



2018/19 Sustainability Report



Sun Hung Kai Properties Limited

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Our Reporting Approach

Scope of the Report

Sun Hung Kai Properties Limited (SHKP) is pleased to publish its Sustainability Report 2018/19, covering the period 1 July 2018 to 30 June 2019. This report outlines our commitment, approach and achievements in creating value for the environment, our people, our customers, our supply chain and the community. Focusing on the sustainability performance of our head office and wholly-owned subsidiaries of our property-related business in Hong Kong (collectively: the Group), the report includes property management subsidiaries: Kai Shing Management Services Limited (Kai Shing) and Hong Yip Service Company Limited (Hong Yip); construction company Sanfield (Management) Limited (Sanfield); and the four Royal brands - Royal Park Hotel, Royal Plaza Hotel, Royal View Hotel and The Royal Garden. During the reporting year, SHKP continued to operate in mainland China and Singapore, which constitutes an approximate 20% of our portfolio by total asset. Further details can be found in our Annual Report 2018/19.

SHKP's other Hong Kong listed subsidiaries also publish independent reports to meet the requirements of the 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. For their respective reports, please refer to their websites.

Reporting Standards

This report is prepared in accordance with all applicable provisions set out in the ESG Guide as well as the Core option of Global Reporting Initiative (GRI) Sustainability Reporting Standards. To further align with international sustainability principles, the report also makes reference to the ten principles of the United Nations Global Compact (UNGC).

By regularly engaging our stakeholders and external sustainability professionals, we review the materiality of sustainability topics in accordance with the standards mentioned above. The Sustainability Steering Committee is involved throughout the process to review and validate the feedback from stakeholders. For more details, please refer to Our Approach to Sustainability and Appendix II.

Report Assurance

This report has been independently assured by the British Standards Institution with respect to the extent of its coverage and information provided in accordance with the standards mentioned above. The independent assurance statement is presented in the Appendix VI of this report.

We welcome stakeholders' comments and suggestions on our sustainability performance and disclosure. Please contact us by email at sustainability@shkp.com.

Message from the Sustainability Steering Committee

We are delighted to present our Sustainability Report for the 2018/19 financial year.

The Group is dedicated to creating the best value over time for all of our stakeholders, including shareholders, business partners, investors, employees and the community, through making considerable efforts to promote sustainable development. Recognizing the contributions that businesses can make to a better society, we support the United Nations' Sustainable Development Goals (SDGs) as a universal call to action.

During the 2017/18 financial year, we began evaluating our sustainability strategy against the benchmarks of the SDGs. This year, we further mapped out our respective SDGs and examined how these key sustainability drivers underpin our business operations. The insights gained in the exercise have helped enhance our approach to be better aligned with, and contribute to, the United Nations' SDGs.

We work every day to contribute to making Hong Kong a sustainable city and enhancing the lives of people, through strengthening our commitment to sustainable building designs. During the year, the Group's headquarters, Sun Hung Kai Centre despite being 37 years old, achieved an 'Excellent' rating in Energy Use under the Selective Scheme – BEAM Plus Existing Buildings V2.0. This is a fitting tribute to our relentless efforts to adopt the latest green design practices and meet the related standards in our different developments. As part of our responsibility to mitigate the effects that extreme weather conditions may have on our businesses and the community, the Group conducted an internal review to evaluate our readiness and the effectiveness of our systems and practices to handle emergencies resulting from climate change.

Building Homes with Heart is the Group's longstanding philosophy that guides our commitment to quality in providing premium products and services to our customers while supporting the SDGs. Putting this belief into practice, we have offered a three-year warranty for homebuyers of new residential units since 2013, which was the first of its kind in the industry. The SHKP Club, the largest developer loyalty programme of its kind in Hong Kong, remains an effective channel for two-way communication between the Group and our customers, helping shape our strategies for long-term business and for our contribution to the community. We continue to establish industry benchmarks by introducing innovative technologies and cutting-edge ideas in our developments and management to better serve our customers and offer attentive services.

The Group firmly believes that our involvement in the community has grown in lockstep with the spirit of Building Homes with Heart. We support the SDGs through initiatives that promote sports for charity, together with education and a reading culture. To this end, the Group staged the fourth Sun Hung Kai Properties Hong Kong Cyclothon, as well as the seventh SHKP Vertical Run for Charity – Race to Hong Kong ICC. During the year, the Group also sponsored and established the SHKP Cycling Academy with the Cycling Association of Hong Kong, China, to promote cycling training among secondary school students. Additionally, the Group launched the revamped online reading platform – 'Read for More' – to nurture good reading habits, particularly among teenagers and fresh graduates.

To support the well-being of our employees and value-chain partners, as stated in the SDGs, the Group has worked seamlessly to promote health and safety throughout the years. For example, during the year, we jointly developed a 'tower crane anti-collision system,' which has since been widely adopted to enhance safety on construction sites. We also initiated the installation of 'mobile resting stations' which provide shelter for construction workers to reduce the risk of heat stress while working in hot weather, and serve as a social gathering place to help promote a harmonious working culture.

Thanks to all our efforts over the past years, the Group was named one of the top three performers among all industries in the Hang Seng Corporate Sustainability Index, with an 'AAA' rating. We have also remained a constituent member of the FTSE4Good Global Index series of London. Manifesting its leading industry position, the Group has been recognized as one of the top 10 developers in Hong Kong at the BCI Asia Awards for nine straight years.

Without the keen insights and full support of our Chairman and the Board of Directors, we could not have attained such achievements. We wish to take this opportunity to express our sincere appreciation and gratitude to all of them and reaffirm our unwavering commitment to sustainable development. Going forward, we will continue to work in collaboration with all stakeholders to strive to build better homes for everyone in Hong Kong and pursue the SDGs as a universal call to action.

Sustainability Steering Committee

Sustainability Steering Committee

December 2019

Our Business

About Sun Hung Kai Properties Limited

Sun Hung Kai Properties Limited has been publicly listed in Hong Kong since 1972, and is now one of the largest property companies in the territory specializing in the development of premium quality residential estates, offices, shopping malls and industrial buildings.

Our core business is property development for sale and investment, based on a vertically integrated model that covers the entire process from land acquisition and project planning all the way to materials sourcing, construction, project management, marketing, sales and property management.

SHKP also has operations in hotels, construction as well as insurance and mortgage services that complement our core business. Additionally, we have investments in telecommunications, information technology, infrastructure and other businesses to help diversify our risk and maintain long-term recurrent income streams.

Details of our business structure can be found on our website.

Economic Value Distribution in 2018/19

- Employee value compensation and benefits: **HK\$8,511 million**
- Total contributions to MPF and other retirement schemes: **HK\$364 million**
- Payments to providers of capital: **HK\$13,617 million**
- Payments to the government (including tax): **HK\$8,474 million**
- Operating costs: **HK\$47,444 million**

See the Review of Operations section of our Annual Report 2018/19 for the performance results of our property and other businesses.

Core Values

SHKP has maintained an ardent belief in Building Homes with Heart for many years as we continue to strive for excellence in our day-to-day business operations. This intrinsic value forms a major part of our core value system and has served as the foundation for our sustainable growth and development. Throughout the years, we have solemnly committed to building better homes for everyone.

