



Sun Hung Kai Properties Limited



Sustainability Report

2015/16

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Information for Shareholders

SHKP's shares are listed on The Stock Exchange of Hong Kong Limited (Stock Exchange) and are traded over the counter in the United States in the form of American Depositary Receipts (ADR).

Stock Exchange: 16

Bloomberg: 16 HK Equity

Reuters: 0016.HK

Trading Symbol for ADR: SUHJY

CUSIP: 86676H302

ISIN: HK0016000132



Our Reporting Approach

Scope of the Report

This is the sixth annual standalone sustainability report by Sun Hung Kai Properties Limited (SHKP). It describes the sustainability performance and initiatives of head office and wholly-owned subsidiaries in Hong Kong. These include property management subsidiaries Hong Yip Service Company Limited (Hong Yip) and Kai Shing Management Services Limited (Kai Shing); construction company Sanfield (Management) Limited; and the four Royal brand hotels – The Royal Garden, Royal Park, Royal Plaza and Royal View (collectively the Group). The Group also has other investments in Hong Kong, with interests in its listed subsidiaries – SmarTone Telecommunications Holdings Limited (SmarTone) and SUNeVision Holdings Limited (SUNeVision).

This year, we have adjusted our scope of reporting to prepare for the commencement of the amendments of Environmental, Social and Governance Reporting Guide (ESG Guide) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The ESG Guide requires all listed companies to publish ESG reports. Accordingly, SmarTone and SUNeVision will publish their independent ESG reports. This report therefore will only focus on the significant environmental and social impact brought about by our property management, construction and hotel businesses. For reports of our subsidiaries SmarTone and SUNeVision, please refer to their respective annual reports and websites.

This report will also focus on the Group's Hong Kong operations, which represent the majority of our investments. While we have continued to expand our business on the mainland, our investments there now represent only about 20% of our portfolio. Please refer to our annual reports for more details about our businesses.

Unless otherwise stated, this report covers our progress on environmental, social and governance issues from 1 July 2015 to 30 June 2016.

Reporting Standards

This report has been prepared in accordance with the ESG Guide, the Core Option of the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines, and GRI's sector guidance on the Construction and Real Estate Sector. Reference is also made to the Ten Principles of the United Nations Global Compact (UNGC).

To meet these standards, key stakeholders and our Sustainability Steering Committee have been engaged in the preparation of this report and in reviewing the most relevant and important sustainability issues for the Group to report on. More details will appear in Our Approach to Sustainability section.

Report Assurance and Verification

The British Standards Institution has provided independent verification in accordance with the ESG Guide with respect to the extent of coverage and information provided. The independent assurance statement can be found on page 52.

**We welcome stakeholder feedback and suggestions.
If you have any comment, please fill out our online
feedback form here or contact us at:
sustainability@shkp.com**



We are pleased to present the Group's 2015/16 Sustainability Report. This report details the Group's efforts and achievements in advancing sustainability in society and cementing business continuity to create long-term value for customers, employees, business partners, shareholders, investors and the wider community.

We have adopted the full Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong last year, to illustrate the positive impact we have on people and the home we share. We also expanded our stakeholder engagement to include more relevant groups such as social media agencies and key opinion leaders, to shape strategies for the long-term viability of our business and the community. The insights gained in this exercise and previous ones show that stakeholders continue to associate the Group with superior building and service quality.

The Group is a major property developer and landlord in Hong Kong and aspires to create a better community for all in the spirit of Building Homes with Heart. A customer-focused culture and the quest for ever-higher quality underpin the Group's premium brand. This commitment inspires our confidence as the first developer to offer a three-year quality guarantee on new residential units in Hong Kong and helped the Group achieve impressive property sales and satisfactory margins over the reporting year, along with sizable and steadily growing income from its premium rental portfolio. These solid results point to an encouraging future for the Group and reinforce confidence among shareholders and investors.

An emphasis on two-way communication with stakeholders enables the Group to understand and respond to their diverse needs. The SHKP Club celebrated its 20th anniversary during the year and remains an effective bridge to current and potential customers and the wider public that helps the Group stay abreast of and respond to changes in the market.

The well-being and continuous development of our staff are fundamental to the Group's commitment to quality and sustainable development. The unique SHKP Quality Academy encourages continuous learning so that people can fulfill the Group's quality pledge by staying up to date and broadening their horizons with the latest professional knowledge and skills.

As a responsible corporate citizen, we strive to minimize the environmental impact of our developments by using resources responsibly, following green building initiatives, selecting suppliers with sound environmental practices and promoting awareness among employees, business partners and the public. The Group has supported the government's waste reduction and climate change policies and continuously improved the energy efficiency of 55 of its major investment properties in the past five years, with a significant improvement this year over last.

The Group's Building Homes with Heart Caring Initiative provides the framework for its care for people in different age groups and sectors of society for an inclusive, harmonious community. In this spirit the Group has made a commitment to donating a site in Yuen Long to the Hong Kong Sheng Kung Hui Welfare Council for the city's first purpose-built service facility with a youth hostel, special childcare centre and home for the elderly to foster intergenerational harmony. At the same time, the SHKP Reading Club continues to stage various programmes to promote an appreciation of reading and stimulating young people's intellectual development and life values.

We recognize the importance of balancing mental and physical well-being, so the Group was title and charity sponsor of the first Sun Hung Kai Properties Hong Kong Cyclothon organized by the Hong Kong Tourism Board, and staged the fourth SHKP Vertical Run for Charity – Race to Hong Kong ICC during the year to promote sports for charity in the community.

Sustainability will remain an integral part of the Group's philosophy as it moves forward, and we will continue with a broad spectrum of efforts to create more long-term value for stakeholders and work for the betterment of society.

Sustainability Steering Committee

December 2016



Our Business

About Sun Hung Kai Properties Limited

Publicly listed in Hong Kong in 1972, Sun Hung Kai Properties Limited is now one of the largest property companies and a market leader with a strong presence in Hong Kong and on the mainland.

The Group is principally engaged in the development of property for sale and investment with a vertically-integrated structure, which spans from land acquisition and project planning to material sourcing, construction and project management, through to sales, marketing and property management.

The Group also has complementary operations in hotels, property management, construction, and insurance and mortgage services, with additional investments in telecommunications, information technology, infrastructure, transportation and logistics businesses.

Highlights of Hong Kong Property Business in 2015/16

Contracted sales reached nearly **HK\$32,000 million**

Four sites were acquired, bringing the total GFA of the development land bank to **20.9 million square feet**

Economic value distributed in 2015/16:

Employee compensation and benefits: **HK\$6,948 million**

Payments to government (including tax): **HK\$6,390 million**

Operating costs: **HK\$62,328 million**

Total contributions to MPF and other retirement schemes: **HK\$316 million**

Payment to providers of capital: **HK\$9,982 million**

Net rental rose 7.6% to **HK\$13,233 million**, which was generated from **29 million square feet** of quality investment properties

3.2 million square feet of properties were completed, most of which were residential units for sale



Business Structure¹

Sun Hung Kai Properties

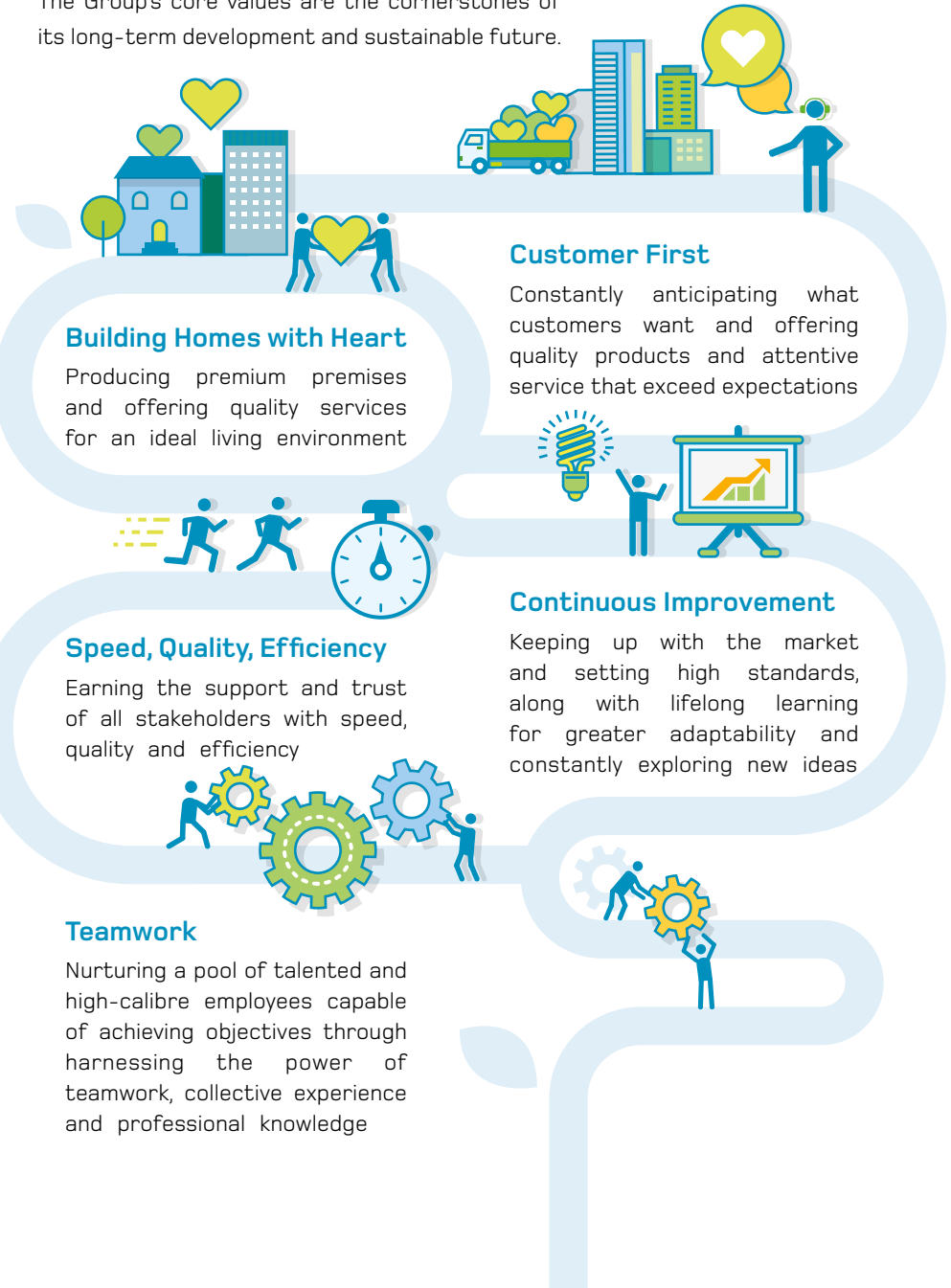
As at 30 June 2016

HONG KONG	
Property Development	<ul style="list-style-type: none"> 16.7 million sq. ft. under development for sale Over 30 million sq. ft. of agricultural land (site area)
Property Investment	<ul style="list-style-type: none"> 29.0 million sq. ft. of completed investment property Another 4.2 million sq. ft. of investment properties under development
Property-related Businesses	<ul style="list-style-type: none"> Hotels Property management Construction Insurance and mortgage services
Telecommunications and Information Technology	<ul style="list-style-type: none"> Mobile telephone services Data centres and IT infrastructure
Infrastructure and Other Businesses	<ul style="list-style-type: none"> Transport infrastructure operations and management Port business Air transport and logistics business YATA
MAINLAND CHINA	
Property Development	<ul style="list-style-type: none"> 57.8 million sq. ft. under development
Property Investment	<ul style="list-style-type: none"> 12.1 million sq. ft. of completed investment property

¹ The diagram shows the overall business structure of SHKP. Please refer to Our Reporting Approach on page 1 for businesses covered in this report.

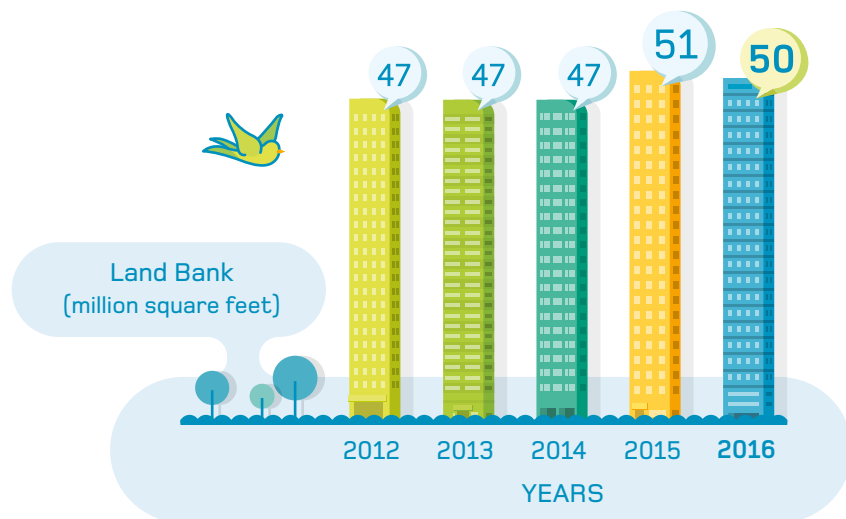
Core Values

The Group's core values are the cornerstones of its long-term development and sustainable future.



Land Bank in Hong Kong

The Group continues to explore opportunities to replenish its land bank for long-term investment, and has maintained a consistent land bank for the past three years. Please refer to our website or annual report for details.



Projects Completed in 2015/16

Project	Location	Usage	Group's Interest	Attributable Gross Floor Area (sq. ft.)
Century Link Phases 1 & 2	6 Ying Hong Street, Tung Chung	Residential/ Shops	100%	1,394,000
Ultima Phases 1 & 2	23 Fat Kwong Street, Ho Man Tin	Residential	100%	869,000
The Wings IIIA	19 Tong Yin Street, Tseung Kwan O	Residential/ Shopping Centre	100%	793,000
Imperial Kennedy	68 Belcher's Street, Kennedy Town	Residential/ Shops	92%	144,000
			Total	3,200,000



Awards and Recognitions

Organizer	Award
Corporate Governance Asia	<ul style="list-style-type: none"> Asia <ul style="list-style-type: none"> Best CSR Hong Kong <ul style="list-style-type: none"> Best Investor Relations Company Best Environmental Responsibility Best Corporate Communications Best Investor Relations Professional
Euromoney	<ul style="list-style-type: none"> Best Managed Company in the Real Estate / Property Sector in Asia Best Office / Business Developer in Asia
FinanceAsia	<ul style="list-style-type: none"> Asia's Best Real Estate Company and Best Managed Company in Hong Kong from the 20th Anniversary Platinum Award
Hang Seng Index	<ul style="list-style-type: none"> Constituent stock of the Hang Seng Corporate Sustainability Index
Hong Kong Investor Relations Association	<ul style="list-style-type: none"> Best IR Company - Large Cap
Reader's Digest	<ul style="list-style-type: none"> Platinum Trusted Brand Award (Property Developer) Gold Trusted Brand Award (Property Management Company) Gold Trusted Brand Award (Shopping Mall) Platinum Trusted Brand Award (Car Park)
The Asset	<ul style="list-style-type: none"> Platinum Award for Excellence in Governance, CSR and Investor Relations
The Community Chest of Hong Kong	<ul style="list-style-type: none"> Third Top Donor of the Year Award (Companies, Organizations and Individuals Category) President's Award Award of Merit
The Hong Kong Council of Social Service	<ul style="list-style-type: none"> 10 Years Plus Caring Company Logo
The Hong Kong Polytechnic University	<ul style="list-style-type: none"> Top 20 Companies of The Hong Kong Business Sustainability Index

Memberships and Charters

- Business Environment Council (Founding Member since 2002)
- Employers' Federation of Hong Kong (Corporate Member since 1994)
- The Hong Kong Council of Social Service
 - The Caring Company Scheme Patron's Club (Jade Member since 2007)
- Hong Kong Environment Bureau and Council for Sustainable Development
 - Energy Saving Charter on Indoor Temperature (Signatory since 2012)
- Hong Kong Environment Bureau
 - Charter on External Lighting (Signatory since 2016)
- Hong Kong Environmental Protection Department
 - Carbon Reduction Charter and Carbon Audit Green Partner (Signatory since 2009)
- Hong Kong General Chamber of Commerce (Member since 1977)
- The Hong Kong Green Building Council (Patron Gold Member since 2011)
- The Chamber of Hong Kong Listed Companies (Corporate Member since 2004)
- The Real Estate Developers Association of Hong Kong (Corporate Member since 1974)
- World Wide Fund For Nature Hong Kong (Gold Member since 2010)



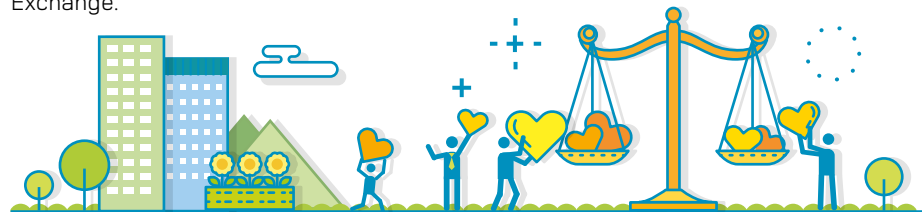
Our Approach to Sustainability

Sustainable development is an integral part of SHKP's belief in Building Homes with Heart. We promise to create sustained values for our stakeholders by incorporating environmental, social and governance aspects into our day-to-day operations and risk management approach. To achieve this, we maintain a high standard of corporate governance to oversee and implement the comprehensive policies that drive sustainable development. Our robust corporate governance structure plays a pivotal role in our approach to sustainability by encouraging internal communications, enhancing transparency and building trust with our stakeholders.

