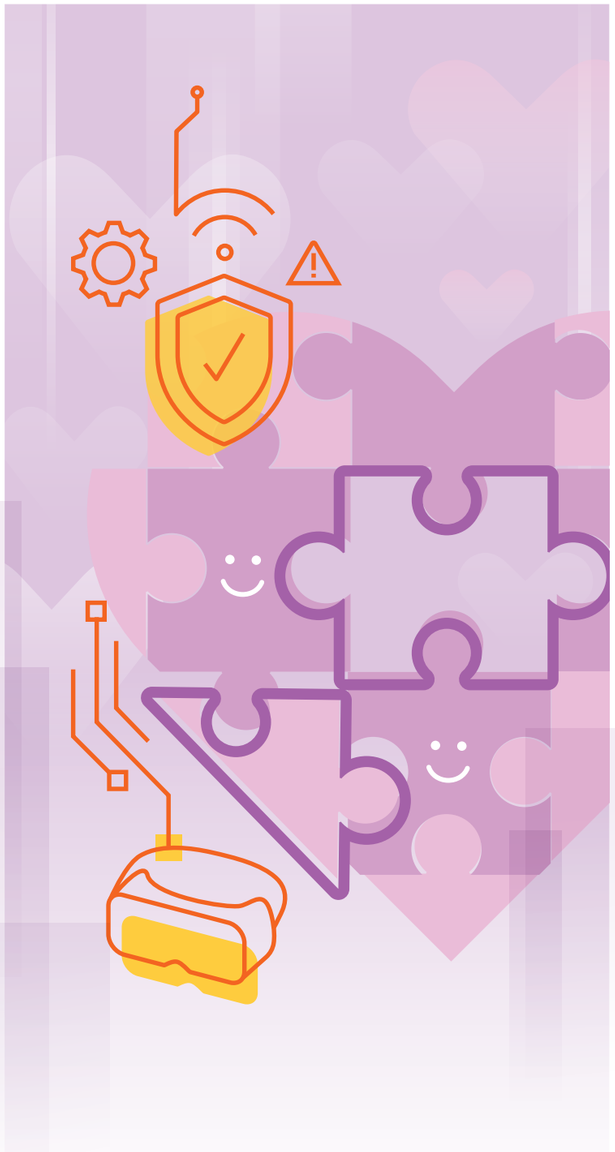
Other Energy Reduction Initiatives

In our offices and sites, we adhered to the 4-R principle, for example, we switch off unnecessary lighting, select electrical appliance with Grade 1 energy label, set room temperature to 25.5°C and reduce the use of paper. Furthermore, we improved job planning to conserve construction materials.

Non-hazardous Waste (tonnes)



BETTER COMMUNITY



Target 8.8
Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment

REINFORCING SAFETY CULTURE AND MANAGEMENT SYSTEM

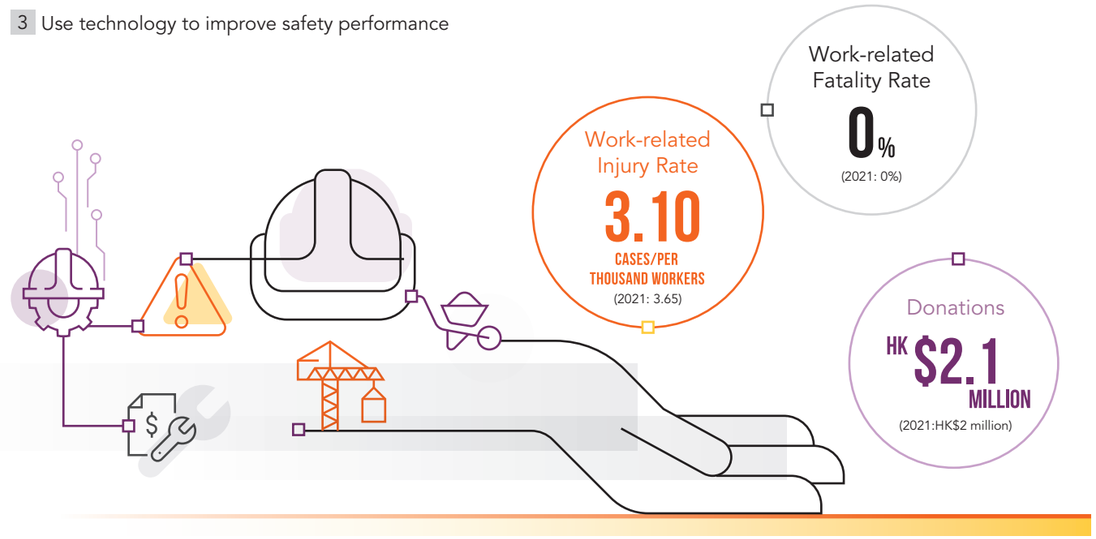
Caring for employees' safety has been our top priority. The Group's HSE Steering Committee oversees the key risk areas, and systematically reviews operational practices and training needs. Risk assessment and audits of operational safety are conducted in accordance with the ISO45001 Occupational Health and Safety Standard.