Building Homes with Heart

Producing premium premises and offering quality services for an ideal living environment

Speed, Quality, Efficiency

Earning the support and trust of all stakeholders with speed, quality and efficiency

Customer First

Constantly anticipating what our customers want and offering quality products and attentive services that exceed expectations

Continuous Improvement

Keeping up with the market and setting high standards along with lifelong learning for greater adaptability and constantly exploring new ideas

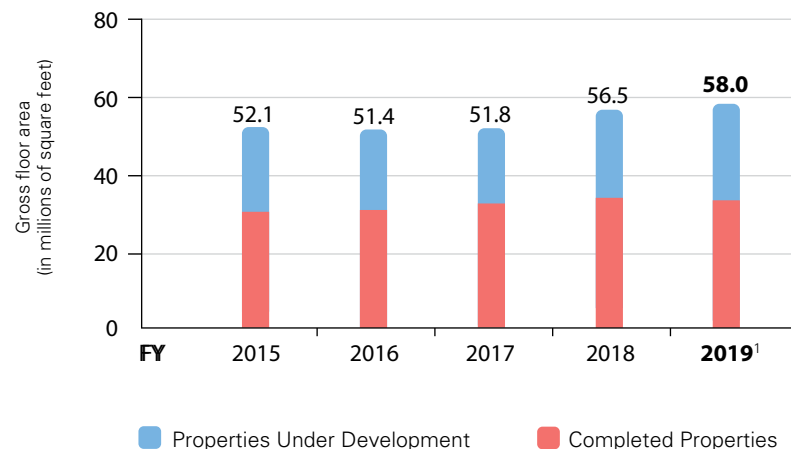
Teamwork

Nurturing a pool of talented and high-calibre employees capable of achieving objectives by harnessing the power of teamwork, collective experience and professional knowledge

Hong Kong Land Bank Composition

The demand for affordable housing continues to attract a great deal of attention in Hong Kong. As a major property developer in the region, we continue to replenish our land bank through different channels and offer a large variety of products to meet development needs while satisfying the demands of different customer sectors, including residential, office and retail. During the year, SHKP added seven sites comprising around 3.1 million square feet of attributable gross floor area through government tenders and land-use conversions. These additions have brought our Hong Kong land bank to 58.0 million square feet of attributable gross floor area and have enabled us to achieve our annual property sales target in Hong Kong over the medium term. Details of the land acquired during the reporting period can be found in the Land Bank section of the Chairman's Statement of our Annual Report 2018/2019.

Land Bank



¹ Completion refers to the stage in which the project is ready for handover since the financial year of 2018/19. Hence, the figures of the financial year 2018/19 cannot be used for direct comparison with historical figures.

In terms of development, six projects in Hong Kong totalling about 3.3 million square feet of attributable gross floor area were completed during the year, of which about 3.2 million square feet comprised residential developments. Our contribution to sustaining the supply of residential units in Hong Kong during the reporting period is detailed in the Property Development section of the Chairman's Statement of our Annual Report 2018/2019.

Looking ahead, we will continue to satisfy the demand for housing in Hong Kong through the expansion of our land bank, developing more residential units for Hong Kong's growing families and launching new projects onto the market as soon as they are ready. Extra effort will also be made to expedite conversion of our agricultural land to residential development projects.

Recognized for Sustainability

SHKP's ongoing commitment and performance in sustainable development have been widely recognized by various major sustainability benchmarks and indices.



FTSE4Good

Constituent of FTSE4Good Global Index Series²



Hang Seng Corporate Sustainability Index Series Member 2018-2019



Constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an 'AAA' rating



Hong Kong Business Sustainability Index 2018
香港企業可持續發展指數 2018

Ranked 4th among the top companies of the Hong Kong Business Sustainability Index with a 'Pace-setter' rating

² FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that SHKP has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Our Approach to Sustainability

Putting into practice the spirit of Building Homes with Heart, the Group prioritises environmental, social and governance (ESG) factors in the course of our decision-making process for our business. Corporate governance strategies and policies are solidly in place and serve as the foundation for our green development, in order to create sustainable value for our stakeholders. The Group is committed to actively engaging our stakeholders in the promotion of communication, transparency and trust within the community while fostering sustainable development opportunities.

Corporate Governance

Our Board of Directors is responsible for the overall direction of the Group's operations and business development while monitoring and reviewing corporate governance practices across all SHKP operations.

Chaired by Eric Li, the Audit and Risk Management Committee supports the Board in overseeing and reviewing the effectiveness of risk management and internal control systems. Taking into consideration environmental, social and governance-related risks in the process of decision making, the Committee's other members include Dicky Yip, Donald Leung and Norman Leung. The Committee's latest terms of reference are available on the websites of both the Group and The Stock Exchange of Hong Kong.

SHKP initiates regular communications with stakeholders and provides timely and accurate information to maintain a high level of public transparency. Our efforts in realizing robust corporate governance have been repeatedly recognized throughout the industry in the form a variety of international and regional awards, including the Asian Excellence Award 2019 for Asian Corporate Governance and Asia's Best Companies 2019 sponsored by *FinanceAsia*. Please refer to our Corporate Website or Appendix I for the full list of awards.

Further details of our corporate governance structure and practices are listed in the Corporate Governance section of our Annual Report 2018/19.

Sustainability Governance

Led by an executive director of the Group, the Sustainability Steering Committee comprises members from the Executive Committee and senior managers from key divisions. Ensuring that sustainability strategies and SHKP's business goals are properly aligned, the Committee supports the Board in the oversight and management of sustainability issues relating to SHKP's daily operations and risk management practices. The Committee also reviews feedback from stakeholders, updates related policies and reports to the Board on relevant sustainability matters and performance issues for decision making purposes where necessary.

Our sustainability work is further supported by specialists from different backgrounds and business functions. Several committees have been formed to strengthen our sustainability performance across a wide spectrum of issues, including but not limited to the Energy Optimization Committee, which monitors energy consumption for our investment properties; the Human Resources Committee, which reinforces and refines our human resources policies; the Occupational Health and Safety Committees, which oversee health and safety matters across all of our construction sites and managed properties; the IT Governance Steering Committee, which manages customer data and information privacy; and the Corporate Social Responsibility Committee, which monitors our community investment projects and partnerships.

Supporting the United Nations Sustainable Development Goals

SHKP supports the United Nations' Sustainable Development Goals (SDGs), which were adopted by United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity by 2030. The Group has identified eight out of 17 SDGs that we believe are most relevant to our business and sustainability strategy. Over the long term, we are exploring ways to enhance our sustainability approaches in order to be better aligned with and contribute to the United Nations' goals. The relevancy of the eight specific goals and the five core areas of focus of our sustainable development strategy are presented below.