Corporate Governance

Our robust corporate governance framework provides a solid foundation for sustainable development. We have enhanced our accountability and transparency by upholding high standards in business ethics and corporate governance in all areas of our operations, thus building stronger trust with our stakeholders.

The Board continues to have overall responsibility for ensuring effective corporate governance across the Group. Part of this is to maintain sound and effective risk management and internal control systems, in order to safeguard the Group's assets and stakeholders' interests. ESG-related risks are considered when formulating business strategies. During the year the Audit Committee was renamed the Audit and Risk Management Committee to better reflect its role in risk management. Chaired by Eric Li, the Committee's members include Dicky Yip, Donald Leung and Norman Leung, all of whom are Independent Non-Executive Directors. The Committee is provided with sufficient resources to perform its duties, and its updated terms of reference are posted on the websites of the Group and the Hong Kong Stock Exchange.



More information on corporate governance can be found in our Annual and Interim reports or the corporate governance section of our corporate website:

<http://www.shkp.com/en-US/Pages/corporate-governance-overview>

The Group maintains an open and transparent relationship with our stakeholders through effective communication, and has continued to earn their confidence. Our efforts in transparent communication and robust corporate governance have been recognized by the investment community, earning the accolade Asia's Best Managed Company in the Real Estate / Property Sector by Euromoney magazine since 2013.

Please refer to the **Corporate Governance** section of our **2015/16 annual report** for details of our corporate governance structure and practices.

Sustainability Governance

A Sustainability Steering Committee oversees the Group's sustainability strategies, which are integrated into our day-to-day operations and risk management. Led by an Executive Director, the committee is comprised of senior managers from key divisions. It monitors sustainability-related matters in operations, reviews stakeholder feedback and updates respective policies.

The Group utilizes expertise from different departments to support the steering committee in promoting sustainability. Working groups with diverse specialities and functions have been set up, including an Energy Optimization Committee that monitors energy consumption at our investment properties, and an Occupational Health and Safety Committee that oversees safety practices on construction sites. Community involvement and outreach are managed by the Corporate Communications Department.

Stakeholder Engagement

The Group engages a wide variety of stakeholders including employees, customers, business partners, industry associations, the government, NGO partners and the community on a regular basis. It also conducts designated stakeholder engagement exercises to better understand their priorities, expectations and perceptions with regard to our sustainability approach. This year, our stakeholder engagement exercise focused on issues covered by the ESG Guide. Building on insights gained from previous exercises, we have included media partners in the process this year. The exercise was facilitated by an independent third-party consultant to ensure open discussion and impartiality.

Close to 400 stakeholders (double the number last year) were engaged in an online survey and focus group discussion. They provided useful feedback on issues related to economic, environment, workplace practices, human rights, society, and product responsibility. We are pleased to report that our stakeholders continue to regard SHKP as having a superior brand and service quality, and our efforts to promote sports events have also been widely recognized.



Stakeholder group engaged	Method of engagement	
Customers (including residents, commercial and industrial building tenants and hotel corporate clients)	<ul style="list-style-type: none"> Online surveys Customer satisfaction surveys SHKP Club 	<ul style="list-style-type: none"> Retail stores, call centres, customer hotline, online and mobile phone applications Website and social media
Employees (from new hires to senior management)	<ul style="list-style-type: none"> Online surveys Focus groups Interviews Meetings Intranet SHKP Quality Academy 	<ul style="list-style-type: none"> SHKP Quality Raising Suggestion Scheme SHKP Work Safety Suggestion Scheme Employee engagement activities Ongoing engagement
Government	<ul style="list-style-type: none"> Online surveys Interviews 	<ul style="list-style-type: none"> Public consultations
Industry associations	<ul style="list-style-type: none"> Online surveys Interviews 	<ul style="list-style-type: none"> Industry forums
NGO partners	<ul style="list-style-type: none"> Online surveys Focus groups Interviews 	<ul style="list-style-type: none"> Corporate social responsibility activities such as the SHKP Reading Club and SHKP Vertical Run for Charity
Shareholders and Investors	<ul style="list-style-type: none"> Online surveys Investor meetings and conference calls Overseas road shows Investor forums and conferences 	<ul style="list-style-type: none"> Analyst briefings and annual general meetings Annual and interim reports Investor Relations page on the Group website
Suppliers	<ul style="list-style-type: none"> Online surveys Interviews 	<ul style="list-style-type: none"> Audits and assessments Ongoing direct engagements
Media partners	<ul style="list-style-type: none"> Online surveys Press conferences 	<ul style="list-style-type: none"> Meetings Website and social media
Other external stakeholders (including academia)	<ul style="list-style-type: none"> Online surveys Focus groups 	<ul style="list-style-type: none"> Interviews

Materiality Analysis

The stakeholder engagement exercise provided a basis for identifying and prioritizing aspects to be covered in this report through materiality analysis, including:

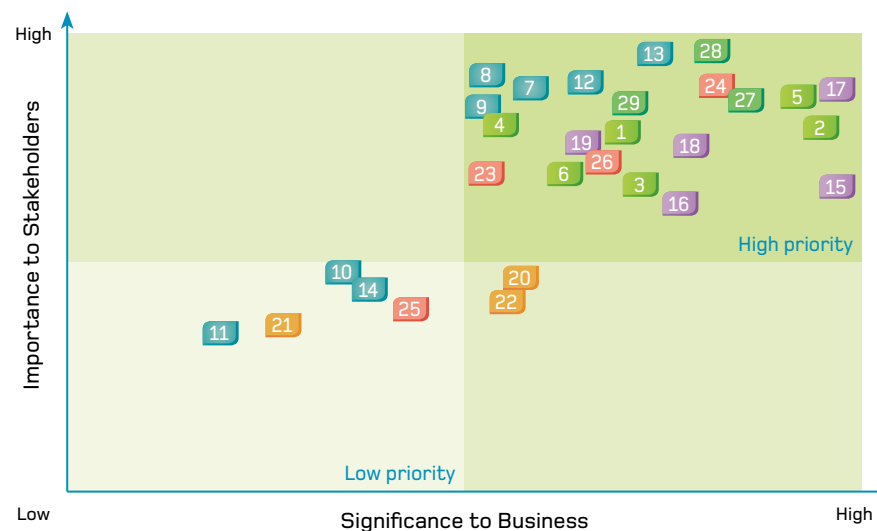
Step 1: Identifying ESG Aspects – Eighteen material aspects were identified from a list of 29 in 2014/15. This year, the list of aspects reviewed was based on the ESG Guide, media coverage on sustainability issues and the latest sustainability trends of the industries in which SHKP operates. For this reason, we decided to separate GHG emissions and energy into two standalone aspects. We also removed security practice from the list as the associated risk is minimal to the Group.

Step 2: Ranking ESG Aspects – Some 400 stakeholders were asked to rank ESG aspects using a scale of 1 to 6 (1 = of lowest importance and 6 = highest). They were also asked whether the material aspects from last year should still be covered in the report, or if additional aspects should be considered.

Step 3: Result Validation – The materiality results were validated by qualitative feedback collected from focus groups and peer benchmarking. The recommended material aspects were then endorsed by the Sustainability Steering Committee.

A total of 22 material aspects were identified this year.

Materiality Matrix



Sustainability Aspects Considered

Economic and General <ul style="list-style-type: none"> 1. Economic performance 2. Market presence 3. Indirect economic impacts 4. Procurement practices 5. Compliance 6. Grievance mechanisms 	Human Rights <ul style="list-style-type: none"> 20. Human rights and non-discrimination 21. Freedom of association and collective bargaining 22. Child labour and forced labour
Environment <ul style="list-style-type: none"> 7. Materials 8. Energy 9. GHG emissions 10. Water 11. Biodiversity 12. Waste 13. Sustainable buildings 14. Environmental impacts of transport 	Society <ul style="list-style-type: none"> 23. Community investment 24. Anti-corruption 25. Public policy and advocacy 26. Anti-competitive behaviour
Workplace Practices <ul style="list-style-type: none"> 15. Employment practices 16. Employee engagement 17. Occupational health and safety 18. Employee development and succession planning 19. Diversity and equal opportunities 	Product Responsibility <ul style="list-style-type: none"> 27. Customer satisfaction and responsibility 28. Customer privacy 29. Affordable housing in Hong Kong



Addressing Key Stakeholder Concerns

We are pleased to note that stakeholders generally consider the Group to be a trusted brand. They identified Compliance, Occupational Health and Safety, and Customer Privacy as top material issues during a stakeholder engagement exercise. The Group welcomes these comments and addresses them as follows:

Compliance

The Group maintains that robust corporate governance is highly important and therefore promotes an ethical culture in its operations to ensure compliance with applicable laws and regulations for all material ESG issues that have a significant impact on its operations. All employees must follow the Group's Code of Conduct and are informed of any applicable regulatory changes by its Legal and Company Secretarial Department.

The Residential Properties (First-hand Sales) Ordinance came into effect in April 2013, and the Group has engaged external legal consultants to provide training to raise staff and management awareness on compliance with the Ordinance. We ensure that all our sales brochures and marketing materials are also fully compliant with the Ordinance.

The renamed Audit and Risk Management Committee is responsible for assisting the Board of SHKP in assessing and maintaining the effectiveness of SHKP's risk management and internal control systems in accordance with new provisions contained in the Corporate Governance Code of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. More information on the Group's compliance can be found in the Corporate Governance Report section of our annual report.

Occupational Health and Safety

Ensuring the physical and mental health of employees is regarded as highly important, especially in the construction business where the risk of accidents is greatest.

The Group has put in place operational safety policies that provide relevant training for staff and create safe working environments, thus protecting their well-being. Appropriate preventive measures have kept the Group's accident incident rate at 12.24 per 1,000 workers this year at construction sites, significantly lower than the Hong Kong industry average of 39.1 per 1,000 workers¹.

The Group also attaches great importance to the mental health of employees. It offers support with a 24-hour counselling Hearty Hotline while a Staff Caring team has been formed to promote well-being among employees and their families through organizing regular social events.



For details, please refer to the **Value Created for People**

Customer Privacy

Stakeholders are concerned with our customer data security, particularly in light of the increasing number of data leaks occurring around the globe. The Group is well aware of the risk and understands that data privacy is a significant concern for customers.

We have a Customer Data (Privacy) Policy at Group level to safeguard customer data in all operations while an IT Governance Steering Committee oversees information security management issues. The Group's customer data protection mechanism has proven to be effective with no privacy breaches recorded this year.

Corresponding guidelines exist at relevant business unit levels according to different staff roles and the data to which they have access. The Group's property management subsidiary has achieved ISO 27001 Information Security Management certification for data privacy.



For details, please refer to the **Value Created for Customer**



¹ Industry rate is calculated based on calendar year. Reference was made to the Occupational Safety and Health Statistics Bulletin (August 2016) from the Hong Kong Labour Department.

Affordable Housing

The Group is also well aware of stakeholders' concerns about the shortage of affordable housing in Hong Kong. It is a recurring theme in our stakeholder engagement. Although it is a complex issue that involves many stakeholders, the Group supports the government's strategy to increase the supply of small to medium-sized residential units. The Group will continue to increase the number of residential units for sale, and will continue to obtain pre-sale consents and put new projects on the market as soon as they are ready.

Value Created for the Environment



Strategies and Management

The Group's daily operations as a property developer and manager have impacts on the environment, from generating emissions and waste to consuming energy, water and materials. We aspire to achieve the targets set out by the Hong Kong Government for lowering carbon and energy intensity and reducing waste to make Hong Kong a better place for future generations. The Group is also devoted to contributing to Hong Kong's overall sustainable development by consciously managing and enhancing environmental performance. For example, it:



Demonstrates its commitment to the environment with **ISO 14001 Environmental Management System certifications** in most of its property management portfolio, with regular internal and external evaluations of system effectiveness for continuous improvement



Employs an **Environmental Committee** chaired by an Executive Director guiding environmental policy, strategies and actions



Has **committees overseeing specific environmental aspects**, and **suggesting and implementing enhancements** (e.g. the Energy Optimization Committee for energy conservation) and **facilitating knowledge exchange**



Since 2014 has utilized an **online system** to capture sustainability data across businesses for more efficient collection and effective measurement

Additionally, working with NGOs, the Group spreads messages advocating environmental protection in the local community. It has fully supported Green Power's Love Nature Campaign since 2011 to raise the eco-awareness of the Group's employees, their families and primary and secondary school students, and offer them experiential learning opportunities such as eco-tours, and coastal and terrestrial clean-ups. During the year, over 1,000 individuals participated in the programme, and the Campaign was expanded to include kindergarten students to facilitate their understanding of environmental protection. Through engaging them in drawing and creative writing contests, we aim to inspire young people to protect the environment.

The Group's environmental policy follows relevant laws and regulations. During the year, there was no material non-compliance on environmental issues.

Promoting eco-awareness through the SHKP Love Nature Campaign



Sustainable Building

The Group embraces green technology and innovation to enhance building sustainability, putting considerable thought into efficient energy and material use as well as waste management. A total of 35 certifications were awarded to the Group under the Hong Kong Building Environmental Assessment Method (BEAM) and Leadership in Energy and Environmental Design (LEED) in recognition of sustainability. The Group currently employs 44 certified BEAM professionals.