Our 2022 priorities are set as below:

1 Optimise the management approach further in consonance with the amended safety regulations;

2 Strengthen the dissemination of safety education in response to the increase in the number of industrial accidents which happened in Hong Kong during the year;

3 Use technology to improve safety performance



Over the past many years, SOCAM has had an outstanding record in site safety management, reporting incidents of injury significantly below industry averages. During the year, we have continued to make solid progress in reaching our safety target* by taking advantage of innovative technology, for example, using AI to detect safety risks. In 2022, we recorded an accident rate of 3.10 cases per thousand workers, the lowest record in recent years. A total of 1,989 lost days due to work injuries was reported during the year. There were 12 documented work-related injury cases, same as that in 2021. Over the last three years, there were no work-related fatalities.

More than 20 serious industrial accidents happened in Hong Kong in the first five months of 2022, of which eight resulted in fatalities. Considering this unacceptable average of one fatal industrial accident every fortnight, the Occupational Safety and Occupational Health legislation (Miscellaneous Amendments) Bill 2022 (the "Bill") was promulgated by the Hong Kong Government on 13 May 2022. The main purpose of the Bill is to reduce the number of fatal industrial accidents by increasing the penalties for lapses in management of occupational health and safety ("OHS") issues.

* Our Target :
To achieve a reduction of 35% by 2024, with a baseline of injury rate of 5.32 cases per thousand workers in 2019

Encouraging team work

Continuous Improvement on Safety

The amendments we have made to our approach provide a clear message to personnel responsible for OHS, requiring extra attention to the implementation of safety measures and prevention of accidents. The Group's safety management measures include a review existing safety policies, safety audits and constant reminders to sub-contractors and employees to remain alert towards safety risks and hazards in the workplace.

In order to further strengthen the management, it has been decided that our senior management personnel should meet contractors' managers in the event of an accident, irrespective of how small the incident is. A standard operating procedure stipulating appropriate periodic inspections is in place so that contractors remain alert and we are able to consider the number of accidents during the tendering process.

In August, SOCAM organised the annual Health, Safety and Environment seminar to disseminate the OHS and environmental indicators and activities to over 400 participants from its partner organisations, which included government departments, industry associations, and subcontractors. This event also serves as a platform for knowledge exchange, contributing to further improvement of safety-related work practices. During the seminar, our CEO led the management team to sign the "Safety Charter".

Safety workshops chaired by the Chairman of the Corporate Safety, Health and Environmental Leadership Committee were held to review serious accidents in the past and to discuss ways to avoid recurrence. Each business unit of the Company will report on issues related to work safety and data are analysed thoroughly to devise ways of improving site safety. **In 2022, we arranged safety trainings which educated a total of 144,026 people, compared to 74,257 in 2021.**

Technology to Drive Safety

Adopting sustainable technologies and digitalisation is crucial to maintain SOCAM's long-term growth, as it offers more opportunities to our talents to develop and excel with the Company and helps mitigate safety hazards at construction sites.

Application of Virtual Reality ("VR") and Augmented Reality ("AR") to Enhance Safety Training

SOCAM provides VR safety training for frontline staff and workers. The employees carry out simulated work before the VR mirror to understand the potential risks first, and simulate the scenarios of accidents. For example, the workers would first simulate a fall, and the situation would then be restructured to provide the workers with a correct work demonstration. Through this training, the safety awareness of employees can be effectively improved.

The Group adopts AR technology for safety training at construction sites. The latest revision of the "Safety Tool Box Talk Training" published by the Hong Kong Construction Association is an effective tool for safety training and can be used in conjunction with the AR function.