SUSTAINABLE DEVELOPMENT GOALS

The Environment



People



Customers



Supply Chain



Community



Our Approach to Stakeholder Engagement

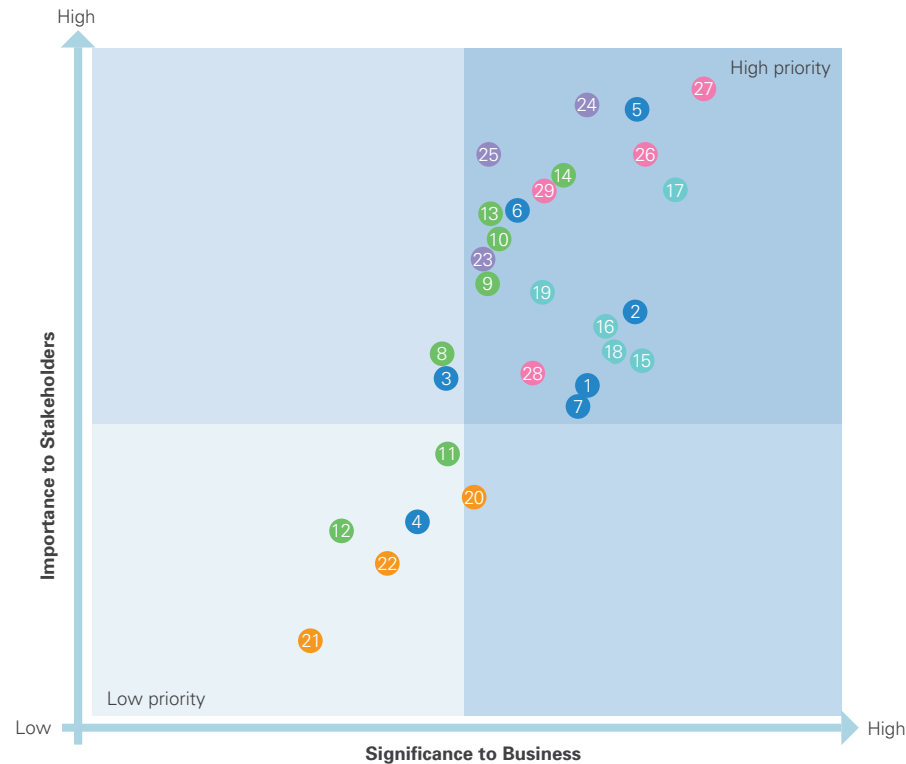
In order to gain a better understanding of their expectations and views about the Group's ESG issues, we have been regularly engaging stakeholders since the preparation of our first sustainability report. While maintaining an ongoing dialogue with stakeholders as part of our day-to-day operations, we have also put in place a three-year approach for regular engagement with an extensive group of stakeholders to review our material ESG topics.

For the first time, we have formed an external review panel to evaluate reporting quality and content with the aim of strengthening our sustainability reporting practices. The panel comprises seven sustainability professionals from different areas, including corporate, academic, industry associations, investors and business partners. The input we have received from our panel has been invaluable in the compilation of this report.

Materiality Analysis

A total of 29 ESG topics were identified for the materiality analysis exercise in 2017/18. Accordingly, over 450 stakeholders were asked to rank the importance of the ESG topics and the results were then mapped onto a matrix to compare the relative importance and impact of the 29 issues on our stakeholders and our business. Based on results from last year, we have updated our materiality matrix with input from the external review panel and our senior management. Twenty-one material topics are identified and prioritized within the threshold of 'high' materiality level for this year, of which 20 material topics were adopted from the list in 2017/18. The addition is Climate Change Mitigation and Adaptation as a response to increased concerns over the impacts of climate change on SHKP's operations, especially after devastations caused by super typhoon Mangkhut in Hong Kong. Compliance, Occupational Health and Safety, as well as Customer Privacy remain the top three material topics for the fourth consecutive year. The results have been referenced as a guide in the preparation of this report.

Materiality Matrix



- Economic and General
- Environment
- Workplace Practices
- Human Rights
- Society
- Product Responsibility

Other Topics Considered

3	Indirect economic impacts	12	Biodiversity
4	Procurement practices	20	Human rights and non-discrimination
8	Materials	21	Freedom of association and collective bargaining
11	Water	22	Child labour and forced labour

List of Material Topics as well as Corresponding Boundaries and Impacts

Material Topics Identified	Boundaries and Impacts								GRI Standards	Page Number	
	Customers/Tenants	Employees	Government/Regulators	Professional Bodies/Academia	NGO Partners	Shareholders and Investors	Suppliers	Media Partners and Social Media			Joint Venture Partners
1	Economic performance	✓				✓	✓	✓	✓	GRI 201	3-4
2	Market presence	✓	✓			✓	✓		✓	GRI 202	3-4
5	Compliance	✓	✓	✓	✓	✓	✓	✓	✓	GRI 307 GRI 419	50-54
6	Grievance mechanisms	✓	✓	✓	✓	✓	✓	✓	✓	GRI 103	44
7	Innovation	✓	✓		✓		✓	✓	✓	N/A	22-28
9	Energy	✓	✓	✓	✓	✓	✓	✓	✓	GRI 302 G4-CRE1	9-15
10	Climate change mitigation and adaptation		✓	✓	✓	✓	✓		✓	N/A	9-15
13	Waste	✓	✓	✓	✓	✓	✓	✓	✓	GRI 306	9-15
14	Sustainable buildings	✓	✓	✓	✓		✓			G4-CRE8	9-15
15	Employment practices		✓	✓	✓	✓		✓	✓	GRI 401	16-21
16	Employee engagement		✓	✓	✓				✓	GRI 102	16-21
17	Occupational health and safety	✓	✓	✓	✓	✓	✓		✓	GRI 403	16-21
18	Employee development and succession planning		✓	✓		✓	✓			GRI 404	16-21
19	Diversity and equal opportunities		✓	✓	✓	✓	✓	✓		GRI 405	16-21
23	Community investment	✓	✓	✓		✓	✓		✓	GRI 413	34-41
24	Anti-corruption	✓	✓	✓			✓	✓	✓	GRI 205	29-33
25	Anti-competitive behaviour	✓	✓	✓		✓		✓	✓	GRI 206	29-33
26	Customer satisfaction and responsibility	✓	✓	✓		✓	✓	✓	✓	GRI 102	22-28
27	Customer privacy	✓	✓	✓		✓	✓	✓	✓	GRI 418	22-28
28	Affordable housing in Hong Kong	✓		✓		✓		✓		GRI 203	3-4
29	Customer health and safety	✓	✓	✓				✓	✓	GRI 416	22-28

Connecting with our Stakeholders

Engaging with stakeholders who are connected with the Group deepens our understanding of the evolving expectations and concerns and assists us in formulating better sustainability strategies. Throughout the reporting year, we have been receiving feedback on our sustainability performance. The three selected questions are those that are priorities to many stakeholders.

The Government, NGO partners and investors

Question:

The United Nations' SDGs provide an important framework for business, government and the broader community to measure and work together on important global goals. The Government, NGO partners and investors are interested in understanding how the Group integrates the SDGs into its current sustainability framework.

Answer:

The Group recognizes that business plays an important role in achieving the SDGs and we acknowledge that stakeholders want more details on how our work is contributing to these goals. In response to the feedback, we have mapped the goals against our sustainability strategies and core values. Throughout the report this year, we have highlighted the relevant SDGs to which we are contributing and explained on the initiatives that we have taken in meeting the goals. More information can be found in the Strategies and Management section of each chapter of the report.

The shareholders and suppliers

Question:

In 2018, super typhoon Mangkhut caused extensive damage to Hong Kong and the surrounding regions. Climate change is evident and indisputable. As frequency and magnitude of extreme weather events may increase and may affect SHKP's portfolio, is the Group exploring ways to mitigate climate change risks?

Answer:

The Group recognizes that changes are required across all levels of the organization in combating climate change. In formulating our mitigation and adaption strategies, an assessment across all departments concerning property business has been carried out during the year to examine how the existing risk assessment framework addresses extreme weather conditions. We consider appointing an inter-departmental Crisis Operation Management Committee led by top management to manage risks in relation to business continuity which includes climate related events. More information on our initiatives in climate change adaptation and mitigations can be found in the Value Created for the Environment section in this report.

Customers, tenants and employees

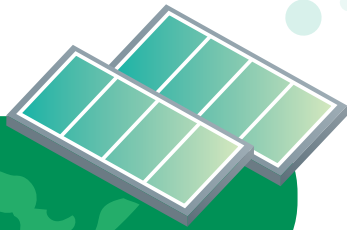
Question:

It is noted that SHKP has been adopting the innovative application of technologies in a wide spectrum of services. With increasing threats of cyberattacks and the evolving nature of technology, what measures are SHKP taking to protect customers' data?

Answer:

While we are accelerating our digital transformation to provide digitally enhanced experiences and services to our customers, residents and tenants, we are conscious of the increasing challenge in safeguarding personal data. The Group has a well-structured IT Governance Steering Committee that oversees matters related to information security. Policies on managing data privacy are publicly available for all our stakeholders, and regular training is provided to our employees to increase their awareness of cybersecurity and threats. More information on our initiatives implemented on data protection can be found in the Value Created for Customers section of this report.