Green Building Certification (BEAM and LEED) in Hong Kong

Certified Buildings – Office	
Sun Hung Kai Centre	BEAM - Excellent
International Commerce Centre	BEAM - Platinum LEED - Platinum
One International Finance Centre	BEAM - Platinum
Two International Finance Centre	BEAM - Platinum
Central Plaza	BEAM - Excellent
Millennium City 1 (The Standard Chartered Tower)	BEAM - Bronze
Millennium City 5	BEAM - Excellent
Kowloon Commerce Centre Tower A	LEED - Gold
Kowloon Commerce Centre Tower B	LEED - Gold
Elite Centre	LEED - Bronze (Core and Shell Development)
One Harbour Square	LEED - Gold (Core and Shell Development)
Kin Sang Commercial Centre	LEED - Bronze Pre-certification (Core and Shell Development)

Certified Buildings – Residential

Park Island Phase I	BEAM - Excellent
YOHO Town	BEAM - Excellent
YOHO Midtown	BEAM - Gold
Lime Stardom	BEAM - Platinum
The Parcville	BEAM - Excellent
Villa by the Park	BEAM - Excellent
Avignon	BEAM - Gold
Century Link	BEAM - Provisional Bronze
Nam Cheong Station Development	BEAM - Provisional Gold
LOHAS Park Development Package IV	BEAM Plus - Provisional Gold
Babington Hill	BEAM Plus - Bronze
King's Hill	BEAM Plus - Provisional Bronze
Lime Gala	BEAM Plus - Provisional Bronze
97 Belcher's Street	BEAM Plus - Provisional Bronze
The Wings III A	BEAM Plus - Provisional Silver
The Wings III B	BEAM Plus - Provisional Silver
Development at Tseung Kwan O Lot No. 118 Area 66D2	BEAM Plus - Unclassified
Kau To Project	BEAM Plus - Provisional Bronze
18 Stubbs Road	BEAM Plus - Provisional Bronze
Sha Po North Project	BEAM Plus - Provisional Silver

Certified Building – Comprehensive

Java Road and Tin Chiu Street Project	BEAM Plus - Provisional Bronze
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Certified Building – Hotel

Development at North Point	BEAM Plus - Unclassified
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Green Property Management

The Group supports government initiatives to promote green property management. Its Kai Shing and Hong Yip subsidiaries are part of the Environment Bureau's Charter on External Lighting to reduce light pollution and energy waste in managed buildings. During 2015, eight Hong Kong Awards for Environmental Excellence in recognition of outstanding environmental achievements were received. The Group's property management subsidiaries were also recognized in the 2016 Best Landscape Award and Indoor Air Quality Certificate Award Ceremony of the IAQ Certification Scheme, for creating quality green environments.

Certificates Attained from the Hong Kong Awards for Environmental Excellence (as at 30 June 2016)

	Wastewi\$e Certificate	Energywi\$e Certificate	IAQwi\$e Certificate	Carbon Reduction Certificate
Construction	5	1	Not applicable	Not applicable
Property management	275	123	18	36
Total	280	124	18	36

Energy and Carbon Management

Buildings consume a full 90% of the electricity used in Hong Kong. With this in mind, the Group has focused its efforts on building energy efficiency. Electricity consumption in our properties is regularly monitored, and these results are monitored by our

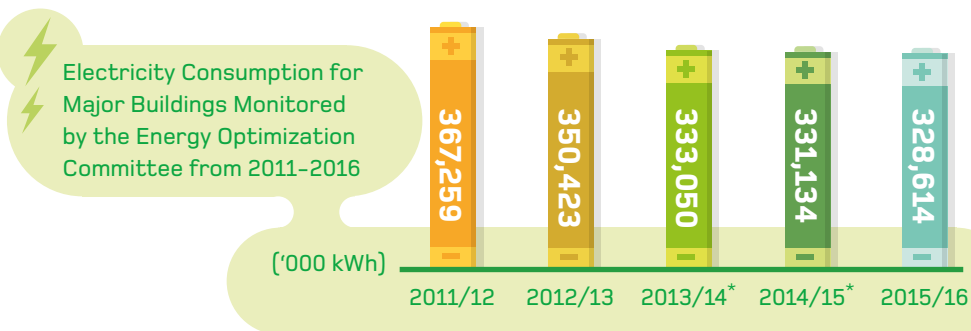
Energy Optimization Committee (EOC), with 24 specialists in building engineering and management helping to supervise energy consumption. The committee regularly reviews building efficiency and disseminates the latest research and international best practices. During the year, the number of EOC-monitored buildings increased to 55 in our investment properties portfolio.

The Group optimizes the design of new projects to minimize energy consumption, and retrofits existing buildings to improve energy efficiency (see the case study on page 15 for our energy conservation approach and initiatives). Achievements by the Group's property management subsidiaries in energy and carbon reduction have been widely recognized:

- Gold in the 2015 HSBC Living Business Awards (Green Achievement Category) for Kai Shing
- Bronze Award (Services Sector) in BOCHK Corporate Environmental Leadership Awards for Hong Yip
- Silver and Bronze Awards in BOCHK Corporate Environmental Leadership Awards for Kai Shing
- Silver Award in Property Management – Residential Category in CLP GREEN^{PLUS} Award Programme 2015 for Hong Yip
- Platinum Award from the Asia Pacific Intelligent Green Building Alliance for the Group
- Second runner-up of Friends of the Earth Biggest Units Saver Award (Property Management) in the 2015 Power Smart Energy Saving Contest for Hong Yip
- Champion of Friends of the Earth Biggest Units Saver Award (Property Management) and Charity Contribution Certificate (Property Management) in the 2015 Power Smart Energy Saving Contest for Kai Shing
- Top in Carbon Reduction and Energy Saving and Highest Carbon Reduction and Energy Saving overall winner in the 2015/16 Tuen Mun Yan Oi Tong Carbon Reduction Competition for Kai Shing
- CarbonSmart Achiever Award for Kai Shing

The Group's monitoring and reduction initiatives include conducting building energy and carbon audits since 2008. Currently, the Group provides 51 electric vehicle charging stations in 76 commercial or residential properties throughout Hong Kong to encourage the use of electric cars for a low-carbon community.

* Data represented covers 54 properties monitored by EOC.



CASE STUDY

Reducing Energy Consumption and Enhancing Commercial Buildings Energy Efficiency with HEART

Buildings consume a significant portion of Hong Kong's electricity as noted above. As a responsible developer, the Group refurbishes office premises and shopping malls regularly with latest proven technologies. Changes in both hardware and mind-set are essential to enhancing energy performance in the long run. Building Homes with Heart inspires the Group's approach to reduce energy consumption where HEART means:

HARDWARE

- Replace lighting with more efficient LEDs
- Upgrade chillers or chiller pumps
- Insulate external walls (e.g. low-e glass, double glazing or solar film)
- Use covers instead of heaters to maintain pool temperatures in winter
- Regular maintenance

ENGAGEMENT

Employees:

- Training on energy efficiency guidelines and management systems (e.g. ISO 50001)
- Knowledge exchanges

Tenants and Residents:

- Free energy audits to raise awareness and find potential areas for reduction
- Suggest switching off unnecessary lights
- Encourage shopping mall and office tenants to set temperature at 25°C

ADAPTATION

- Switch off lights not in use
- Selective lift operation in off-peak hours
- Casual uniforms for clubhouse staff

REAL-TIME DATA

- Smart meters for real-time energy monitoring
- Analyze lift traffic
- Building energy management systems
- Use data to drive improvement

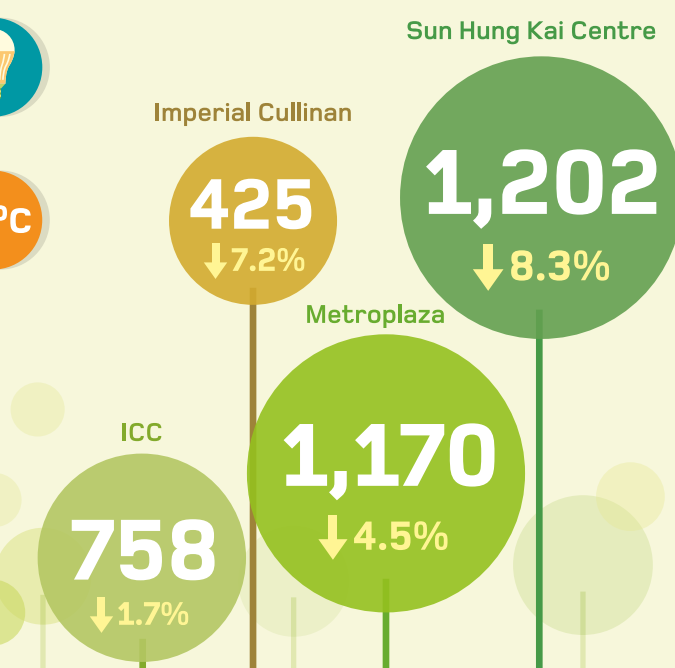
TARGET

- Set energy reduction targets
- Review and evaluate the results regularly



This approach has significantly enhanced environmental performance while satisfying user needs. Due to flexibility gained from this HEART approach, we have been able to adopt this method in buildings regardless of their functions or year built. Significant investments were also made in refurbishing office buildings and shopping malls to optimize their energy efficiency with latest technologies. This strategy is in accordance with our determination to attain optimum energy efficiency in our diverse building portfolio. Below are reduction data recorded at International Commerce Centre (ICC), Imperial Cullinan, Metroplaza and Sun Hung Kai Centre with these measures:

Energy reduction achieved in 2015/16 compared to 2014/15 ('000 kWh/%)



Usage	Office	Residential	Office & Mall	Office & Mall
	2010	2012	1992	1994
Year of Completion				

Materials and Water Use



The Group believes that sourcing sustainable materials and using them responsibly is essential to providing environmentally responsible goods and services. In view of this, the Group has developed effective procurement processes and has monitored closely material consumption to ensure sustainable provisioning.

In support of the Hong Kong Water Supplies Department's Let's Save 10L Water campaign, the Group has encouraged wise use of water for its head office, property management subsidiaries and selected commercial and residential developments.

The Group has also taken a number of measures to minimize water consumption along with its development, such as applying technologies like early-warning leakage and automatic toilet sensors, and conducting regular plumbing inspections to avoid waste. Water from other sources has been used to reduce reliance on fresh and flushing water supplies. For example, International Commerce Centre has built a tank to collect rainwater, which is used for watering plants and other purposes, saving approximately 100,000 L of fresh water every year. And both International Commerce Centre and Grand Central Plaza use water discharged from cooling towers and air-conditioning systems for flushing water. This is estimated to have reduced Grand Central Plaza's water consumption by 20%.

Waste Management



The Group supports waste management and reduction targets in the government's Hong Kong Blueprint for Sustainable Use of Resources 2013-2022, and has introduced various programmes to reduce solid municipal waste sent to landfills. A tiered approach to waste management has been adopted, from managing the property development processes to prioritizing waste avoidance, reuse and recycling.

Avoiding or minimizing waste generation at development projects requires thorough planning and practices. The Group uses computer modelling to simulate environmental impacts and identify unnecessary abortive work. Recycled material is used on site as foundation fill wherever possible. The Group produced over 370,000 tonnes of construction waste this year, with nearly 74% being recycled, saving an estimated HK\$7.4 million on disposal¹. Apart from construction, the Group recycled more than 2,700 tonnes of paper this year. Ranging from plastics to food, we strive

to divert municipal solid waste from landfills with various programmes. In particular, recycled metal increased fourfold compared to last year. The Group has food waste composters in some developments to turn leftovers into organic fertilizer for its gardens and organic farms run by NGO partners and local schools. Park Island is a Hong Kong pioneer in comprehensive food waste management (see the Park Island case study for details of food waste management).

In its capacity as property manager, the Group encourages tenants, customers and residents to separate waste at source. Waste management programmes, including comprehensive recycling and reuse schemes as well as seasonal and special campaigns, are run to help manage and reduce waste effectively. A concerted effort by the Group and its employees has earned 275 Wastewi\$e certificates for properties owned or managed.

The Group's property management subsidiaries received the following awards, certificates and labels in recognition of outstanding environmental sustainability achievements:

- Gold Award in the 2015 HSBC Living Business Awards (Green Achievement category)
- 2015 Eco Enterprise by Capital magazine
- 2016 Eco Brand Award from East Week magazine
- Gold Award in the Hong Kong Awards for Environmental Excellence (Property Management – Commercial and Industrial)
- Bronze Award in the Hong Kong Awards for Environmental Excellence (Property Management – Residential)
- Outstanding Social Caring Organization under the Social Enterprise Research Institute Social Caring Pledge scheme
- 2015 Power Smart designation from Friends of the Earth
- Property Eco Management Award in the 2015 Sing Tao Service Awards
- 2016 Reader's Digest Trusted Brand

¹ The amount saved by recycling construction waste is estimated based on the unit charge for disposing of construction waste to public fills in Hong Kong (HK\$27/tonne).

CASE STUDY

Introducing Food Waste Reduction Initiatives in Residential and Commercial Properties

The Group has introduced food waste reduction initiatives in various residential and commercial properties in support of the government's goal of reducing the amount of food waste sent to landfills by at least 40% by 2022. The programme at Park Island sets an example for collaboration between residents and property management.

Flow of the food waste treatment in Park Island

1 Interested households can request food waste containers 24/7 at the reception area of each block



2 With guidance from the Park Island management office, households collect food waste and pass to customer care ambassadors at the lobby of each block



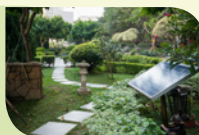
3 Food waste is transferred to food waste composter for processing



4 Food waste is turned into ready-to-use compost after 21 days



5 Compost is used for gardening in Park Island or farming by NGO partners or local schools

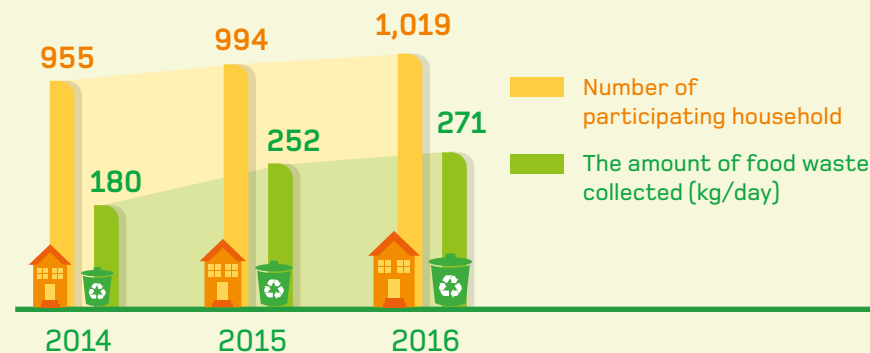


The Park Island food waste recycling programme was introduced in 2006 to alleviate the pressure on landfills and redefine leftovers as valuable gardening resources. Participation is voluntary, simple and convenient.

Participation has been remarkable over the years. There were 1,019 flats in the programme this year compared to 955 flats in 2014, and the amount of food waste collected increased from 180 kg daily in 2014 to 271 kg this year. The Group plans to install a new machine to increase waste handling capacity in anticipation of an increase in the number of participating households. Park Island was recognized by the Environment and Conservation Fund as the estate with the highest average participation rate in Food Waste Recycling Projects in Housing Estates in 2015, following a Gold Award in the HSBC Living Business Award (Green Achievement category) in 2012.

The success of the programme benefits residents and Hong Kong as a whole. It enhances residents' awareness of environmental issues and reduces the cost of waste treatment, saving around HK\$500 every month. And by converting food waste into compost, the programme works towards the government's target of reducing food waste in landfills and makes Ma Wan a low-carbon community.

In addition to posters and leaflets to encourage and educate residents about environmental protection, the Green Efforts Give Great Rewards campaign was introduced in 2008. The campaign features souvenirs and gifts for residents through a stamp collecting system, and the management office runs tours for kindergartens to visit environmental projects in Ma Wan to build children's awareness.



Value Created for People



Strategies and Management

Our business success is based upon our capability to attract, retain and develop our people. We aspire to being an employer of choice and recognize the importance of providing an optimal environment in which our employees can thrive. In addition to complying with relevant laws and regulations, the Group achieves this with a dedicated Human Resources Committee in place to regularly review and improve policies as well as an Occupational Health and Safety Committee to better manage safety systems and practices. The Group offers training and career advancement opportunities, competitive remuneration and compensation incentives, as well as an employee-friendly culture, to advance product and service quality to build better homes and contribute to the community.