AR technology can combine real environment with virtual information and apply this technology to site safety training, which can enhance the interaction of training, deepen learning and raise safety awareness. The newly revised application covers over 40 safety training topics, of which more than 20 topics can be interactive in AR format. Trainers and trainees are able to conduct AR training through their mobile phones or tablets. Users can see the situation where AR images are superimposed on the real working environment, and the learning content is also equipped with a bypass to help workers absorb the key points of safety training.

The app also provides functions such as quizzes, results analysis, and record-keeping, allowing tutors to conduct site safety training in a more systematic manner, and to evaluate and follow up the learning progress of trainees effectively.

COVID-19 Measures

Helping people guard against the COVID-19 pandemic was an essential aspect of our health and safety work in 2022, particularly during the peak of the pandemic in the first two quarters of the year. SOCAM developed strict hygiene protocols for its employees at sites and offices to ensure social distancing was maintained. Our construction sites responded to the 5-day "Construction Industry COVID-19 Testing Day" organised by the Construction Industry Council ("CIC") and the Development Bureau, advocating for rapid antigen tests for workers and site personnel on site to achieve the goal of "early detection, early isolation, early treatment".

We also made arrangements for comprehensive but quick testing of all visitors to the site every day from late March onwards. Only those who tested negative are allowed to enter the site, ensuring that those who work at our sites are not exposed to the risk of infection. When a person tests positive in the rapid testing, the site's HSE personnel will help the person suspected of having been infected to follow the procedures of reporting confirmed cases.

Green engagement

CREATING SOCIAL IMPACT THROUGH PARTNERSHIPS

Giving back to the communities where we operate, and that have helped us to be successful has long been an important priority for us. We do this by leveraging our industry expertise.

Industry Partnership

On the corporate side, we are committed to collaborating with industry stakeholders to create impact and show our concern to the community. During the year, we joined the Construction Industry Sports & Volunteering Programme launched by the CIC, contributing hundreds of meal boxes, known as Lo Pan Rice, to underprivileged families. The event is an ongoing campaign aiming to relieve financial difficulties of the needy during the pandemic.

The Group donated HK$500,000 to the Construction Charity Fund for charity work and service that supports construction industry practitioners, by providing financial assistance and mental support for construction work injury cases, organising activities for construction workers and conducting promotional campaigns to raise awareness on site safety.

Youth development and empowerment

On youth development and empowerment, we are committed to nurturing the next generation of innovators and technologists. The Shui On Innovation Fund continues to collaborate with the Hong Kong University of Science and Technology's Division of Integrative Systems and Design programme, supporting over 60 students to participate in projects ranging from robotics to smart construction, to broaden their real-world perspectives in design, problem solving and technical skills. On grooming industry talents, we have collaborated with the Hong Kong Institution of Engineers and the Hong Kong Construction Association on offering scholarships for nearly a decade.

Shui On Seagull Club dedicates to serve the community

Helping the homeless and elderly at risk

Our collaboration with Project Mingde to refurbish the headquarters of Saint Barnabas' Society and Home, a local shelter for the homeless, continued in 2022. Working together with students from the University of Hong Kong's Department of Civil Engineering, our team uses its construction engineering experience to engage students to improve the living conditions of this shelter. The collaboration has the potential to make things even better for the homeless and the poor, which is subject to obtain approval from the HKSAR Government.

We understand that giving back is about more than just money. We give our time and hearts through the Shui On Seagull Club over the years to address social and community needs. During the year, we continued to collaborate with different NGOs and industry stakeholders to ramp up our volunteering activities despite having significantly impacted by the pandemic.

Annual target seminar to promote safety culture

Our Volunteering Activities in 2022:

Activities	Organisation
Charity Walk	The Hong Kong Society for The Blind
18 Districts Lo Pan Rice 2022	Hong Kong Construction Association
	CIC's Construction Industry Sports & Volunteering Programme
	Hong Kong Sheng Kung Hui Welfare Council
	Jockey Club Yung Shing Lutheran Integrated Service Centre
	Baptist Oi Kwan Social Service
Fly Summer Vacation 2022, Play Summer Activities with You	Hong Kong PHAB Association Jockey Club Shatin Integrated Service Centre for Children and Youth
Full Moon Happy Companion	Hong Kong Young Women's Christian Association
Dress Pink Day 2022	Hong Kong Cancer Fund
Online Charity Walk 2022	Wai Ji Christian Service