Value Created for the Environment



Strategies and Management



Adhering to the spirit of Building Homes with Heart, the Group endeavours to contribute towards transforming Hong Kong into a sustainable city through strengthening our commitment to the four above-mentioned SDGs. Going beyond compliance with all applicable legal and environmental standards, we seek to integrate sustainable building designs into all of our new projects and continually improve the environmental performance of our existing buildings.

Specifically, we align our environmental initiatives along the respective strategies of the Hong Kong Government and focus on addressing material environmental concerns such as the improvement of energy efficiency, waste management and resource consumption. We have also acknowledged climate changes and have begun looking deeper into its impacts on our business in order to be more responsive to possible consequences. Externally, the Group actively engages with the community through a wide range of programmes, aiming to draw the public's attention to climate-change issues and other environment-related topics in order to encourage sustainable consumption practices.

Governance

Specialised committees have been formed to monitor specific areas of concern. For instance, the Energy Optimization Committee (EOC), led by the Internal Audit Department, oversees energy consumption of buildings, provides recommendations for improvements and facilitates Group-wide communication on energy management.

The Environmental Committees of our property management and construction subsidiaries are responsible for the oversight of environment-related policies, strategies and measures.

Environmental Policy

The Group has in place a formal environmental policy to communicate with our stakeholders our commitment and approach to continuously improve environmental protection.

The policy details our approach in applying sustainable development principles in our operations, from supply chain management and building designs all the way to property management.

Environmental Management Systems

Most properties and building construction sites managed by the Group have earned ISO 14001 Environmental Management System certifications.

The Group regularly assesses system effectiveness both internally and externally to achieve continuous improvements.

Sustainability Data Management System

Since 2014, the Sustainability Data Management System has been in effect to facilitate data collection and monitor performance across business operations. The system is regularly reviewed and upgraded to meet new demands.

Internal Review on Climate Change Related Impacts

Climate change is now a global challenge and could pose significant risks to our operations and the community at large, in particular those brought about by extreme weather conditions. The Group recognizes the need to adopt preventive measures in order to mitigate and adapt to environmental impacts arising across our operations. In order to anticipate crises that might pose risks to our business continuity, such as disruptive typhoons, we have enabled respective business units and subsidiaries to identify and assess different risks, including climate change related issues, in their daily operations. An emergency notification system is also in place to ensure instant communication of information and instructions to relevant parties, including frontline staff, to effect a quick execution of crisis management.

In view of the prevalence of extreme weather conditions, we have conducted an internal review to better understand the readiness and effectiveness of our existing risk assessment framework, as well as overall precautionary measures and emergency responses in case of a crisis. We focus particularly on extreme weather conditions caused by the change of climate, including super typhoons or heavy rainfalls. The study covers all concerned business units of our property business, including construction, property management, property sales, corporate communications, public affairs and internal auditing. SHKP has adopted the recommendations of the study and continues to enhance our relevant systems and practices to improve our precautionary measures in anticipation of such future events. We have also considered appointing an inter-departmental Crisis Operation Management Committee led by an executive director or someone at senior levels to coordinate, respond and manage such events in the most effective way.

Ensuring the Sustainability of Our Properties

The Group constantly strives to maintain and improve the sustainability of our properties. To achieve this, we optimise resources and cost savings as well as achieve green certifications as often as possible for the buildings that we own and manage.

The Group believes that a high-quality workforce can significantly contribute to our sustainability performance and help us respond more effectively to today's technology advancements. During the reporting year, a total of 52 accredited Hong Kong Building Environmental Assessment Method (BEAM) professionals were employed by the Group. With their contributions, we have been able to develop and manage our projects through green innovation applications in energy efficiency, material use, waste management and other environmental-related issues. As a result, the Group has been awarded 47 BEAM or LEED (Leadership in Energy and Environmental Design) green-building certificates in recognition of our commitment to sustainable construction practices. During the year, Sun Hung Kai Centre achieved an 'Excellent' rating in Energy Use under the Selective Scheme of BEAM Plus Existing Buildings V2.0, a fitting tribute to SHKP's relentless efforts to incorporate green solutions.

Our property management business promotes building sustainability via the Internet-of-Things (IoT) network, a smart property management system that monitors indoor environments and operates a facility which automatically reduces power use. The system has now been adopted in a number of our managed properties such as Tsuen Wan Plaza, Ultima and International Commerce Centre. In addition, Hong Yip and Kai Shing introduce building designs with green features wherever feasible. For instance, Aegean Coast, managed by Kai Shing, promotes the use of sustainable solar energy through a solar on-grid system, and helps reduce the energy consumption of air conditioning through the installation of a mist-cooling system, which utilises rainwater to generate mist, cooling the clubhouse's glass canopy and ultimately lowering indoor temperatures.

During the reporting year, we have been honoured and delighted to have won a number of awards in recognition of our sustainable property management practices. Our property management subsidiaries received 14 awards at the 2018 Hong Kong Awards for Environmental Excellence (HKAEE), with Kai Shing's managed property The Leighton Hill taking the Gold award in the Property Management (Residential) category. Our construction and property management subsidiaries have also earned a total of 283 Wastewi\$e Certificates, 265 Energywi\$e Certificates, 29 IAQwi\$e Certificates and 34 Carbon Reduction Certificates as of 30 June 2019.

In addition, PARK YOHO 'Fairyland' won the Hong Kong Institute of Planners Award. PARK YOHO represents Hong Kong's first-of-its-kind, successful integration of wetland conservation and residential development, serving as an industry role model.

Case Study : Shaping a Green Shopping Environment

Hoping to extend a positive environmental impact beyond our own operations, the Group actively engages our tenants and customers through a variety of measures and programmes to promote green shopping environments in our shopping malls, enabling them to pursue sustainability in harmony with our own approach. To this end, we promote energy and water conservation, waste reduction, material reuse and recycling, green procurement, as well as green practices at our shopping malls, as encouraged by the Hong Kong Green Shop Alliance.

Encouraging Responsible Consumption at Malls

Hong Yip and Kai Shing are dedicated to promoting responsible consumption habits among tenants and customers of our shopping malls. Many of our malls have shown considerable dedication in their efforts and have been recognized as a 'Sustainable Consumption Enterprise' by the Business Environment Council.

A host of measures are regularly introduced at our shopping malls to create an environment that encourages responsible consumption. For example, we have installed automatic water dispensers to reduce the use of single-use plastic cups and bottles. We also provide wet umbrella dryers at malls to limit the need for single-use plastic bags. Reverse vending machines have also been installed to encourage plastic bottle recycling while e-directories and tablets are available at customer-service counters to reduce paper use.

Over 10 malls managed by Hong Yip and Kai Shing have also expressed their support for and signed the Government's latest 'Glass Container Recycling Charter'. As a Charter partner, the malls make concerted efforts to promote source separation and clean recycling of glass containers, including those collected from tenants and in the public areas of the malls. In addition, we have installed solar panels at selected malls, including Tai Po Mega Mall and Landmark North, reinforcing our support for the latest Renewable Energy Feed-in Tariff Scheme while raising awareness about renewable energy consumption among tenants and customers.

Driving Sustainability Through Active Tenant Engagement

By actively engaging our tenants, Hong Yip and Kai Shing seek to help them minimise their environmental footprints by encouraging them to incorporate green measures into their shops. For instance, we provide free energy audits for our mall tenants as a way to raise their awareness of energy management. These audits help identify energy-saving opportunities and provide technical advice on enhancing energy efficiency through improved designs and operations.