Finding and Attracting Talent

Attracting passionate people with suitable skills is pivotal to the Group's development. Our graduate internship and three-year Management Trainee Programme in collaboration with major local institutes are designed to tap into the university graduate talent pool. We are committed to nurturing and assisting trainees as part of building rewarding careers. Management trainees receive core instruction, job rotations among departments, and mentoring from senior staff so that they thoroughly understand the business and different functions within the Group as they gain industry knowledge and networks.

We also have a programme for graduates with higher diplomas in engineering disciplines with the Vocational Training Council. This provides learning opportunities and on-the-job training to assist graduates in building careers.



Visit SHKP Careers:
www.shkp.com/en-US/Pages/job-vacancies

Our efforts to nurture a young workforce are well recognized. Kai Shing, for example, won a 2015/16 Partner Employment Award from the Hong Kong General Chamber of Small and Medium Businesses for employing local graduates and offering internships. This kind of recognition encourages us to address the needs of the community and help young people develop their potential.

The Group is an equal opportunities employer and welcomes applications from all qualified candidates. New employees are welcomed with a structured orientation programme designed to help them assimilate into the work environment and company culture.



Nurturing and assisting trainees to build rewarding careers



Kai Shing received a 2015/16 Partner Employment Award for creating job and internship opportunities for graduates and students



Interns visit ICC to gain industry knowledge

Nurturing Employee's Potential

Nurturing employee potential once the right employees are on board is essential to sustaining business success. Our property management subsidiaries' training programmes are recognized externally, such as being the recipient of the Gold Award of the Security Services Best Training Award in 2015.

The Group provides numerous development opportunities throughout the year to staff at all ranks. This includes internal classroom training, a training library, and e-learning programmes on the company intranet that are available to all staff to encourage self-learning. The Group's Internal Affairs Department formulates development plans for all employees every year and updates training programmes with reference to employee's feedback for continuous improvement. We additionally sponsor external work-related courses, from short seminars to master's degree programmes. All Group employees are eligible to apply for a new bachelor's degree sponsorship scheme which started in October 2015. These opportunities enable current employees to cope with business needs and satisfy their goals.

Learning goes beyond the classroom in the Group. Employees have opportunities for job rotations or secondments to the mainland to broaden their outlooks.



Learning goes beyond the classroom to nurture employee's potential



Hong Yip People Development Academy

Hong Yip has run its People Development Academy since 2007 to develop employees and equip them with the comprehensive skills and knowledge needed to deliver quality customer service. The Academy is the first company in the industry approved by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications for organizing programmes at Levels 1 to 3 of the Qualification Framework scheme. Hong Yip currently hosts ten QF-accredited in-house training programmes, making it the training provider with the most QF-recognized programmes in the industry. We take pride in having taken the initiative to offer this kind of programme. Of all industries involved in the Qualification Framework scheme, our Certificate in Service Excellence programme was the first Specification of Competency Standards-based programme to be offered in-company.

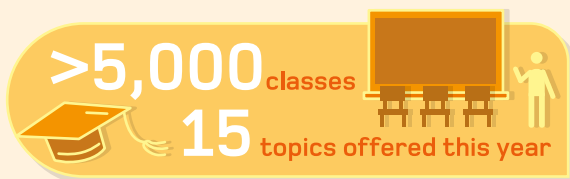


CASE STUDY

Sharpening Employees' Skills with SHKP Quality Academy



The Group offers learning opportunities to equip employees with the cross-business skills and knowledge necessary for career advancement. The Group has run the SHKP Quality Academy learning platform since 2013 as part of its Quality Campaign. Industry experts give lectures and training to provide employees with multi-faceted knowledge, such as updates on industry developments and trends in architecture and design, construction, engineering, customer service and management. This Group-wide initiative further extends the corporate culture of lifelong learning.



The Academy has helped a total of 257,994 training participants develop their potential. Continuous Learning Awards were presented to employees who actively participated in training and achieved satisfactory job performance. During the year, the Academy offered over 5,000 classes covering 15 topics. To help employees deal with everyday operations and personal development, the Group has put considerable efforts into updating course lists each year. Courses on leadership and coaching skills, aerial photography and videography were introduced during the year, as well as food and beverage industry-related training.

The Group hosted several seminars on competition law, common issues and pitfalls in marketing, and cyber security to enhance employees' understanding of these areas. The Group also offered social media seminars and millennial / Gen Y seminars under the Academy to keep employees abreast of new technologies and trends. In addition, a series of family workshops were introduced during the year to support the Group's family-friendly initiatives. The advancement of online technology has allowed the Group to extend the Academy to the virtual world and offer webinars and e-books about property. Accordingly, employees can now participate in the Academy anytime, anywhere. More courses will be added in the future.

The Group's well-established Academy and training programmes are well known in the industry. The Group has been recognized by the Employees Retraining Board's Manpower Developer Award Scheme and is an ACCA Approved Employer – Professional Development and Hong Kong Institute of Certified Public Accountants' Authorised Employer, as well as being recognized in the Hong Kong Institution of Engineers' Graduate Scheme "A" Training. These recognition encourage the Group to provide more training and development opportunities for employees.

Quality Academy Continuous Learning Award winner Vincent Kong explains how the Academy was relevant to his job and beneficial to his career advancement:

“

Overall, it was a good networking opportunity to meet and get to know my colleagues who have the same learning objectives in class. The diverse courses provided by the Academy not only taught me the latest developments and trends in the real estate industry and legal requirements, but also provided a valuable platform to learn from colleagues from different perspectives. I will continue participating and giving my support.

”

Vincent Kong

Quality Academy Continuous Learning Award winner



Recognizing Employee Achievements and Responding to Their Needs

The Group values employee efforts that contribute to business success and explores different ways to ensure that their tenure with the Group is rewarding. For six consecutive years, above-average salary increments have been offered to our employees, especially for those at junior levels. In addition, paid leave, financial support with mortgages and personal loans, overseas exchange opportunities for employees and children, and other benefits are also provided.

We recognize employees' business and personal achievements with formal performance reviews and various annual awards such as the Quality Raising Suggestion Scheme, Work Safety Suggestion Scheme, and Best Handover Quality and Property Management Fire Safety Performance awards. These are presented by the Deputy Managing Directors each year.



Annual awards to recognize employees' achievements:

Work Safety Suggestion Scheme



Quality Raising Suggestion Scheme

Best Handover Quality and Property Management Fire Safety Performance



We understand that retaining talent requires more than mere financial compensation. The Group has established communication channels to listen to and address employees' needs and concerns. It also engages employees in work-life balance programmes and community work, for example, hosting sports events for staff to enjoy with their colleagues and family members. Kai Shing won a Certificate of Merit in the Caring for People category in the 2015 HSBC Living Business Awards.

A great number of activities are organized to encourage a better work-life balance for employees



As a caring employer, since 2010 the Group's spirit of Building Homes with Heart has been extended to employees' children through the SHKP Group Undergraduate Scholarship Awards. The scholarships provide financial assistance for employees' children to study at universities and other tertiary institutions, encouraging them to pursue knowledge and participate in extra-curricular activities. The initiative enables holistic development among recipients and nurtures future leaders. Seven students won these scholarships during the year.

We have formed the SHKP Evergreen Club to keep staff connected with the Group after retirement. Regular activities like trips to the countryside, social gatherings and classes are organized to enable retirees of the Group to stay active.

Promoting Workplace Safety and Well-Being

We prioritize providing safe and healthy work environments and have made considerable efforts to manage the inherent risks in our operations. The Group's occupational health and safety policy complies with regulatory requirements while satisfying property development needs. Our Occupational Health and Safety Committee oversees health and safety performance.

Accredited **OHSAS 18001**
for our construction and property
management safety management systems



At the operational level, employees are trained in safe working practices and to understand emergency response preparedness and procedures. Other initiatives include regular evacuation drills and site inspections. The Group recognizes innovative yet practical measures suggested by staff through the Work Safety Suggestion Scheme.

These dedicated preventative measures kept the Group's accident incident rate at a low level of 12.24 per 1,000 workers during the year at construction sites, which is well lower than the Hong Kong industry average of 39.1 per 1,000¹.

SHKP's accident
incident rate at
12.24 
per 1,000 workers

compared with

Hong Kong's
industry average of
39.1 
per 1,000 workers



Despite our efforts in risk and safety management processes, one fatal incident regrettably occurred at the Grand YOHO project construction site (CDA15) during the year, when a worker lost his balance and fell from a wooden platform. The Group took immediate action and followed up with the employee's family, offering compensation for their loss. This unfortunate incident prompted an immediate review of safety standards and measures at the construction site (CDA15) and others currently in operation to minimize the recurrence of such incidents. In addition, an independent safety consultant was appointed to conduct a comprehensive accident investigation in which corrective and preventative actions were implemented and monitored by the Internal Audit Department to ensure construction sites safety measures are effectively implemented.

The Group believes that employees' mental health is as important as their physical well-being and has therefore established a 24-hour counselling and emotional support Hearty Hotline where employees and family members can seek professional help from social workers, psychologists and counsellors. A designated team from the Internal Affairs Department is assigned to reach out to employees and their family members to promote well-being and work-life balance by hosting regular social events.



¹ Industry rate is calculated based on calendar year. Reference was made to the Occupational Safety and Health Statistics Bulletin (August 2016) from the Hong Kong Labour Department.

Supporting Workplace Diversity and Inclusiveness

We value differences and uniqueness in employees who enhance our operations and make a positive influence on our business. Beyond complying with the laws and regulations, our Code of Conduct and anti-discrimination practices serve as a guide to employees and business partners for ethical business conduct and equal opportunity employment.


The Group was named a Distinguished Family-Friendly Employer in the 2015-16 Family-Friendly Employers Award Scheme and received a new Award for Breastfeeding Support and a Special Mention (Gold) for winning Family-Friendly Employer honours since 2011. Such recognitions show that the Group is dedicated to creating a family-friendly work environment with initiatives which began in 2014 to create a mother-friendly workplace with flexible working hours.

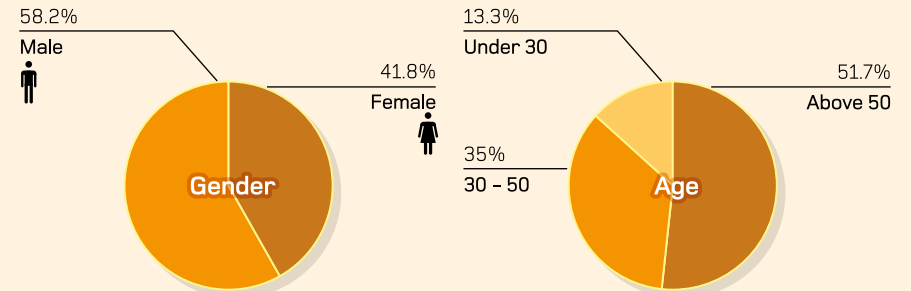
The Group's achievements in 2015-16 Family-Friendly Employers Award Scheme



The Group ensures equal opportunity and prohibits discrimination in all aspects of employment, so physical or mental disabilities are not issues that interfere with hiring talented people. The Group currently employs 82 people with physical or mental disabilities in different positions, from cleaners and security guards to property assistants and receptionists.

Workforce Distribution

Total number of workforce: **24,764** 
(as at 30 June 2016)



Upholding Human Rights

The Group's integrity lies in its active management of work-related human rights issues. Company policies are adopted with reference to the Ten Principles of the United Nations Global Compact in addition to compliance with relevant laws and regulations. The Group supports such policies with internal and external training to educate and keep employees abreast of human rights matters.

We prevent the use of child or forced labour in our operations with a comprehensive human rights policy. None of our operations are exposed to significant risk of using labour of such nature. The Group's Code of Conduct was developed with an emphasis on equal opportunities, mutual respect and on fostering a collaborative work relationship. Our employees are protected from all types of discrimination including gender, age, family status, sexual orientation, disability, race and religion. Employees who experience or have concerns over suspected misconduct or mistreatment can raise the issue directly with management or corresponding parties through a whistle-blowing mechanism. We also respect our employees' rights to take part in trade unions and collective bargaining.

The Group's commitment to human rights also extends to its supply chain (see Value Created for Supply Chain section for details).

Value Created for Customers



Strategies and Management

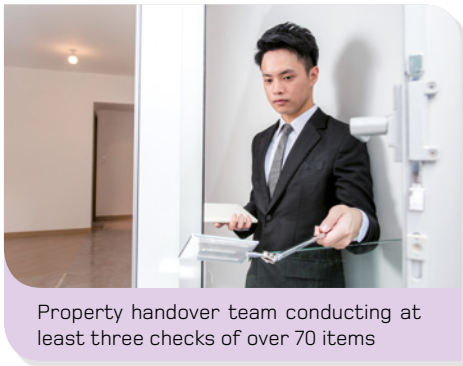
Building Homes with Heart encapsulates the Group's goal of offering customers a better home for their future. It creates value by prioritizing customer needs and striving for quality, innovation and sustainability in products and services. In order to understand their needs and create enduring value for their homes, the Group communicates with customers through different channels, including the SHKP Club and Club Royal, to seek their opinions on our products and services. Our detailed customer service protocols cover all aspects of the value chain for our customers, including satisfaction, health and safety, and privacy.

Pursuing Excellence in Products and Services

Building Homes with Heart

The Group's philosophy is to develop properties of the finest quality and offer first-class services to customers. Our commitment to excellence is exemplified by our detailed monitoring systems at each stage of property development, complemented by a comprehensive feedback mechanism from design to after-sale to ensure that we provide an impeccable level of service quality to our customers.

As evidence of our commitment to building a better future for our customers and providing them with an extra level of assurance, the Group has led the industry by offering a three-year guarantee on all new residential developments since 2013.

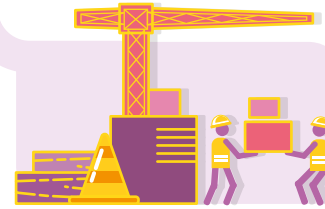
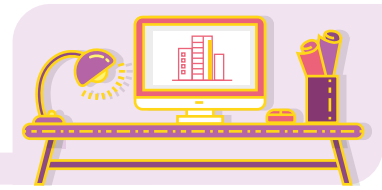


Property handover team conducting at least three checks of over 70 items

The Group's definition of quality is to ensure a great experience for all customers and place top priority on equal access. A scoring and checklist system has been designed to evaluate the types of barriers to facilities in properties and the property management teams are constantly reminded to continually upgrade amenities where necessary and feasible.

Design:

- Anticipate customer needs based on years of property development experience

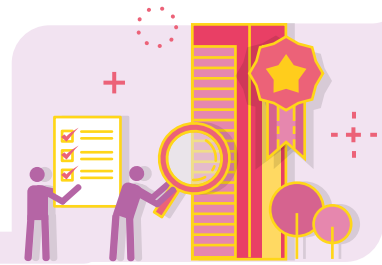


Construction:

- Make strict quality assessments in materials selection
- Hire licensed, experienced workers with high awareness of safety and quality

Pre-sale:

- Have qualified professionals check building quality benchmarked against stringent standards
- Form project monitoring teams to conduct quality audits and ensure that properties are defect-free



Handover:

- Prepare six months in advance by conducting at least three checks of over 70 items
- Have inter-departmental property handover team provide complete, accurate and clear information to buyers



After-sale:

- Continuous health and safety monitoring and review by qualified personnel in all properties managed
- Three-year guarantee for residential buyers
- Solicit customer feedback to drive continuous improvement



Award-winning Property Management Services

The Group's property management subsidiaries Hong Yip and Kai Shing always go an extra step to deliver tailored customer experience, constantly striving for excellence. To achieve this, our property management teams have made considerable efforts to offer exceptional quality in service, health and safety, information security, physical safety and security, and technological innovation.

The Group, its subsidiaries and properties under management meet various international standards that guide our business operations.



Information security: ISO 27001

- Our property management subsidiaries are proud of their information security management leadership, being the first property management company to obtain ISO 27001 certification.
- Employees receive professional training on managing sensitive customer and company information.