11 SUSTAINABLE CITIES AND COMMUNITIES

Target 11.1
By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums

241
Volunteering Hours

220
Employees Volunteered

PERFORMANCE DATA SUMMARY

		Unit	2022	2021
Employees	**Head count at Year End**			
	Group-wide	Person	2,299	2,214
	By Gender			
	Male	Person	1,490	1,453
	Female	Person	809	761
	By Business Lines			
	Construction Division	Person	1,267	1,210
	Property Division	Person	905	851
	Others	Person	127	153
	By Employee Category			
	Senior Management	Person	125	117
	Middle Management	Person	290	289
	General Staff	Person	1,680	1,619
	Workers	Person	204	189
	By Age group			
	Under 30	Person	432	409
	31-50	Person	943	965
	51 or above	Person	924	840
	By Geographical Region			
	Hong Kong and Macau	Person	2,013	1,867
	Mainland China	Person	286	347
	Turnover rate (%)			
	Group-wide	%	11.6	13.1
	By Gender			
	Male	%	6.8	9.1
	Female	%	4.7	4.0
	By Age group			
	Under 30	%	3.8	4.2
	31-50	%	4.7	6.0
	51 or above	%	3.1	3.0
	By Geographical Region			
	Hong Kong	%	27.3	27.1
	Macau	%	0	5.2
	Mainland China	%	7.3	7.1
Training & Development	**Training Hours**			
	Group-wide (excluding HSE training)	Hour	26,234	20,961
	By Gender			
	Male	Hour	18,864	14,855
	Female	Hour	7,370	6,106
	By Employee Category			
	Senior Management	Hour	4,251	2,557
	Middle Management	Hour	5,733	4,695
	General Staff	Hour	15,031	12,224
	Workers	Hour	1,219	1,485
	Average Training Hour			
	Group-wide	Hour	11.4	9.5
	By Gender			
	Male	Hour	12.6	10.2
	Female	Hour	9.1	8.0
	By Employee Category			
	Senior Management	Hour	34.1	21.9
	Middle Management	Hour	19.8	16.2
	General Staff	Hour	8.9	7.6
	Workers	Hour	6.0	7.9

		Unit	2022	2021
	Percentage of Employees Trained			
	Group-wide	%	80.2	74.5
	By Gender			
	Male	%	80.2	74.5
	Female	%	80.1	74.5
	By Employee Category			
	Senior Management	%	92.8	93.2
	Middle Management	%	96.9	90.0
	General Staff	%	82.1	75.8
	Workers	%	32.8	26.5
Health & Safety	Lost days due to work injury	Day	1,989	2,230
	Work-related injury rate	per 1,000 workers	3.10	3.65
	Work-related injury	Number	12	12
	Work-related fatalities	Number	0	0
	Participants in safety training	Person	144,026	74,257
Environment	**Total Resource Consumption**			
	Electricity	kWh	10,400,181	12,282,215
	Petrol	Litre	169,994	147,983
	Diesel	Litre	1,622,614	839,537
	Natural gas	m^3	360,223	150,079
	Acetylene	m^3	1,599	398.7
	Heat	kWh	1,692,924	6,338,977
	Total energy consumption	kWh	33,656,897	31,785,567
	Energy intensity	kWh/million turnover	7,084.3	9,602.9
	Water	m^3	220,083	156,637
	Water intensity	m^3/million turnover	46.3	47.3
	Greenhouse Gas Emission			
	Scope I	tCO_2e	4,612.5	2,883.2
	Scope II	tCO_2e	7,480.6	11,221.2
	Scope III	tCO_2e	73,528.7	46,065.3
	Total	tCO_2e	85,621.7	60,169.7
	GHG intensity	tCO_2e/million turnover	18.02	18
	Air Emissions			
	Sulphur oxides	kg	28.6	15.7
	Non-hazardous waste			
	Inert construction waste	tonnes	117,062.93	133,550.6
	Non-inert construction waste	tonnes	14,747.06	8,591.6
	Paper waste	tonnes	26.67	26.1
	Waste intensity	tonnes/million turnover	27.75	42.9
Community	Volunteer hours (including non-staff)	Hours	241	792
	Donations	HK$	2.1 million	2 million