Some of our malls, including Park Central Shopping Arcade, Mikiki, Metroplaza, Uptown Plaza and Millennium City 1 and 2, also cooperate with different environmental NGOs to carry out trial run campaigns to reduce municipal solid waste. We specifically target tenants that will soon move out of our malls and partner with them to donate reusable items to NGOs in need.

In recognition of the continued commitment of Hong Yip and Kai Shing to promote a sustainable shopping environment, 22 of our malls received 'The Power Partner Award – Shopping Mall' from the Hong Kong Green Shop Alliance. Kai Shing also received 'The Leading Partner Award – Developer / Strategic Partner'.



• Kai Shing's Uptown Plaza partners with one of its food and beverage tenants to donate reusable eating utensils to reduce waste disposal



• Hong Yip and Kai Shing received a number of recognitions from the Hong Kong Green Shop Alliance

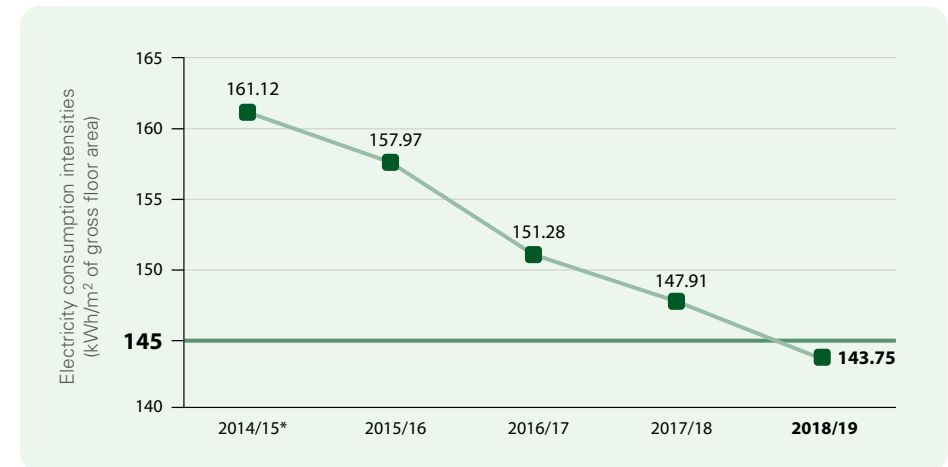
Reducing Carbon Footprints by Enhancing Energy Efficiency

Taking careful consideration of climate change issues in our energy management approach, the Group aims to transform our businesses to a low-carbon and climate-resilient economy. To achieve this, we have adopted a variety of measures related to energy efficiency and carbon footprints across all of our properties. We also actively support external initiatives, such as the Government's Climate Action Plan 2030+ and the Energy Saving Plan for Hong Kong's Built Environment 2015~2025+.

Building-engineering and management specialists are assigned to monitor power consumption and provide latest information to the Group. During the reporting year, the Group's EOC comprised 19 experts/professionals.

To demonstrate our determination to lower overall energy consumption, we established a Group-wide energy reduction target, which aims to reduce electricity consumption intensity by 10% by fiscal year 2019/20, using 2014/15 as the base year. This target was conveyed to our subsidiaries, and specific energy-saving targets were established in most of our residential and commercial buildings, hotels as well as shopping malls. We are confident of achieving our goal as 55 buildings in our investment-property portfolio supervised by the EOC have, as of the date of this report, achieved an electricity consumption intensity of 143.75 kWh/m² of gross floor area. We aim to maintain our performance and expect to exceed the 2019/20 target of 145 kWh/m² next year. In order to replicate the positive achievement and explore new potential electricity-saving measures in the future, we continue to share best practices among other buildings managed by the Group and possibly expand the buildings list supervised by the EOC with a renewed 10-year target up to 2029/30.

Electricity Consumption Intensities of Major Buildings Monitored by the EOC, 2014/15 – 2018/19



*2014/15 data covers 54 properties monitored by the EOC.

Specific energy-saving targets have also been established in different types of properties with promising results continuing apace. For example, Royal Plaza Hotel, has reduced its electricity consumption by 9.7% over the past 4 years while The Royal Garden cut electricity use by 3.6% compared to 2017/18.

A wide range of measures to achieve energy-consumption reductions have been implemented in specific buildings. For example, The Leighton Hill offers free energy inspections for residents, along with advice on energy savings. Tsuen Wan Plaza has integrated IoT into its facility management system, which has made it more automated and intelligent to better control and monitor energy consumption in real time.

The Group also highly encourages the use of electric vehicles. During the reporting year, 208 electric vehicle charging stations at 77 commercial and residential properties were provided by the Group to promote the use of more environmentally friendly electric vehicles.

Diverting Waste from Landfills

The majority of the Group's waste generation comes from construction and demolition debris produced by our construction subsidiary as well as general waste produced by our property management subsidiaries. We support the Government's waste-management policies, including the 'Hong Kong Blueprint for Sustainable Use of Resources 2013-2022', and have adopted a three-tiered approach that gives priority to waste avoidance over waste reduction and waste recovery in order to achieve sustainable municipal solid-waste management across all of our operations.

To reduce waste generation at our construction sites, Sanfield is actively exploring opportunities to minimise materials consumption. We aim to purchase the most appropriate quantities and sizes of raw materials, reduce errors during the construction stage, and introduce new building methods like Building Information Modelling (BIM) and Precast Unit to streamline our construction processes. In particular, the adoption of Precast Unit promotes the use of prefabricated modules which are completed with finishes, fixtures and fittings. The modules are manufactured and assembled prior to transporting to the intended sites for installation. With this method, each type of module can be fabricated, checked and tested before mass production in a controlled factory environment, providing a high degree of quality control while enabling off-site manufacturing for on-site assembly. It also reduces on-site construction processes and ultimately helps reduce a substantial amount of construction waste created by traditional field work.

We also seek to reuse materials or recycle construction waste in order to divert as much waste from landfills as possible. For instance, designing and building properties with standardized dimensions to increase the chance of reusing or recycling components, sending unwanted materials to local recycling centres, and practising deconstruction instead of demolition to salvage components or materials that can be reused or recycled.

Our hotels and property management subsidiaries have also adopted different measures to avoid or minimise waste generation and to divert waste from landfills. Under the Government's 'A Food Waste & Yard Waste Plan for Hong Kong 2014-2022', we actively promote food-waste separation at our properties. The selected properties, including hotels and shopping malls, have partnered with their food and beverage tenants to deliver the collected food waste to Hong Kong's Organic Resources Recovery Centre, commissioned in 2018, for turning it into energy.

Tsuen Wan Plaza, for instance, has made continuous efforts toward waste reduction and recycling through rolling out different initiatives and programmes such as the children programme – 'Little Green Gurus', reuse of hoardings, a district-based polyfoam recycling scheme, and by holding green-contractor elections to promote waste management and reduction to the wider community. The Leighton Hill and Park Island provide residents and tenants with bins to collect food waste, and conduct free food audits, hoping to share with residents and tenants advice on how food-waste handling and reduction should be handled.

Cherishing and Conserving Resources

To improve our overall environmental performance, the Group incorporates environmental concerns into our procurement processes, giving priority to sustainable materials while also keeping track of our resource consumption in order to minimise unnecessary resource purchases.

Considering the Environment while Sourcing

During the procurement process, the Group takes environmental concerns into account to fulfil our social responsibilities. All timbers used during construction are required to be certified as sustainable. Suppliers must also prove that the timbers they provide come with a certification issued by the Forest Stewardship Council.

To reduce materials consumption, our construction subsidiary adopts careful planning and sources pre-cast facades, aluminium formwork and green blocks for the construction process. The further use of pre-finished and smooth blocks helps avoid plastering.