Service quality: ISO 9001

- Our property management subsidiaries have a comprehensive approach to quality management for high service quality at all times, and have ISO 9001 certifications.
- We have detailed guidelines and conduct regular training to equip our staff with the necessary capabilities to meet customer expectations.

Customer satisfaction and complaints handling: ISO 10002

- Our property management subsidiaries have a complaint management system accredited with ISO 10002 with the aim of creating a customer-focused environment.
- All customer complaints go through a formal process of reviews and investigations, and customers are assured of receiving our feedback within an appropriate timeframe.



Health and safety: OHSAS 18001

- Our construction and property management subsidiaries have an OHSAS 18001-accredited health and safety management system that surpasses basic legal requirements.
- We prioritize health and safety and have established testing measures that are regularly reviewed.

Business continuity: ISO 22301

- International Commerce Centre has an ISO 22301-accredited Issues and Crisis Management System where drills are conducted every year to prepare employees for a wide range of scenarios. Business continuity procedures are established where high-priority risks are identified.



Achievements:

- Hong Yip has won Sing Tao Service Awards for ten consecutive years.
- Hong Yip received a Hong Kong Services Award from *Eastweek* magazine.
- Kai Shing received a 2015 Kowloon West Best Security Services Award and more than ten Outstanding Security Guard Awards.
- International Commerce Centre managed by Kai Shing received a Silver Award from the Hong Kong Management Association.
- Nineteen commercial, office and residential properties managed by Kai Shing have received Excellence in Facility Management Awards from the Hong Kong Institute of Facility Management.
- Six Kai Shing managed properties were honoured in the Hong Kong Electrical and Mechanical Services Department Quality Lift Service Recognition Scheme.



Safeguarding the Well-being of Hotel Guests

Food Safety

The Group's mission is to provide a 'home away from home' for hotel guests, and therefore food safety is considered a priority. Most of the hotels have Hazard Analysis Critical Control Point systems that prevent food-borne diseases and all of the hotels review food audit results to ensure the quality of their food supply. The Royal Garden is also certified for ISO 22000 Food Safety Management System.



Achievements:

- The Royal Garden and several Group restaurants are listed in the Hong Kong & Macau Michelin Guide.
- The Royal Plaza received the award of Travellers' Choice from Trip Advisor as one of the Top 10 Hotels for Families in China.
- The Royal Park received a Certificate of Excellence from TripAdvisor in recognition of hospitality excellence.
- A commitment to providing prestigious hospitality to customers has earned the Group many awards for service excellence from online agencies including Agoda.com, Hotels.com and Booking.com.

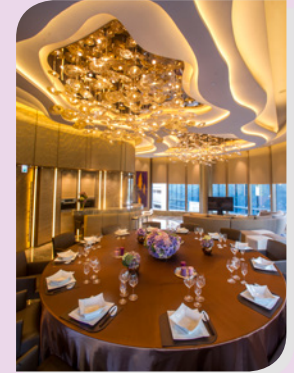


CASE STUDY

Providing Premium Building that Enhances Residential Life Experience

The iconic Mount One development was carefully planned with residents in mind and designed to offer premium quality.

Exclusive Mount One facilities for residents include a 50-foot outdoor pool, bar area, gym and garden lounge where residents can relax and escape the hustle and bustle of everyday life. Over 12,000 square feet of landscaped greenery blends with the verdant surrounding community and multiple sustainability features of the interior design provide a stylish, natural environment.



The Group's efforts with this development won the 18th Structural Excellence Award from the Hong Kong Institution of Engineers and Institution of Structural Engineers in the United Kingdom – a highly respected industry accolade.

Mount One is just one of the many premium buildings that demonstrates the Group's dedication to Building Homes with Heart and superior quality for residents and customers. These efforts have helped SHKP win a number of Quality Building Awards since they were introduced in 2001. International Commerce Centre won a Quality Excellence Award and The Arch and YOHO Town received honours in the Residential category.



Landscaped greenery

>12,000 square feet



Visit our Mount One:
www.mountone.com.hk

CASE STUDY

Building a Quality Green Community

SHKP's The Wings series comprising The Wings, The Wings II, The Wings IIIA, The Wings IIIB and Ocean Wings in Tseung Kwan O South forms a residential enclave to offer people especially young families, a quality metropolitan lifestyle and model green community.

PopWalk, a cluster of retail spaces of The Wings II, The Wings IIIA, The Wings IIIB and Ocean Wings, is a shopping and leisure destination for the surrounding area with 240,000 square feet of retail spaces containing quality shops and restaurants that offer diverse choices for residents and attract visitors from the nearby waterfront promenade and park¹.

PopWalk is next to a proposed central thoroughfare that will allow people to walk freely between the retail area and green space. Panoramic windows allow natural light into the mall and offer views of the outside greenery to create a new shopping-in-the-park experience for customers.

The Group puts customers first and has therefore built footbridges linking The Wings II and IIIA to the MTR station in anticipation of demand for convenient connections to public transport. The footbridge from The Wings II won a Structural Excellence Award in recognition of the premium facilities for residents.

The coming central thoroughfare and full completion of PopWalk and The Wings series residences should make Tseung Kwan O South a premium vibrant metropolis and model green community.

Retail area
240,000 square feet



¹ Government proposal with details subject to final decision.

Customers First

The Group takes pride in maintaining strong, mutually beneficial relationships with customers that enables it to deliver high-quality properties and create pleasant memories for its customers. The SHKP Quality Academy promotes a customer-first culture and helps employees better anticipate people's needs. More details about the programme are included in the Value Created for People section.

The Group's employees are dedicated to serving customers, and initiatives are made by the Group to foster collaboration and innovation among employees to improve quality, efficiency and safety. Prizes are awarded to employees who offer the best suggestions for improvement, as incentives to encourage participation in various suggestion schemes.

Quality Raising Suggestion Scheme

The Quality Raising Suggestion Scheme has run for over 22 years to recognize employees with innovative and practical ideas that enhance quality and efficiency. Employees submit a wide range of suggestions each year, with about half of them being put into practice. The gold-medal idea this year was for an automated plastering system that promises consistent quality and reduces time required by 80% compared to traditional methods.



Work Safety Suggestion Scheme

The Work Safety Suggestion Scheme has been going on for seven years to solicit ideas for better health and safety. Some suggestions made in the scheme have been adopted by the local industry for the benefit of a large number of workers. Gold medal this year went to a new method for installing curtain walls at a large residential estate in Yuen Long that eliminated the need for workers doing such work at great heights.



For the eighth year the Customer Care Ambassador Election programme was organized. The programme aims to maintain and enhance mall service, with a selection process involving public votes and assessments by mall supervisors and mystery shoppers. Awards went to 14 ambassadors working at 16 malls during the year.

Responding to Customers

Attentive service is a core element for success. We believe that by listening to our customers we will be able to build stronger bonds with them.

The Group emphasizes high quality and strives to exceed customer expectations. With stringent customer service protocols and dedicated teams for each division, customer suggestions are carefully handled and their comments are responded to in a timely manner.

HOTEL PERFORMANCE:

All Complaints:

Respond within **48** hours

PROPERTY MANAGEMENT PERFORMANCE:

Emergency Complaints:

Immediate response

Verbal Complaints:

Verbal response within **10** minutes

Written Complaints:

Written response within **10** working days

'Good' or 'Excellent' Rating

Our commitment to better service is recognized by customers



HOMEBUYERS

1,800 surveyed

97%



HOTEL GUESTS

25,000 surveyed

90

OUT OF 100 SCORES



OFFICE TENANTS

4,000 surveyed

96%



SHOPPING MALL TENANTS

3,700 surveyed

97%

SHKP Club

The Group set up the SHKP Club in 1996, representing the first and largest membership club in Hong Kong established by property developers with over 360,000 members. The Club has proven to be an effective channel for two-way communication between the Group and the market for both online and offline platforms. Offering a wide range of property-related benefits and services for customers as well as shopping privileges, leisure activities and information, the Club fosters close communication with customers by conducting surveys, and strengthening e-communication through social media and other online channels. To strengthen relationships with members and to celebrate its 20th anniversary in 2016, a series of property incentives were



As a channel for two-way communication between the Group and its customers

offered to member-buyers. Exclusive events were also organized for members at iconic developments, and special-edition gifts were offered to members when they visited designated property developments. Also, a series of Love in SHKP Tour activities were organized with the Group's shopping malls, hotels, telecommunication, transport and a theme park on show, in which members could experience their quality products and services.

To echo the Group's ideal of Building Homes with Heart, the Club also stages annual Loving Home campaigns to further promote domestic harmony among members and the general public on the Club website, its Cherish Your Family Facebook page and more, including:

- 📌 Roving exhibition Lovey-loving Family comics in the Home of Boundless Love campaign at SHKP malls that attracted more than 1,100,000 visits and posting ten special loving family home sentiments on the SHKP Club Cherish Your Family Facebook page, drawing 18,400 likes from fans, which promoted the concept to the public in lively ways;
- 📌 A Grateful Story of My Family competition that received 8,000 entries expressing thanks to families;
- 📌 Conducting a territory-wide family survey with the Hong Kong Family Welfare Society for public release, in which tips on how husbands, wives, parents and children can effectively communicate with each other were shared;
- 📌 Loving Home notebook charity sales received over HK\$100,000 in donations; and
- 📌 Home maintenance and greenery parent-child workshop to share tips with members.



SHKP Club 20th anniversary celebration parties at Ultima



Visit our SHKP Club:
www.shkpclub.com



Loving Home Exhibition engaging the community at Metroplaza

Club Royal

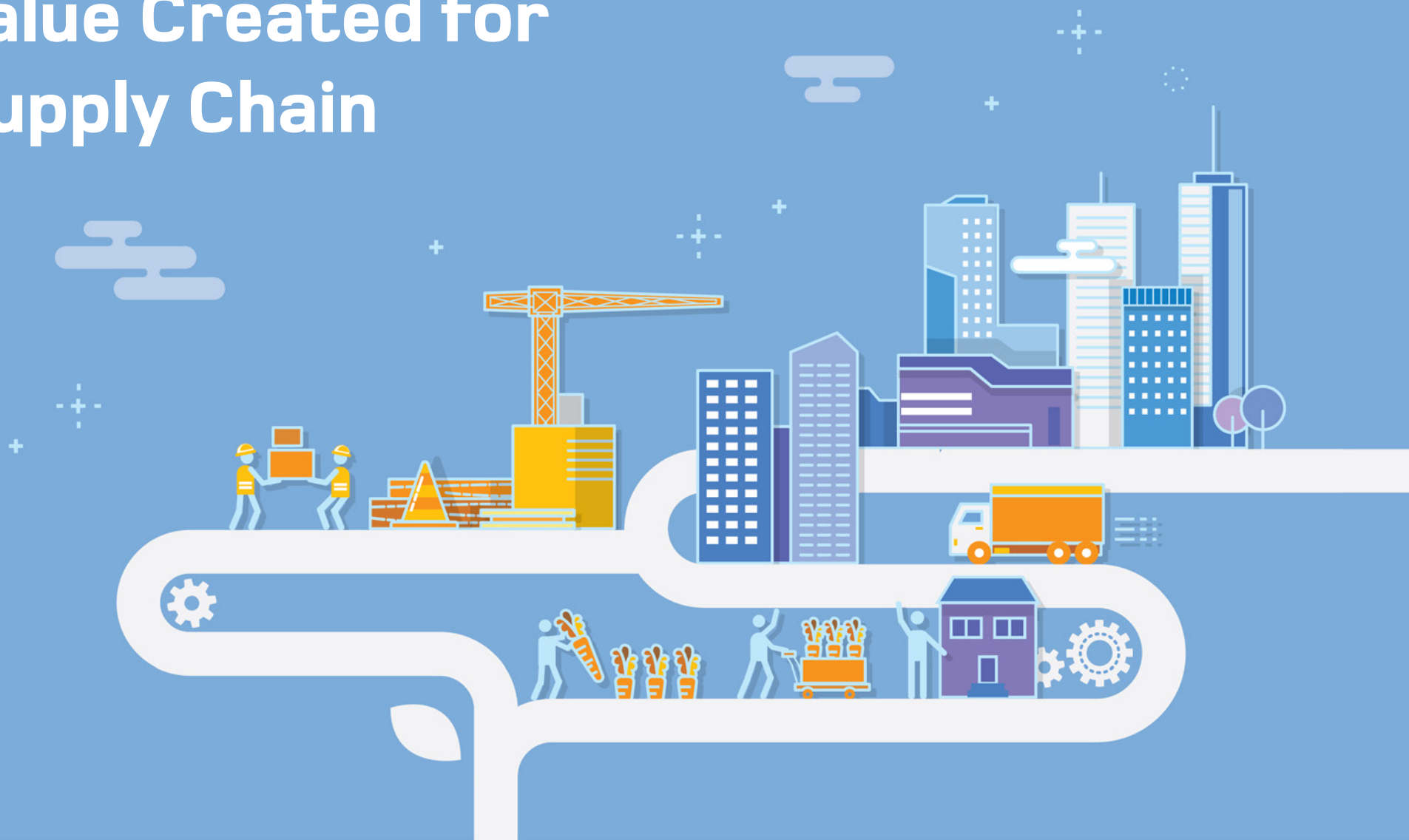
Club Royal was established in 2004 with more than 33,000 members around the world. The Club serves as a two-way communication channel, in particular between our hotel customers and the Group. We communicate with our members through various channels, including monthly newsletters, email and a telephone hotline, and also provide exclusive offers to our hotel customers.

Safeguarding Customer Information



The Group values customers' rights to privacy and takes privacy issues seriously. It complies fully with all relevant laws and regulations, including the Hong Kong Personal Data (Privacy) Ordinance. Daily operations are guided by set policies and procedures, and all business units with access to personal data have Personal Information Collection statements. Documents containing confidential information are required to be stored securely or shredded. Guidelines for safeguarding data privacy while conducting surveys or Internet marketing are also provided to relevant parties. No substantiated complaints regarding breaches of customer privacy or losses of customer data from outside parties or regulators were received this year.

Value Created for Supply Chain

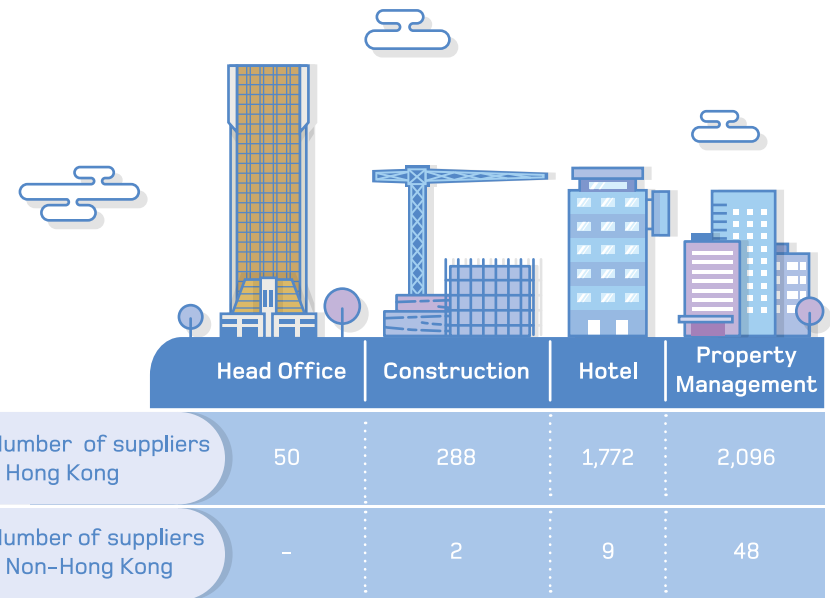


Strategies and Management

As one of the largest property developers in Hong Kong, the Group has an extensive supplier base providing a variety of products and services for its business operations. We recognize suppliers as valuable stakeholders within our business value chain and are committed to engaging them to build a better and more responsible future together. A comprehensive supply chain management mechanism has been established to monitor a wide range of aspects for the suppliers, from product and service quality to business ethical standards. All suppliers and contractors must follow our environmental and occupational health and safety policies, and periodic reviews are conducted to ensure compliance.