ESG CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remark
Governance structure		
General disclosure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	**ESG Governance**
Reporting principles		
General disclosure	A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. (c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.	This report discloses the Group's ESG performance in compliance with the HKEX ESG Reporting Guide. We continue to apply the Reporting Principles of Materiality, Consistency, Quantitative and Balance in preparing our ESG report.
Reporting boundary		
General disclosure	A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.	**About Scope and Boundary**
A. Environmental		
Aspect A1	**Emissions**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	**Better Environment**
KPI A1.1	The types of emissions and respective emissions data.	**Performance Data Summary**
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	**Better Environment** **– Tackling Climate Risks** **Performance Data Summary**
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	No significant generation of hazardous waste.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	**Better Environment** **– Other Energy Reduction Initiatives** **Performance Data Summary**
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	**Sustainability Strategy** **Better Environment** **– Energy Efficiency Initiatives**
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	**Sustainability Strategy** **Better Environment** **– Other Energy Reduction Initiatives**
Aspect A2	**Use of resources**	
General disclosure	Policies on efficient use of resources including energy, water and other raw materials.	**Better Environment** **– Energy Efficiency Initiatives** **Performance Data Summary**
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	**Performance Data Summary**
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	**Performance Data Summary**
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	**Better Environment** **– Energy Efficiency Initiatives**
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	We source our water from the municipal water supply, and do not encounter any issue in sourcing water that is fit for purpose.
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	No packaging material used.
Aspect A3	**The environment and natural resources**	
General disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	**Better Environment**
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	**Better Environment**
Aspect A4	**Climate Change**	
General disclosure	Policies on identification and mitigation of significant climate–related issues which have impacted, and those which may impact, the issuer.	**Better Environment** **– Tackling Climate Risks**
KPI A4.1	Description of the significant climate–related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	**Better Environment** **– Tackling Climate Risks**
B. Social		
Aspect B1	**Employment**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti–discrimination, and other benefits and welfare.	**Better Economy**
KPI B1.1	Total workforce by gender, employment type (for example, full– or part–time), age group and geographical region.	**Better Economy–Attracting and Retaining Talents** **Performance Data Summary**
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	**Performance Data Summary**

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remark
Aspect B2	**Health and safety**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	**Sustainability Strategy** **Better Community** **– Reinforcing Safety Culture and Management System**
KPI B2.1	Number and rate of work–related fatalities occurred in each of the past three years including the reporting year.	**Better Community** **– Reinforcing Safety Culture and Management System** **Performance Data Summary**
KPI B2.2	Lost days due to work injury.	**Better Community** **– Reinforcing Safety Culture and Management System** **Performance Data Summary**
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	**Better Community** **– Reinforcing Safety Culture and Management System**
Aspect B3	**Development and training**	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	**Better Economy** **– Attracting and Retaining Talents**
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	**Better Economy** **– Attracting and Retaining Talents** **Performance Data Summary**
KPI B3.2	The average training hours completed per employee by gender and employee category.	**Better Economy** **– Attracting and Retaining Talents** **Performance Data Summary**
Aspect B4	**Labour standards**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	We implement appropriate protocols in our recruitment process to ensure child and forced labour is absent in our operations.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	
Aspect B5	**Supply chain management**	
General disclosure	Policies on managing environmental and social risks of the supply chain	**Sustainability Strategy** **Better Economy** **– Operational Excellence**
KPI B5.1	Number of suppliers by geographical region.	**Better Economy** **– Operational Excellence**
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	**Better Economy** **– Operational Excellence**
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	**Better Economy** **– Operational Excellence**
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	**Better Economy** **– Operational Excellence**
Aspect B6	**Product responsibility**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	**Better Economy** **– Innovation and Technology to Contribute to Social Developments**
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	There were no cases of product recall during the year.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	We do not receive any cases of product or services related complaints during the year.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Our construction business has limited involvement in intellectual property rights.
KPI B6.4	Description of quality assurance process and recall procedures.	**Better Economy** **– Innovation and Technology to Contribute to Social Developments**
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	**Better Economy** **– Innovation and Technology to Contribute to Social Developments**
Aspect B7	**Anti–corruption**	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	**Better Economy** **– Operational Excellence**
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	No concluded legal case regarding corrupt practices were recorded during the year.
KPI B7.2	Description of preventive measures and whistle–blowing procedures, and how they are implemented and monitored.	**Better Economy** **– Operational Excellence**
KPI B7.3	Description of anti–corruption training provided to directors and staff.	**Better Economy** **– Operational Excellence**
Aspect B8	**Community investment**	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	**Better Community** **– Creating Social Impact through Partnerships**
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	**Better Community** **– Creating Social Impact through Partnerships**
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	**Performance Data Summary**