Using Water Effectively

Although the majority of our business operations are not water intensive, we continue with our efforts to improve our water performance. Hence, we have supported the Hong Kong Water Supplies Department's 'Let's Save 10 L Water' campaign to encourage the head office and other properties to enhance water efficiency. Our property management subsidiaries actively maintain the plumbing and flushing systems of buildings to prevent water leakage and to ensure water quality.

In addition to group-wide measures which we have promoted and adopted, individual properties have also come up with their own ideas to improve water efficiency in line with their particular needs. Metropolis Plaza, for example, noticed abundant loss of water from its swimming pool due to evaporation, especially during the summer months, and decided to cover the pool with a canvas while it is not in use in order to slow down water evaporation.

Minimising Unnecessary Resource Consumption Through Technology

Amid calls for effective use of limited resources, the Group applies different technologies to help consume resources more responsibly within our property portfolio. For instance, our mobile application SHKP Malls App has been able to introduce a table-reservation function and other features, together with providing mobile-technology solutions in our shopping malls, such as tablets at customer-service counters to reduce paper needed for printing marketing materials, directories, reservation tickets and customer feedback forms.

Advocating Public Environmental Awareness

Environmental awareness essentially serves as a tool to educate the public about the importance of sustainability and to encourage green practices. To this end, the Group is dedicated to promoting social awareness on environmental protection and climate change throughout local communities.

In recent years, the Group has established environmental educational centres at a number of our malls, such as HomeSquare and Landmark North. Run by a group of our passionate staff who are concerned about climate change, the centres regularly roll out sustainability-themed seminars, workshops and outreach activities for mall tenants, students and the public to deepen their understanding and awareness of sustainability and climate change. At Landmark North, for example, the centre partnered with over 20 schools in the neighbourhood and introduced a Student Environmental Protection Ambassador Scheme, welcoming over 350 students to date.

To create a greater impact in promoting environmental awareness within the local community, we have established and maintained partnerships with environmental

NGOs to reach out to a wider range of citizens. SHKP partnered with Green Power to launch Hong Kong's first free countryside and beach clean-up mobile application which encourages the public to participate in clean-up activities and appreciate the local natural beauty. Around 50 clean-up actions have been initiated by the public using the application since its launch. We have also supported Green Power and its 'Love Nature Campaign' for the seventh consecutive year. The campaign combines elements of classroom learning and outdoor activities, such as clean-ups and eco-tours for children in kindergartens and primary schools so they can be provided with more opportunities to explore and appreciate nature. Thousands of students have participated in and enjoyed the campaign over the years.

During the reporting year, a number of beach clean-ups were organized to collect waste and recyclables while restoring the natural habitat of the sites. With support from SHKP volunteers and the public, over 1,500 kg of waste and recyclables were collected at South Lantau Bay on Lantau Island. In addition, the Group also participated in the global event – WWF Earth Hour – for the 11th consecutive year as over 300 residential estates, shopping malls, offices and industrial buildings switched off their lights for an hour, conserving energy and promoting sustainable living.

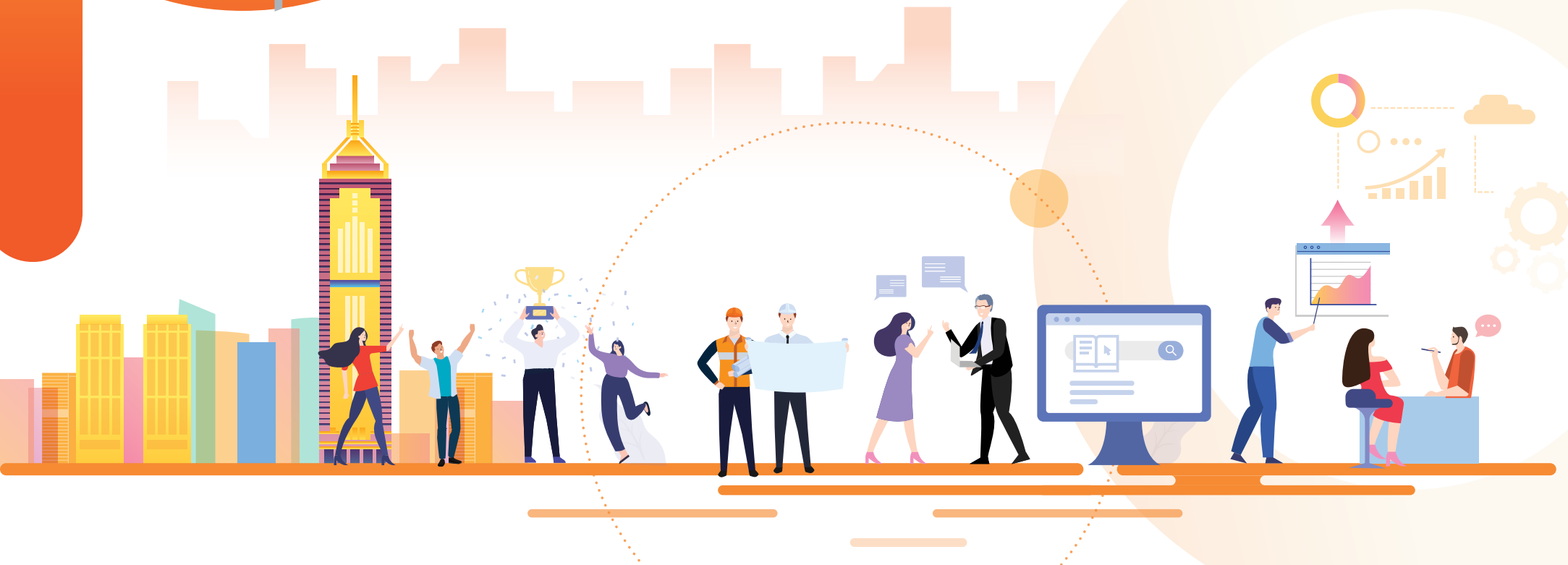


• A recent beach clean-up at Nai Chung in Sai Kung, carried out by SHKP volunteers and their children as well as primary school students, teachers and parents

Our property management subsidiaries also work hard to spread environmentally friendly messages to our residents and tenants. For instance, The Leighton Hill offers a variety of activities to raise the environmental awareness of residents, including an Eco-School, ecology talks and guided tours to the ecological gallery of The Leighton Hill's podium garden so residents and visitors can learn more about the green measures and facilities in place there.



Value Created for People



Strategies and Management



At SHKP, we encourage a people-centred working environment, all done in the spirit of Building Homes with Heart as we pursue the three above-mentioned SDGs. Dedicated to introducing family-friendly employment practices, we cultivate an inclusive and safe working environment and allocate ample resources to recruit, develop and motivate our staff talent so that they will continue to thrive while delivering outstanding results for our customers, shareholders and the greater community.

We convey our standards and expectations to all employees through our Code of Conduct and other relevant policies stipulated in the Staff Handbook, including the principles of human rights, anti-bribery and anti-discrimination. This is done to help maintain the highest standards of ethics and integrity within the Group. In line with the Group's values and international advocacy, we actively work towards the prohibition of child and forced labour in our codes and policies although this has not been a material issue to our operations in Hong Kong.

Across the Group, different units have been established to support our employees and to ensure compliance with all applicable employment and labour practices as well as laws and regulations. Our Human Resources Committee reinforces and refines the Group's human resources policies while the Occupational Health and Safety Committees in our property management and construction arms are responsible for monitoring health and safety performance issues and mitigating any potential risks in our daily operations. The Internal Affairs Department at the Group level formulates annual training plans based on feedback received from employees.