Engaging Suppliers

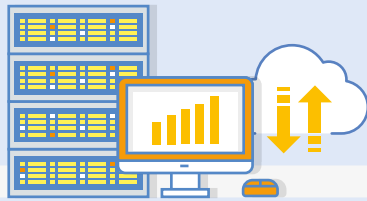
The Group is proud of its dedication to delivering premium products and services to customers. A key factor for our success is having the support from a diverse pool of committed suppliers, which exceeded 4,200 this year with a total supplier and sub-contractor spending of HK\$7.8 billion. Whenever possible local suppliers are identified, both to promote the local economy and to minimize distance goods travel thus leaving a smaller environmental footprint. The Group also strives to ensure the stability of our supply chain and avoid over-reliance on a specific supplier. Less than 30% of our purchases during the year came from our five largest suppliers.



CASE STUDY

Creating Value with Long-term Partnerships

The Group believes that successful collaboration with business partners leads to sustainable development, and has worked closely with Schneider Electric to improve energy efficiency in buildings. Taking advantage of their expertise in helping businesses meet energy challenges for better operational efficiency, the Group engaged Schneider Electric to develop an energy management information system for Sun Hung Kai Centre.



Advanced power monitoring energy management information system

Main features include:

- 1 Automated identification, analysis and reporting on energy savings and sustainability initiatives



- 2 Automatic transfer of energy monitoring data to a visual display for easy understanding



Schneider Electric Power Monitoring System provides energy information to help the Group save time, reduce effort and improve total facility energy performance. Key performance information is used to evaluate and justify new energy-efficient improvements in building automation, control and air conditioning systems. The system is expected to reduce energy consumption by up to 30%.

The system also helped secure international and local certifications for energy management system requirements (ISO 50001) for Sun Hung Kai Centre and power quality requirements (BEE0 and BEC) for a new building in Kwun Tong, and green building certification requirements (LEED and BEAM Plus) for another development planned for San Po Kong.

We will continue to look for new opportunities for energy saving with Schneider Electric and are confident that our established relations with business partners and successful examples of greater sustainability will encourage peers and suppliers to do the same.



“

Sustainability is at the heart of Schneider Electric's strategy. We have a strong synergy with SHKP since they share the same desire to be a responsible company and contribute to a more sustainable planet. We are living in a very exciting time when new technologies enable us to rethink the way we deal with energy in a more sustainable and efficient manner.

”

Jonathan Chiu

Vice President of Partner and Channel Business,
Schneider Electric (Hong Kong) Limited

Promoting Sustainable Supply Chain

The Group is a responsible corporation accountable for its sustainability. Accordingly, it also cares about the impact brought about by its supply chain. The Group's expectations for environmental and social performance from suppliers are incorporated in its tender invitations and supplier contracts.

Adhering to ISO 14001 Environmental Management System requirements and its internal green procurement guidelines when selecting suppliers, the Group gives priority to contractors and suppliers that demonstrate environmental commitment. It also identifies opportunities to include small, medium and social enterprises as its suppliers.

Sustainability in the supply chain is a long process that requires continuous improvement. All suppliers must operate in accordance with local laws and regulations and are encouraged to conduct businesses with integrity and in accordance with codes of conduct that comply with the Group's environmental and occupational health and safety policies, as well as strict standards for corporate governance. Suppliers are also given regular training to help them meet our standards.

The Group adheres to the principles of the United Nations Global Compact and expects the same from its suppliers. It supports freedom of association and believes that all employees within the supply chain should be free from discrimination. Child or forced labour is strictly prohibited, with zero tolerance for such malpractices.

The Group believes that high-quality buildings require equitable conditions for workers and is the first developer in the industry to establish a Construction Wage Protection Partnership Scheme that ensures contractors' workers receive wages in a timely and fair manner and are included in the Mandatory Provident Fund scheme.

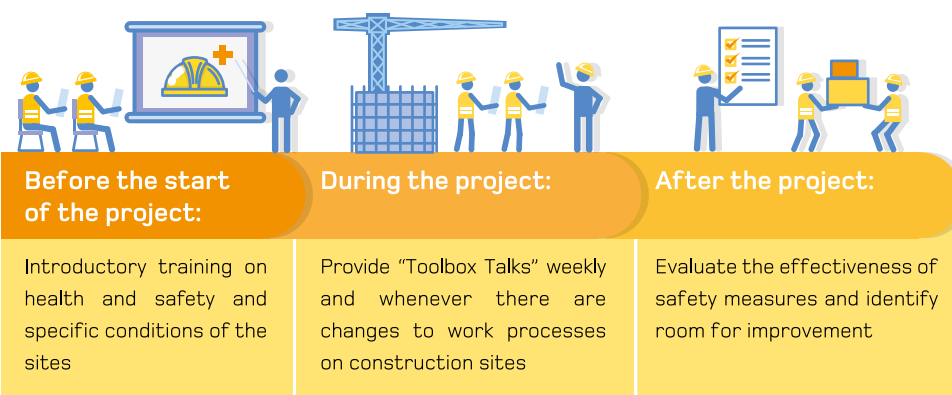
Regular reviews monitor compliance in various ways. The Group's property management division evaluates contractors and suppliers on sustainability biannually, in which all results are recorded in the tender-management process for future supplier selections. Suppliers that fail to meet the required standards, violate laws or commit serious misconduct will be downgraded or removed from the tender list.

Food safety in the Group's hotel business is viewed as a high-level risk in the supply chain. Therefore strict annual audits are conducted on food suppliers. Special attention is paid to high-risk items such as oysters and ready-to-eat food. The audits cover a wide range of criteria including personal hygiene, food processing and storage, pest control, equipment hygiene, waste management and chemical storage. A full 100% of food suppliers received satisfactory results in the assessment carried out this year. Suppliers that fail to achieve satisfactory results are immediately removed from our approved supplier list.

Upholding Our Health and Safety Commitment

Construction workers are the cornerstone of the Group's property development business. The Group's concern over health and safety however goes beyond its operations; it takes good care of contractors' health and safety with well-defined protocols in this area in which contractors are required to follow strictly.

One way to minimize health and safety risk at construction sites is through training. Accordingly, all construction staff are required to attend a safety course before starting work. The training covers safety card renewal, safe use of lifting appliances and lifting gears, working at height, manual handling, safety management and housekeeping on sites. Over 750,000 attendances of health and safety training programmes were recorded this year.



The Group has competent site safety professionals, who are assigned to conduct quarterly compliance audits to evaluate health and safety risks on sites. External safety audits under the Factories and Industrial Undertakings (Safety Management) Regulation are carried out half-yearly.

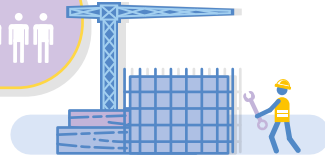
Accident Incident Rate per 1,000 workers:

Our contractors:

19.96 

Industry average

39.1¹ 



The Group encourages transparent and comprehensive reporting of safety incidents. As fees for making safety claims may deter workers from proceedings, the Group has waived industry standard fees levied on claims filed by contractors to better reflect the safety statistics at its projects.

Zero fatalities were recorded at construction sites this year where the Group was subcontractor.



Anti-corruption

The Group's commitment to preventing bribery and corruption is encapsulated in its Code of Conduct and anti-corruption policies, which can be found on its online vendor platform. Tendering companies and their board members must declare conflicts of interest, if any, and are encouraged to report any suspected misconduct through our well-established whistle-blowing mechanism. Any contractor or supplier found to have contravened our Code of Conduct or anti-corruption policies will be brought to regulators. During the year, the Group did not knowingly work with any contractor or supplier who failed to comply with such policies.

The Group's whistle-blowing channels allow employees to raise any concerns about suspected misconduct, malpractices, impropriety or unethical and unfair treatment in strict confidence without fear of retribution or reprisal. All reports under the programme are promptly investigated and all information remains confidential. Any misconduct found is brought to the attention of respective law enforcement authorities. During the year, we conducted more than 50 anti-corruption training courses, with over 1,000 participants.

Competition

We support healthy competition to ensure prudent and fair practices across our value chain and our tender documents clearly set out our anti-collusion requirements. All tenderers must submit an integrity and anti-collusion confirmation letter stating that no anti-competitive behaviour has been involved. In accordance with the Competition Ordinance, which came into force in December 2015, the Group provided training for all employees on various aspects of the Ordinance, including anti-competitive conduct and practical ways to manage such risks, especially within the supply chain.

¹ Industry rate is calculated based on calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin Issue 16 (August 2016) from the Hong Kong Labour Department.

Value Created for Community



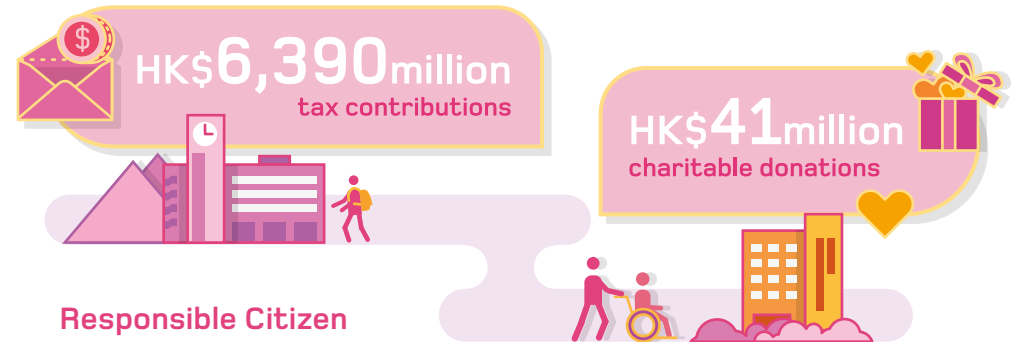
Strategies and Management

The Group has always been active in the Hong Kong community; a place we are proud to call home. We are committed to making Hong Kong a better place for everyone by putting the Building Homes with Heart philosophy into action. The Group strives to ensure business continuity at the same time as it addresses the needs of the community.

With a strong commitment to making a positive impact on the community, we have established a CSR Committee that comprises top management executives to oversee our community investment strategy. The Committee ensures that our community initiatives align with the following principles:

- 📌 To build close partnerships with NGOs and other stakeholders;
- 📌 To encourage direct participation through actively engaging our staff;
- 📌 To promote long-term and sustainable community programmes; and
- 📌 To contribute to the community through the strategic use of our resources, networks, and the skills of our staff.

These principles underpinned our three-pronged approach to community investment. By taking a step further this year in promoting reading and education, supporting sports for charity and healthy living, and caring for the underprivileged, we have created long-term values that will benefit everyone in the community.



Responsible Citizen

The Group paid HK\$6,390 million in tax to the Hong Kong government and distributed a total of HK\$41 million through charitable donations and in-kind sponsorships during the reporting year.

	Reading and Education	Sports for Charity and Healthy Living	Care for the Underprivileged
Objectives	<ul style="list-style-type: none"> 📌 Promote a reading culture 	<ul style="list-style-type: none"> 📌 Encourage healthy lifestyles and sports for charity 	<ul style="list-style-type: none"> 📌 Support the needy
Commitments for 2015/16	<ul style="list-style-type: none"> 📌 Promote reading among youth in Hong Kong 	<ul style="list-style-type: none"> 📌 Achieve good results for the SHKP Hong Kong Cyclothon 📌 Promote vertical running to youth and the elderly 📌 Track the effectiveness and impact of donations 	<ul style="list-style-type: none"> 📌 Engage a wider target group
Achievements in 2015/16	<ul style="list-style-type: none"> 📌 SHKP Reading Club has reached 35,800 members in Hong Kong and on the mainland 📌 Sponsored 1,200 underprivileged children to the Hong Kong Book Fair 2015 📌 Engaged over 60 primary schools to encourage students to read 	<ul style="list-style-type: none"> 📌 Raised HK\$3.1 million with first SHKP Hong Kong Cyclothon 📌 SHKP Vertical Run for Charity attracted 3,100 runners 	<ul style="list-style-type: none"> 📌 Committed to donating a 10,000-square-foot site in Yuen Long for social welfare facilities 📌 Launched a new scholarship programme funded by the SHKP-Kwoks' Foundation
Goals for 2016/17	<ul style="list-style-type: none"> 📌 Provide opportunities to nurture reading habits in children and youths 	<ul style="list-style-type: none"> 📌 Encourage more people to participate in sport events and exercise 📌 Continue to promote work-life balance for staff 	<ul style="list-style-type: none"> 📌 Partner with charitable organizations to help more underprivileged people and families

Creating a Learning Culture

Reading contributes to the mental well-being of individuals and the intellectual growth of communities. Establishing reading habits fosters holistic personal development and growth, and encourages meaningful communication.

Nurturing Young Talent – SHKP Reading Club

The Group recognized the long-term benefits of reading and started the SHKP Reading Club in December 2013 as a free platform to introduce the joy of reading to everyone in the community. The Club had reached 35,800 members in Hong Kong and on the mainland at the end of this reporting year. ReadIt and Read Monthly magazines are produced regularly and activities are organized to foster reading for people from all walks of life.

Recycle your Read

A collaboration with the World Green Organisation to extend the lifespan of books and provide better access to reading for the underprivileged through book recycling. Over 44,000 books of all kinds were collected and given to 50 NGO partners this reporting year.

2016/17 Young Writers' Debut Competition

The competition began in April 2016 with Joint Publishing (Hong Kong). Young authors are encouraged to realize their dreams of publishing their first books. The Club hopes to build an authentic Hong Kong reading culture through the competition.

Explore the World

For the second year the Club promoted multi-lingual reading through cultural exchanges. It connected nearly 200 underprivileged children, youth volunteers and exchange students from Hong Kong, Thailand, Germany, Norway, Belgium and Brazil.

Read to Dream

The Club believes that every child should experience the joy of reading, so its signature Read to Dream was held for the eighth year with the St. James' Settlement and the Hong Kong Trade Development Council to create a relaxed and happy reading experience for everyone. The Club took 1,200 underprivileged children to the Hong Kong Book Fair 2015 and book allowances were given to these children.



Read to Dream took children from underprivileged families to the Hong Kong Book Fair 2015

Read and Share

This programme with the Hong Kong Aided Primary School Heads Association supports primary school efforts to foster reading enjoyment. Over 60 primary schools participated, involving 80 activities in the academic year 2015/16, including seminars by Young Writers' Debut Competition winners and creative workshops by cartoonists and picture book authors.



Local young writer Rainbow Leung teaching primary students to make books with paper or tissue rolls



Visit SHKP Reading Club:
www.shkpreadingclub.com

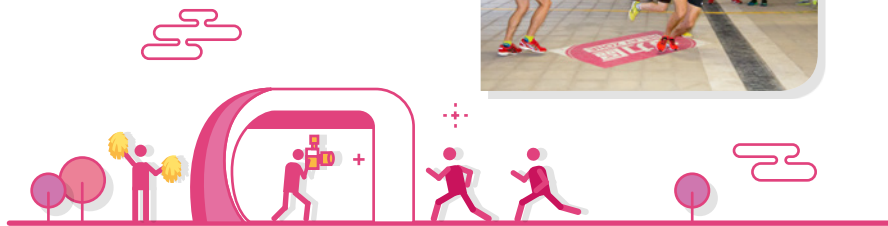
Backing Sports for Charity and Healthy Living Promoting Community Well-Being

The Group cares for the community and maximizes the potential of exercise by incorporating it with good causes. It encourages people to participate in charity sporting events such as the SHKP Vertical Run for Charity and Sun Hung Kai Properties Hong Kong Cyclothon to spread the 'exercise for good' spirit.