Attracting and Retaining Talent

We attract and retain talented staff in order to build up a strong human capital that enables us to sustain our overall business growth. Our equitable employee packages offer attractive career incentives along with fair and appealing remuneration. At SHKP, we believe in rewarding outstanding performance. For the ninth consecutive year, our employees have received above-average salary increments.

The Group's recruitment strategy focuses on nurturing young talents through partnerships with educational institutions. Over the years, we have established a variety of campus recruitment schemes, including the Summer Internship Programme, Management Trainee Programme, Graduate Surveyor and Graduate Engineer programmes. All these programmes have helped nurture the young generation through on-the-job training, mentorships as well as external learning opportunities, equipping them with a wide range of skills and developing them as future leaders for the Group. Apart from this, the Vocational Training Council is another SHKP recruitment programme partner. Each year, final year students from higher diploma programmes in various engineering disciplines are provided with internship opportunities that place them in our graduate positions.

The Group recognizes outstanding employee performance by means of formal appraisal reviews and annual internal awards, including the Quality-Raising Suggestion Scheme, Work Safety Suggestion Scheme, Best Handover Quality Award, Safety Award Scheme and Long Service Award. These awards are presented by the deputy managing directors each year to express our gratitude to and recognition of the superior performance and contributions of our staff in these areas.

The Group has also introduced formal channels and programmes through which employees can express their desires and opinions candidly while remaining anonymous. A whistleblowing mechanism and employee suggestion box, for instance, are in place for staff to raise concerns about suspected misconduct, malpractice or impropriety with complete confidentiality. We make every effort to treat all disclosures in a classified and sensitive manner to ensure that there is no fear of retribution. Similar practices also extend to our supply chain. Please refer to the Value Created for Supply Chain section for details.

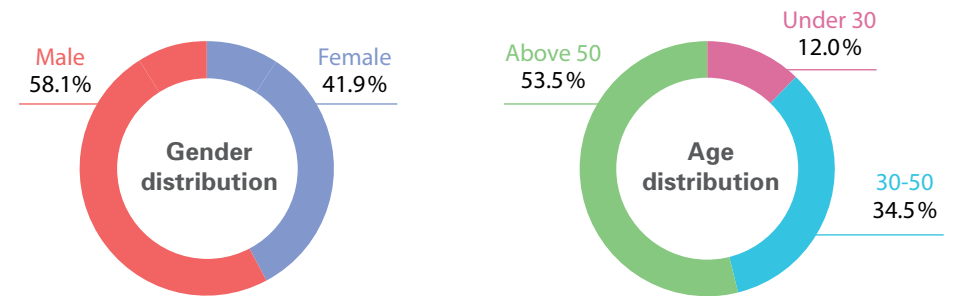
Valuing Equality and Diversity

We embrace the uniqueness of our employees and value their differences to create synergy and innovation in the workplace. Beyond compliance, our approach to diversity and inclusion is embedded in the Code of Conduct as well as our anti-discrimination practices for our employees and business partners. The Code of Conduct outlined in the Staff Handbook protects our employees against discrimination in the workplace and provides opportunities regardless of their gender, age, family status, sexual orientation, disability, race or religion.

The Group actively promotes gender diversity and has achieved 31.7% female representation among management positions. Furthermore, in line with our vision of having employees learn and grow together to transcend all physical and intellectual differences, the Group provides fair employment opportunities for the less physically and mentally abled. In fact, we currently employ 90 people with physical or mental disabilities in a variety of positions, including cleaners, security guards, property assistants and receptionists.

Workforce Distribution

Total number of employees: 25,039 (as at 30 June 2019)



Our philosophy of Building Homes with Heart provides us with a greater understanding and appreciation of the importance of 'family' among our employees. Our approach to family-friendly employment policies enables staff members to better manage their time and meet family commitments. This fundamental philosophy has since 2011 earned the Group the Distinguished Family-Friendly Employer designation by the Family Council each year.

Case Study : Creating a Family-friendly Workplace to Promote Inclusiveness

At SHKP, we operate on the premise that people are motivated and productive when they feel trusted, and family-friendly practices help build this trust. We promote and carry out our family-friendly initiatives both inside and outside the workplace to foster a culture of inclusiveness.

We respect our employees' roles and responsibilities in the family and are always keen to show our strong support. To this end, our employees receive full salary for the first 10 weeks of maternity leave as well as up to 5 days of paid paternity leave. A flexible work-hour's arrangement is also available for those with special needs, enabling employees to spend more time with their families. Also, we provide mother-friendly measures, including breastfeeding amenities in our workplace and flexible working hours for mothers-in-need. A free 24-hour counselling hotline is also available to assist staff and their family members who are dealing with personal and work difficulties.

Our comprehensive family-friendly welfare and benefits schemes extend to children of our employees through financial support schemes and overseas exchange opportunities for children under the SHKP Group Undergraduate Scholarship. Established in 2010, this scholarship initiative has helped relieve the financial burdens of employees whose children have been accepted for undergraduate studies. To date, the Group has subsidised over 80 children of staff, providing them with university education opportunities.

SHKP's ability to appreciate our employees' needs as parents has also led to the establishment of multiple educational activities with interactive elements that foster greater parent-child communication. For instance, the Group has invited a certified financial counsellor to hold a 'Parent-Child Wealth Management Workshop' to



• The children of staff 'applied for' different occupations based on their interests to get a taste of 'job searching'

teach the basic concepts of money management. Moreover, as children are always curious about their parents' jobs, the Group also arranges the 'I'm Going to Work' parent-child workshop for children of employees to give them a taste of what their parents do in their daily work life, including mock job interviews and interning.

SHKP also arranged for colleagues to take their family members to the Science Museum to visit the exhibition - 'Winter Games'. Visiting more than 20 interactive exhibits, everyone got to experience various ice sporting events and enjoyed some special family time together.



• SHKP arranged a visit to the Science Museum to view the 'Winter Games' exhibit with colleagues and their family members

Providing Skills Development and Training Opportunities

The Group's Internal Affairs Department establishes annual talent development plans which is intended to groom employees' professional ethos, skills, experience and performance. These are all essential prerequisites to ensure SHKP's commitment to providing premium quality services and products.

Our diversified learning channels provide self-learning opportunities, including internal classroom training, library reference and e-learning programmes. Job rotation and secondment opportunities are also available for our employees to broaden their horizons in the industry.

General training courses are supplemented by programmes tailored to individual and team-specific goals. Through the SHKP Quality Academy, we regularly organize customised training and learning activities for all levels of staff to keep them abreast of latest industry trends, knowledge and work skills under four major disciplines: business and people management, construction, property management and personal development. We complement this training with structured development programmes for our employees of different ranks over the course of their careers by implementing a series of focused training courses to help employees perform their duties in an optimal manner. For instance, in recent years, we have arranged training courses and seminars that focused on digital technology to support our business development initiatives. Topics included the introduction of recent trends in artificial intelligence and blockchains, as well as the application of digital technology in retail marketing and frontline services. We have also arranged inter-departmental sharing for employees to familiarise themselves with the latest technologies and mobile applications recently developed or launched by SHKP, such as the SHKP Malls App.

Echoing the aims of the Hong Kong Qualifications Framework, the People Development Academy, operated by our property management subsidiary Hong Yip, became the first company in the industry approved to provide internal courses by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications in 2010. These internal courses aim to help our staff receive publicly recognized qualifications and encourage further learning and ultimately achieve better career development.

This year, Hong Yip again won for the ninth successive year the Employees Retraining Board (ERB) Excellence Award for Employers, which was organized under the ERB Manpower Development Scheme. Hong Yip has won the most number of this grand award amongst all participating companies. This recognition is a fitting testament to Hong Yip's support in offering employment opportunities to the ERB's graduate trainees. Hong Yip provides on-the-job training and career development opportunities to recruited candidates while assisting in the promotion of the ERB's courses and services. They also shoulder various corporate social responsibilities and help the underprivileged secure employment.