SHKP Vertical Run for Charity expanded from 2014 with the Race to Hong Kong ICC and Race to Shanghai IFC events, and the popularity of the events increased to almost 3,100 runners in 2015. There were four race categories in Hong Kong to encourage all members of the public to participate in this worthwhile annual sports event, which is also the grand finale of the Vertical World Circuit. Over HK\$6.1 million was raised for child and youth development.



SHKP Vertical Run for Charity



CASE STUDY

Supporting the first Sun Hung Kai Properties Hong Kong Cyclothon



The Group stepped up its effort to promote sports for charity this year as the title and charity sponsor for the first Sun Hung Kai Properties Hong Kong Cyclothon organized by the Hong Kong Tourism Board. The Group and its staff were very supportive of the Cyclothon, the biggest cycling event in Hong Kong. Over 400 staff, led by Chairman and Managing Director Raymond Kwok and Executive Director Adam Kwok, took part. The race raised over HK\$3.1 million which was donated to The Boys' & Girls' Clubs Association of Hong Kong and The Community Chest of Hong Kong, earmarked for underprivileged children, Mother's Choice and The Salvation Army.



I became more active in charity sporting events with the Group's culture of exercise for good. I participated in the Cyclothon and it has helped me to achieve a work-life balance. Exercise is more meaningful knowing that my effort contributes to building a better society.

Joyce Kuan
SHKP Employee

Contributing to a Caring Society

The SHKP Volunteer Team devoted more than 116,910 hours to community service¹ during the reporting year. The Group organized or participated in events to benefit all levels of society with the support of over 2,400 staff volunteers.



SHKP Volunteer Team participating in community event

Building Homes with Heart Caring Initiative

The Group's Building Homes with Heart Caring Initiative reaches out to the elderly, disadvantaged and underprivileged families.

Over 120 SHKP volunteers visited seniors at home and distributed more than 7,000 gift parcels during Chinese New Year to spread holiday spirit. The Group also worked with the Hong Kong Social Welfare Department and various NGOs to host Chinese New Year Poon Choi lunches at Noah's Ark Hong Kong, enabling some 1,700 seniors to celebrate the festival.



Seniors participating in the Chinese New Year Poon Choi lunches



¹ Volunteer hours are calculated based on calendar year.

Boosting Social Development

The Group has made a commitment to donating a site in Yuen Long to the Hong Kong Sheng Kung Hui Welfare Council to address the needs of different groups in the society. The 10,000-square-foot site will be used for a 19-storey integrated intergenerational service facility with a residential care home for the elderly, special-needs childcare centre and youth hostel.

Education for the Less Fortunate

The SHKP-Kwoks' Foundation established a new programme this year offering assistance to less-fortunate students in Dingxi in Gansu, one of the poorest regions of China where living conditions are poor. The programme is enabling 110 students to complete three years of high school education, easing the financial burden on their families.

Modern Apprenticeship Programme

Since 2003, the Modern Apprenticeship Programme has been part of the Group's commitment to nurturing young people aged between 16 and 24 who have not received tertiary or university education to discover their strength and potential. Eighteen students were offered on-the-job training in SHKP subsidiaries for ten weeks this year, bringing the total number of participants in the programme to over 200. SHKP employee acted as mentors and provided guidance to students to explore their aptitudes and career aspirations. Expressing his appreciation for the patience and care shown by his mentor, apprentice Cheng Man-ho also thanked the Group for paying attention to young academic underachievers, and for giving him the opportunity to explore the construction field.



Modern Apprenticeship Programme
- A group photo of young people with mentors, inductees and guests

Data Tables

ENVIRONMENTAL PERFORMANCE



	Unit	2015/16 ¹	2014/15 ²
Greenhouse gas (GHG) emissions within the Group			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	6,648	5,791
Indirect GHG emissions (scope 2)	tonnes CO ₂ e	280,641	312,819
GHG emissions intensity			
Head office	tonnes CO ₂ e/m ²	0.055	0.056
Construction	tonnes CO ₂ e/m ²	0.0054	0.0066
Property management	tonnes CO ₂ e/m ²	0.052	0.059
Hotels	tonnes CO ₂ e /room night	0.038	0.041
Waste disposal within the Group			
General waste	tonnes	74,760	74,449
Construction and demolition waste	tonnes	370,340	778,055
Waste recycled within the Group			
Paper	kg	2,789,241	3,211,128
Plastic	kg	71,169	40,266
Metal	kg	24,547	6,050
Used cooking oil	litre	14,372	19,982
Food waste	kg	341,787	236,133
Glass	kg	76,310	46,796
Construction and demolition waste	tonnes	273,905	691,116

¹ Environmental data of 2015/16 include head office, 44 construction sites, 80 buildings from property management, and 4 Royal brand hotels.

² Environmental data of 2014/15 are adjusted to reflect actual situation, and include head office, 42 construction sites, 80 buildings from property management, and 4 Royal brand hotels.

³ The data refers to energy consumption of common area and air conditioning system in office buildings and shopping malls.

	Unit	2015/16 ¹	2014/15 ²
Energy consumption within the Group			
Total energy consumption	Gigajoules (GJ)	2,988,447	3,126,989
Head office	GJ	9,984	9,227
Construction	GJ	130,469	100,334
Property management ³	GJ	2,602,483	2,773,900
Hotels	GJ	245,512	243,528
Electricity consumption	GJ	1,866,731	1,889,237
	kWh	518,536,303	524,788,059
Head office	GJ	5,985	6,050
	kWh	1,662,422	1,680,534
Construction	GJ	63,178	42,645
	kWh	17,549,411	11,845,820
Property management	GJ	1,600,247	1,645,763
	kWh	444,513,153	457,156,468
Hotels	GJ	197,321	194,779
	kWh	54,811,318	54,105,237
Energy intensity			
Head office	GJ/m ²	0.45	0.41
Construction	GJ/m ²	0.060	0.048
Property management	GJ/m ²	0.56	0.60
Hotels	GJ/room night	0.31	0.31
Gas consumption			
Head office	GJ	224	239
Construction	GJ	800	880
Property management	GJ	996,140	1,121,184
Hotels	GJ	46,233	46,675
Fuel consumption			
Head office	GJ	3,775	2,938
Construction	GJ	66,491	56,809
Property management	GJ	6,096	6,952
Hotels	GJ	1,958	2,074

	Unit	2015/16 ¹	2014/15 ²
Water consumption within the Group			
Total water consumption	m ³	3,834,376	3,835,218
Head office	m ³	5,208	5,214
Construction	m ³	641,727	687,222
Property management	m ³	1,622,178	1,623,968
Hotels	m ³	1,565,262	1,518,814
Water intensity			
Head office	m ³ /m ²	0.23	0.23
Construction	m ³ /m ²	0.30	0.40
Property management	m ³ /m ²	0.35	0.35
Hotels	m ³ /room night	2.00	1.95
Major construction materials used			
Concrete	m ³	729,125	509,316
Bricks	piece	4,729,037	5,199,432
Steel ⁴	tonnes	98,292	149,000

SOCIAL PERFORMANCE



	Unit	2015/16		2014/15	
Employment practice					
		Permanent	Contract	Permanent	Contract
Total workforce by employment contract ⁵		20,119	4,645	20,045	4,714
Head office	no. of people	1,469	32	1,447	39
Construction	no. of people	2,799	51	2,523	68
Property management	no. of people	14,203	4,530	14,376	4,596
Hotels	no. of people	1,648	32	1,699	11
		Male	Female	Male	Female
Total workforce by gender		14,411	10,353	14,494	10,265
Head office	no. of people	780	721	781	705
Construction	no. of people	2,159	691	2,008	583
Property management	no. of people	10,486	8,247	10,715	8,257
Hotels	no. of people	986	694	990	720

⁴ The data of joint steel and reinforcing steel bar are re-grouped as steel.

⁵ Seasonal and part-time employment does not cause significant variations to the total workforce.

	Unit	2015/16		2014/15	
Total workforce by age group					
Head office					
Under 30	no. of people	173		174	
30-50	no. of people	931		935	
Above 50	no. of people	397		377	
Construction					
Under 30	no. of people	608		559	
30-50	no. of people	1,171		1,115	
Above 50	no. of people	1,071		917	
Property management					
Under 30	no. of people	2,115		2,153	
30-50	no. of people	5,654		5,936	
Above 50	no. of people	10,964		10,883	
Hotels					
Under 30	no. of people	409		416	
30-50	no. of people	899		935	
Above 50	no. of people	372		359	
		Male	Female	Male	Female
Total new hires		4,878	4,424	4,710	4,337
Head office					
Under 30	no. of people	27	51	26	55
30-50	no. of people	39	28	17	44
Above 50	no. of people	9	1	5	2
Construction					
Under 30	no. of people	226	59	217	60
30-50	no. of people	175	86	178	80
Above 50	no. of people	127	101	115	71
Property management					
Under 30	no. of people	789	602	827	651
30-50	no. of people	1,125	1,056	1,166	1,157
Above 50	no. of people	2,109	2,226	1,916	2,046
Hotels					
Under 30	no. of people	96	82	91	79
30-50	no. of people	122	104	127	77
Above 50	no. of people	34	28	25	15

	Unit	2015/16		2014/15	
		Male	Female	Male	Female
Employee turnover⁶ by gender (number and rate⁷)					
Head office	no. of people	58	54	42	75
	%	7.4	7.5	5.4	10.6
Construction	no. of people	239	90	263	74
	%	11.1	13.0	13.1	12.7
Property management	no. of people	2,018	2,013	2,157	2,164
	%	19.2	24.4	20.1	26.2
Hotels	no. of people	241	233	264	190
	%	24.4	33.6	26.7	26.4
Employee turnover⁶ by age group (number and rate⁸)					
Head office					
Under 30	no. of people		36		43
	%		20.8		24.7
30-50	no. of people		67		65
	%		7.2		6.9
Above 50	no. of people		9		9
	%		2.3		2.4
Construction					
Under 30	no. of people		141		130
	%		23.2		23.3
30-50	no. of people		104		130
	%		8.9		11.7
Above 50	no. of people		84		77
	%		7.8		8.4
Property management					
Under 30	no. of people		733		838
	%		34.7		38.9
30-50	no. of people		1,173		1,417
	%		20.7		23.9
Above 50	no. of people		2,125		2,066
	%		19.4		19.0
Hotels					
Under 30	no. of people		156		157
	%		38.1		37.7
30-50	no. of people		245		228
	%		27.3		24.4
Above 50	no. of people		73		69
	%		19.6		19.2

	Unit	2015/16		2014/15	
		Male	Female	Male	Female
Occupational health and safety					
Total number of work-related fatalities	no. of people	1		0	
Work-related fatalities rate	per 1,000 workers	0.04		0	
		Male	Female	Male	Female
Injury rate ⁹	per 1,000 workers	24.91	31.78	21.94	30.60
Lost days ¹⁰	days	13,182	16,460	12,970	14,960
Lost day rate ¹¹	%	0.22		0.19	
Absentee rate ¹²	%	1.08		1.03	
		Male	Female	Male	Female
Development and training					
Average training hours per employee by gender and employee category					
Managerial	hours	13.4	16.7	13.8	15.7
Officer-grade	hours	16.8	16.3	15.8	15.0
Supporting	hours	8.2	6.7	9.0	7.7
Operational	hours	10.3	7.3	10.8	6.8
Total / Average training hours for health and safety at construction sites	hours	404,482		201,194	
	hours per employee	16.3		8.1	

⁶ The definition of employee turnover follows respective industry standard according to business nature. For our hotel business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our head office, construction and property management business, voluntary turnover is included in the calculation.

⁷ Turnover rate refers to total number of employee turnover of the gender group per the total number of employees of the corresponding gender group.

⁸ Turnover rate refers to total number of employee turnover of the age group per the total number of employees of the corresponding age group.

⁹ Injury rate refers to work-related injuries with sick leave equal or greater than three days per the total number of employees of the corresponding gender group.

¹⁰ Lost day refers to sick leaves due to all types of work-related injuries.


¹¹ Lost day rate refers to sick leaves due to all types of work-related injuries per the scheduled working days of the total number of employees.



¹² Absentee rate refers to all types of work-related injuries and non-work-related sick leaves per the scheduled working days of the total number of employees.







HKEx ESG Reporting Guide Index




General Disclosures and KPIs	Description	Reference	Page no.	Remarks
General disclosure		Value Created for the Environment	12-17	There are no non-compliance incidents during the reporting period
KPI A1.1	The types of emissions and respective emissions data	N/A	N/A	Air emissions is non-material to our operations
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Data Tables	42	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	N/A	N/A	There is no significant hazardous waste generated by the Group during the reporting period
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Value Created for the Environment; Data Tables	16; 42	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Value Created for the Environment	14-17	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Value Created for the Environment	16-17	Hazardous waste generation and handling is non-material to our operations

ASPECT A2: USE OF RESOURCES				
General disclosure		Value Created for the Environment; Value Created for Supply Chain	12-17; 33-36	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity	Data Tables	42	
KPI A2.2	Water consumption in total and intensity	Data Tables	43	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Value Created for the Environment	14-15	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Value Created for the Environment	16	Water sourcing is non-material to our operations
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	N/A	The use of packaging material for finished products is not applicable to Group's business
ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES 				
General disclosure		Value Created for the Environment; Value Created for Supply Chain	12-17; 33-36	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Value Created for the Environment; Value Created for Supply Chain	12-17; 33-35	

SOCIAL				
EMPLOYMENT AND LABOUR PRACTICES				
ASPECT B1: EMPLOYMENT 				
General disclosure		Value Created for People	19-24	Please also refer to our Directors' Report and Corporate Governance Report section of our Annual Report 2015/16 for more details. There are no material non-compliance incidents during the reporting period
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Data Tables	43	Seasonal and part-time employment does not cause significant variations to the total workforce. Hong Kong is the only location of operation covered in the scope of reporting
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Data Tables	44	
ASPECT B2: HEALTH AND SAFETY 				
General disclosure		Value Created for People	19-24	
KPI B2.1	Number and rate of work-related fatalities	Data Tables	44	
KPI B2.2	Lost days due to work injury	Data Tables	44	
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Value Created for People	23	

ASPECT B3: DEVELOPMENT AND TRAINING 				
General disclosure		Value Created for People	19-24	
KPI B3.1	The percentage of employees trained by gender and employee category	N/A	N/A	All of our employees received regular training relevant to their job duties. We report the average training hours as required by KPI B3.2, which is able to demonstrate our effort in talent development. Please refer to the Data Tables and Our Values Created for People for more details
KPI B3.2	The average training hours completed per employee by gender and employee category	Data Tables	44	
ASPECT B4: LABOUR STANDARDS 				
General disclosure		Value Created for People	19-24	The Group is not having the risk of child and forced labour. These issues are non-material to our operations. There are no non-compliance incidents in this reporting period
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A	N/A	See remark for B4 General Disclosure
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	N/A	See remark for B4 General Disclosure

OPERATING PRACTICES				
ASPECT B5: SUPPLY CHAIN MANAGEMENT 				
General disclosure		Value Created for Supply Chain	33-36	
KPI B5.1	Number of suppliers by geographical region	Value Created for Supply Chain	33	Hong Kong is the only location of operation covered in the scope of reporting
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Value Created for Supply Chain	33-36	
ASPECT B6: PRODUCT RESPONSIBILITY 				
General disclosure		Value Created for Customers	26-31	There are no material non-compliance incidents in this reporting period
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	N/A	There are no recalls that have significant impact to our operations
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Value Created for Customers	N/A	There are no substantiated complaints received in this reporting period
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	N/A	Intellectual property rights is non-material issue to our businesses

KPI B6.4	Description of quality assurance process and recall procedures	Value Created for Customers	26-31	See remark for KPI B6.1
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Value Created for Customers	31	
ASPECT B7: ANTI-CORRUPTION 				
General disclosure		Value Created for Supply Chain	36	There are no non-compliance incidents in this reporting period
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 case	Value Created for Supply Chain	36	There are no legal cases regarding corrupt practices brought against the Group or its employees during the reporting period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Value Created for Supply Chain	36	
COMMUNITY 				
ASPECT B8: COMMUNITY INVESTMENT 				
General disclosure		Value Created for Community	38-41	
KPI B8.1	Focus areas of contribution	Value Created for Community	38-41	
KPI B8.2	Resources contributed to the focus area	Value Created for Community	38-41	

GRI G4 Content Index – Core



GRI G4 Indicator	Detail	UNGC's Ten Principles	Reference	Page no.	Remarks
GENERAL STANDARD DISCLOSURES					
STRATEGY AND ANALYSIS					
G4-1	Message from the Sustainability Steering Committee		Message from the Sustainability Steering Committee	2	
ORGANIZATIONAL PROFILE					
G4-3	Name of organization		Our Reporting Approach	1	
G4-4	Primary brands, products and services		Our Business	3-5	A list of our principal subsidiaries can be found on pp. 204-209 of our Annual Report 2015/16
G4-5	Location of headquarters		Our Business	3	Hong Kong
G4-6	Countries of operation		N/A	N/A	Hong Kong, Mainland China and Singapore
G4-7	Nature of ownership		Our Business	3	Listed on the Stock Exchange Hong Kong
G4-8	Markets served		Our Business	3-5	
G4-9	Scale of the organization		Our Business	3-5	A detailed breakdown of financial information is found in our Annual Report 2015/16
G4-10	Workforce data	Principle 6	Data Tables	43	Seasonal and part-time employment does not cause significant variation to the total workforce
G4-11	Collective bargaining agreements	Principle 3	N/A	N/A	None of our employees are covered by collective bargaining agreements
G4-12	Supply chain description		Value Created for Supply Chain	33-36	
G4-13	Significant changes to organization size, structure, ownership or supply chain		N/A	N/A	No significant change
G4-14	Report how precautionary approach is addressed		Value Created for the Environment	12-17	Our environmental policy can be found on our website www.shkp.com/Pages/environmental-mission-and-strategy

G4-15	Charters		Our Business	6	
G4-16	Memberships		Our Business	6	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES					
G4-17	Entities included in financial statements; mention those not covered by this report		Our Reporting Approach	1	A list of our principal subsidiaries is found on pp. 204-209 of our Annual Report 2015/16
G4-18	Materiality assessment process		Our Approach to Sustainability	9	
G4-19	List of material aspects		Our Approach to Sustainability	9	
G4-20	Aspect boundary within the organization		N/A	N/A	Aspects that have an impact within the Group only: (1) Employment practices, (2) Employee development and succession planning, and (3) Diversity and equal opportunities All other aspects have an impact both inside and outside the Group
G4-21	Aspect boundary outside the organization		N/A	N/A	See remark for G4-20 above
G4-22	Effect of and reasons for any restatements of information provided in previous reports		N/A	N/A	Please see our Data Tables for further information
G4-23	Significant changes in scope / aspect boundary		Our Reporting Approach	1	Telecommunications and IT infrastructure businesses are not covered in this report. No significant change in aspect boundary
STAKEHOLDER ENGAGEMENT					
G4-24	List of stakeholders engaged		Our Approach to Sustainability	8	
G4-25	Basis of identification and selection of stakeholders		Our Approach to Sustainability	8	Stakeholders are identified based on their knowledge of selected material issues and in-scope businesses

G4-26	Stakeholder engagement approach and frequency		Our Approach to Sustainability	8	
G4-27	Key topics and concerns raised by stakeholders and the organization's response		Our Approach to Sustainability	10	
REPORT PROFILE					
G4-28	Reporting period		Our Reporting Approach	1	
G4-29	Date of most recent previous report		N/A	N/A	Please refer to SHKP Sustainability Report 2014/15
G4-30	Reporting cycle		Our Reporting Approach	1	
G4-31	Contact point		Our Reporting Approach	1	
G4-32	GRI in accordance option chosen		Our Reporting Approach	1	Core
G4-33	External assurance		Our Reporting Approach; Independent Assurance Opinion Statement	1, 52	
GOVERNANCE					
G4-34	Governance structure		Our Approach to Sustainability	7	More details can be found in the Corporate Governance Report section (pp. 102-144) of our Annual Report 2015/16
ETHICS AND INTEGRITY					
G4-56	Describe the organization's values, principles, standards and norms of behaviour		Our Business	3-6	More details can be found on our website: http://www.shkp.com/en-US/Pages/building-homes-with-heart
SPECIFIC STANDARD DISCLOSURES					
ECONOMIC PERFORMANCE					
Disclosure of Management Approach			Our Business	3-5	
G4-EC1	Direct economic value generated and distributed		Our Business	3-5	

MARKET PRESENCE					
Disclosure of Management Approach			Our Business; Value Created for People	3-6; 19-24	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		N/A	N/A	Hong Kong is our most significant location of operation. Our senior managers are all hired from Hong Kong. For more details, please refer to our corporate website - Directors and Board Committees: http://www.shkp.com/en-US/Pages/directors-and-organization
INDIRECT ECONOMIC IMPACTS					
Disclosure of Management Approach			Value Created for Supply Chain; Value Created for Community	33-36; 38-41	Our indirect economic impacts include jobs supported in the supply chain and community initiatives
G4-EC7	Development and impact of infrastructure investments and services supported		N/A	N/A	We work closely with government and local communities when developing our properties, and must take into consideration the impact of our developments on local traffic conditions and other infrastructure services. While our investments are commercial, we go beyond regulatory requirements to building high quality properties and also invest in enhancing the surrounding environment, e.g. The Wings series in Tseung Kwan O comprising retail and residential developments, p. 29
PROCUREMENT PRACTICES					
Disclosure of Management Approach			Value Created for Supply Chain	33-36	
G4-EC9	Proportion of spending on local suppliers at significant locations of operation		Value Created for Supply Chain	33	Local suppliers are defined as suppliers in Hong Kong; Hong Kong is the only location of operation covered in the report scope
MATERIALS					
Disclosure of Management Approach		Principles 7,8,9	Value Created for the Environment	12-17	

G4-EN1	Materials used by weight or volume		Data Tables	42	Our major materials used are for construction-related activities. Use of packaging materials for finished products is non-material to our operations
ENERGY AND GREENHOUSE GAS EMISSIONS					
Disclosure of Management Approach		Principles 7,8,9	Value Created for the Environment	12-17	
G4-EN3	Energy consumption within organization		Data Tables	42	
G4-EN5	Energy intensity		Data Tables	42	
G4-EN15	Direct greenhouse gas emissions (scope 1)		Data Tables	42	The methodology of estimating greenhouse gas emissions takes reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong – 2010 edition. The emission factors for purchased electricity refer to the information released by CLP and HEC in 2015
G4-EN16	Indirect greenhouse gas (GHG) emissions (scope 2)		Data Tables	42	See remark for G4-EN15 above
CRE1	Building energy intensity		Data Tables	42	
CRE3	Greenhouse gas emissions intensity from buildings		Data Tables	42	
WATER					
Disclosure of Management Approach		Principle 7	Value Created for the Environment	12-17	
G4-EN8	Total water withdrawal by source		Data Tables	43	Municipal water supply is the only source for in-scope entities
CRE2	Building water intensity		Data Tables	43	
WASTE					
Disclosure of Management Approach		Principles 7,8,9	Value Created for the Environment	12-17	



G4-EN23	Total weight by type and disposal method		Value Created for the Environment; Data Tables	16; 42	There is no significant hazardous waste processed by the Group during the reporting period
LAND DEGRADATION, CONTAMINATION, AND REMEDIATION					
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		N/A	N/A	The Group purchases land directly from the government
EMPLOYMENT PRACTICES					
Disclosure of Management Approach		Principles 3,4,5,6	Value Created for People	19-24	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region		Data Tables	44	
OCCUPATIONAL HEALTH AND SAFETY					
Disclosure of Management Approach		Principles 1,2	Our Approach to Sustainability; Value Created for People	10; 19-24	
G4-LA6	Rates of injury, lost days, and absenteeism, and total number of work related fatalities, by region and gender		Data Tables	44	
EMPLOYEE DEVELOPMENT AND SUCCESSION PLANNING					
Disclosure of Management Approach		Principle 6	Value Created for People	19-24	
G4-LA9	Average hours of training per year per employee by gender, and by employee category		Data Tables	44	
DIVERSITY AND EQUAL OPPORTUNITIES					
Disclosure of Management Approach		Principle 6	Value Created for People	19-24	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity		Data Tables	43	Breakdown of total workforce by minority group is currently not available as we only collect information on nationality and place of birth

COMMUNITY INVESTMENT					
Disclosure of Management Approach		Principles 1,8	Value Created for Community	38-41	
G4-S01	Percentage of operations with implemented local community engagement, impacts assessments, and development programs	Principle 1	Value Created for Community	38-41	Community investment and engagement are managed at Group level; therefore 100% of the businesses in this reporting scope implement local community engagement.
ANTI-CORRUPTION					
Disclosure of Management Approach		Principle 10	Value Created for Supply Chain	33-36	
G4-S05	Confirmed Incidents of Corruption and Actions Taken	Principle 10	Value Created for Supply Chain	36	There are no legal cases regarding corrupt practices brought against the Group or its employees during the reporting period
ANTI-COMPETITIVE BEHAVIOUR					
Disclosure of Management Approach			Value Created for Supply Chain	32-36	
G4-S07	Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes		Value Created for Supply Chain	36	We strictly abide by the Competition Ordinance, and are not involved in any legal cases regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation
CUSTOMER SATISFACTION AND RESPONSIBILITY					
Disclosure of Management Approach			Value Created for Customers	26-31	
G4-PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes		N/A	N/A	There are no non-compliance incidents in this reporting period
G4-PR5	Results of surveys measuring customer satisfaction		Value Created for Customers	30	
G4-PR6	Sale of banned or disputed products		N/A	N/A	SHKP does not sell any banned or disputed products

CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		Our Business; Value Created for the Environment; Value Created for Customers	6; 12-14; 16; 27-28	
CUSTOMER PRIVACY					
Disclosure of Management Approach			Our Approach to Sustainability; Value Created for Customers	10; 26-31	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		N/A	N/A	There were no substantiated complaints regarding breaches of customer privacy or losses of customer data during the reporting period
GRIEVANCE MECHANISMS					
Disclosure of Management Approach			Our Approach to Sustainability; Value Created for Customers	7; 26-31	
COMPLIANCE					
Disclosure of Management Approach			Our Approach to Sustainability	10	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		N/A	N/A	There are no non-compliance incidents during the reporting period
G4-S08	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations		N/A	N/A	There are no non-compliance incidents during the reporting period
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services		N/A	N/A	SHKP is not fined for non-compliance with laws and regulations during the reporting period

Independent Assurance Opinion Statement

Statement No.: SRA-HK-664746

Sun Hung Kai Properties Limited Sustainability Report 2015/16

The British Standards Institution is independent to Sun Hung Kai Properties Limited (hereafter referred to as "SHKP" in this statement) and has no financial interest in the operation of SHKP other than for the assessment and assurance of the SHKP Sustainability Report 2015/16 ("the Report").

This independent assurance opinion statement has been prepared for SHKP only for the purposes of assuring its statements relating to the Report, more particularly described in the Scope, below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of SHKP.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by SHKP. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to SHKP only.

Scope

The scope of engagement agreed upon with SHKP includes the followings:

1. The assurance covers the whole Report, and focuses on systems and activities of SHKP and its wholly-owned subsidiaries in Hong Kong, which include property management, construction and hotel businesses during the period from 1st July 2015 to 30th June 2016. The Report is prepared in accordance with the Hong Kong Stock Exchange's ("HKEx") Environmental, Social and Governance Reporting Guide ("ESG Guide"), the Core Option of the Global Reporting Initiative ("GRI") G4 Sustainability Reporting Guidelines and GRI's sector guidance on the Construction and Real Estate Sector, and with reference to the Ten Principles of the United Nations Global Compact ("UNGC").
2. Type 1 Moderate Level of Assurance¹ evaluates of the nature and extent of SHKP's adherence to three reporting principles, which include inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the Report has been evaluated.

This statement was prepared in English and translated into Chinese for reference only.



Opinion Statement

We conclude that the Report provides a fair view of the SHKP's sustainability programmes and performances in the reporting year. We believe that the economic, social and environmental performance indicators are fairly represented in the Report, in which SHKP's efforts being made to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors. We planned and performed this part of our work to obtain the necessary information and explanations we considered to provide sufficient evidence that SHKP's description of its self-declaration of compliance with the HKEx ESG Guide, the Core Option of GRI G4 Sustainability Reporting Guidelines, and GRI's sector guidance on the Construction and Real Estate Sector and with reference to the Ten Principles of UNGC were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to SHKP's policies to provide a check on the appropriateness of statements made in the Report
- Discussion with senior executives on SHKP's approach to stakeholder engagement. We had no direct contact with external stakeholders
- Interview with staff involved in sustainability management, report preparation and provision of report information were carried out
- Review of key organizational developments
- Review of supporting evidence for claims made in the Report
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality and Responsiveness.

¹ For Type 1 Moderate Level of Assurance, BSI evaluates the publicly disclosed information, systems and processes the organization has put in place to ensure adherence to three Principles and the performance information that demonstrates adherence from the Report for verification, including evaluation of the application level of the Report. The process involves site visits, interviews, audit trails etc.

Conclusions

A detailed review against the principles of Inclusivity, Materiality and Responsiveness and HKEx ESG Guide, and in accordance with GRI G4 Sustainability Reporting Guidelines, GRI's sector guidance on the Construction and Real Estate Sector and the Ten Principles of UNGC is set out below:

Inclusivity

The Report has reflected a fact that SHKP is seeking the engagement of its stakeholders through numerous channels such as online surveys, focus group discussions, customer satisfaction surveys, SHKP Club, retail stores, call centres, customer hotline, online and mobile phone applications, corporate websites and social media, interviews, meetings, intranet, SHKP Quality Academy, SHKP Quality Raising Suggestion Scheme, SHKP Work Safety Suggestion Scheme, employee engagement activities, public consultations, industry forums, SHKP Reading Club, investor meetings and forums overseas roadshows, analyst briefings and annual general meeting, Annual and Interim Reports, audits and assessments, press conferences, and more.

SHKP's operation involves various methods of engaging its stakeholders on daily basis. The Report covers economic, social and environmental aspects concerned by its stakeholder with a fair level of disclosures. In our professional opinion, SHKP adheres to the principle of Inclusivity. Our view in area for enhancement to the Report was adopted by SHKP before issue of this opinion statement.

Materiality

SHKP publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies SHKP's material aspects by using appropriate method of materiality analysis and demonstrating material issues in a matrix form. Area for enhancement to the Report was adopted by SHKP before issue of this opinion statement.

Responsiveness

SHKP has implemented practices to respond to the expectations and perceptions of its stakeholders. They include various surveys and feedback mechanisms to both internal and external stakeholders. In our professional opinion, SHKP adheres to the principle of Responsiveness. Area for enhancement to the Report was adopted by SHKP before issue of this opinion statement.

HKEx ESG reporting

Based on our verification review, we are able to confirm that social responsibility and sustainable development indicators in all 3 categories (Economic, Social and Environmental) being reported are based on HKEx ESG Guide.

In our professional opinion, the self-declaration covers the SHKP's social responsibility and sustainability issues. Area for enhancement to the report was adopted by SHKP before issue of this opinion statement.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibility

It is the responsibility of SHKP's senior management to ensure the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, AA1000, HKEx ESG Guide, UNGC's Ten Principles, ISO 10002, ISO 14001, OHSAS 18001, and ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Dr. Yi-Min Gao

Vice-President, Sustainability, BSI Asia Pacific



Mr. Wilfred Chan

Sustainability Portfolio Manager, BSI Asia Pacific
Operations Director, BSI Hong Kong

Hong Kong
16 January 2017

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