• An experiential learning programme in which participating colleagues operated drones to build team spirits in an innovative way

Ensuring Safety and Well-being

The safety and well-being of employees is our core concern at SHKP. As such, we meet all regulatory requirements, including the Occupational Safety and Health Ordinance and other relevant legislation which all our businesses are subjected to. We also have systems and policies in place to manage occupational health and safety issues across our entire business operations. The OHSAS 18001-certified Occupational Health and Safety Management Systems at our subsidiaries are now migrating to the latest ISO 45001 international standards and requirements. This will help bridge our current system with the latest international standards and requirements.

Overseeing the Group's health and safety performance, our Occupational Health and Safety Committees aim to mitigate any potential risks during business operations. To this end, regular health and safety inspections and drills are conducted to maintain a high level of awareness among our employees. We also perform health and safety audits for our managed properties, in particular, to identify potential hazards and continuously improve our controls to eradicate risks. Training is also arranged to increase our new employees' awareness of occupational health and safety issues vis a vis emergency responses and procedures.

Despite our comprehensive occupational health and safety management systems, we trust our employees to become acutely aware of any potential daily operational health and safety risks. Our Work Safety Suggestion Scheme, in fact, encourages employees to submit their ideas and practices to enhance overall workplace safety. We also welcome innovative ideas that can contribute to the maintenance of a healthy and safe environment.

Our continuous effort in promoting a safe workplace is reflected in our performance record. In particular, our construction team has maintained a low accident rate of 3.57 accidents per 1,000 workers¹ versus Hong Kong's construction industry average of 31.7 accidents per 1,000 workers in 2018².

To promote healthy living, active lifestyles and emotional well-being among SHKP's employees, our Internal Affairs Department regularly organizes a wide range of events to promote positive mental health. We believe that the mental fitness of employees is directly related to their overall happiness and work productivity. A Hearty Hotline service provides 24-hour counselling and emotional support from professional social workers, psychologists and counsellors for employees in need. We also do our best to extend holistic health coverage and well-being of our employees. SHKP extends its care to our retired employees as well via the SHKP Evergreen Club through regular activities that include countryside trips, social gatherings and special interest classes.

1. Calculation uses the methodology adopted by the Hong Kong Construction Association.

2. The industry rate is calculated based on the calendar year. Reference was made to the Occupational Safety and Health Statistics Bulletin (August 2019) from the Hong Kong Labour Department.

Value Created for Customers



Strategies and Management



Building Homes with Heart is our long-standing belief that guides the management of our product and service quality while supporting the above-mentioned SDGs. Putting this into practice, the Group seeks to introduce the use of innovative technologies and cutting-edge ideas in the development and management of prime properties while offering attentive services that exceed expectations. Dedicated to creating comfortable living environments, productive workplaces, enjoyable recreational facilities and the health and wellness of our customers, we have adopted a set of service protocols which cover customer satisfaction, health and safety as well as information privacy. To help maintain long-term relationships with our customers, we have also established the SHKP Club and Club Royal, which communicate regularly with our customers and the community at large while attentively responding to their needs and concerns.

Building Homes of the Finest Quality

‘Quality, Speed, Efficiency’, the three SHKP core values, are incorporated into each and every stage of our development projects. The use of top-quality materials along with comprehensive inspections carried out during the property handover stage are widely recognized and hailed by the public. In 2013, we initiated a three-year warranty policy on new residential developments in order to gain additional trust from our customers. This warranty period is the longest offered by any Hong Kong developer and fully reflects the confidence we have in our product quality. Our vertically integrated development model enables full quality assurance at all development stages, from land acquisition, project planning and management, material sourcing and construction through to marketing, sales and property management.

Design and construction

We leverage our extensive experience in property development to design projects that meet the needs of our customers. The materials we use are meticulously selected, having gone through rigorous quality assessments. Through continued monitoring, we

ensure that the highest level of safety and quality is achieved during the construction phase.

Pre-sale

Prior to the sale of every project, our in-house professionals carry out inspections specifically targeted at building quality based on SHKP’s benchmark systems. We seek further assurance to ascertain the quality of our products through the engagement of our project-monitoring teams who will carry out quality audits to ensure zero defects within our completed projects. When our residential properties are completed and put on the market for sale, the Group ensures that the related marketing and communication materials comply with all relevant regulations and industry guidelines, including the Residential Properties (First-hand Sales) Ordinance. Furthermore, the preparation and release of sales brochures and other marketing materials are also reviewed and closely monitored by our internal expert committee.

Handover

We usually plan six months in advance for the handover process and conduct at least three full-scale checks, covering over 120 items in every unit. Training is provided to our sales and customer-services team to enhance their knowledge and skills in order to deliver complete, accurate and easy-to-understand information to homebuyers during the property handover stage.

After-sale

In 2013, we began offering three-year warranty policies for newly completed residential developments to further strengthen customers’ confidence in our building quality. All of our sold properties continue to be monitored and reviewed by qualified safety officers. Striving for constant improvement, the Group promotes the use of digital technologies to enhance the overall property handover process and experience. For example, the mobile application ‘Intake Easy’ was developed by Hong Yip and was first introduced to Century Link homebuyers to assist the handover process, providing greatly improved efficiency and convenience. With the ‘Intake Easy’ application, homebuyers can easily sign off on all documents involved in the process, report any defects spotted during handover, and keep track of all repairs and maintenance work during the warranty period via various electronic devices.

Committed to Innovative and Exceptional Property Management

Dedicated to our strong belief in putting customers first, SHKP anticipates homebuyers' needs and aims to further enhance overall satisfaction through its property management subsidiaries – Hong Yip and Kai Shing. Premium-services offerings follow international property and facility management standards while health and safety, as well as data security, is ensured.

Embracing wholeheartedly the era of digital property management, SHKP has introduced multiple innovative management programmes and measures for its commercial and residential projects. For instance, our first integrated shopping mall platform, SHKP Malls App, was launched in early 2018 to combine different features into one single platform across 26 major SHKP malls. This platform was further enhanced during the reporting year to include 'The Point', the largest integrated membership programme in Hong Kong, providing an exceptional digital shopping experience to customers.

In addition, Hong Yip and Kai Shing have developed a variety of smartphone applications for our residents, such as 'Live e-asy' and 'SoProp', both offering such user-friendly features as smart card access, visitor registration, management-fee payment and facilities reservation. In recent years, the Group has also actively applied the Internet of Things (IoT) technology into its property management for more effective and real-time management of a wide range of building facilities and resources consumption patterns. In addition to the International Commerce Centre, the application of IoT has also been extended to shopping malls and residential buildings during the reporting period, including Tsuen Wan Plaza and the Ultima.

The Group and its property subsidiaries continue to improve their service capabilities in line with international standards, including the following:

Business Continuity: ISO 22301

- Kai Shing has in place an ISO 22301-certified Issues and Crisis Management System at ICC and conducted regular drills to reinforce fast response for business-disruption incidents. Business continuity procedures are formed for identifying high-priority risks.

Customer Satisfaction and Complaints Handling: ISO 10002

- Property management subsidiaries operate ISO 10002-certified Complaints-Management Systems, adhering to the philosophy of 'customers-first'.
- We are committed to undertaking formal reviews of each complaint we receive and respond within an appropriate time frame.

Health and Safety: OHSAS 18001

- The Group has OHSAS 18001-certified Health and Safety Management Systems in place that exceed regulatory requirements.
- Health and safety are given top priority in our property management operations. Regular audits and reviews are carried out to monitor the effectiveness of the systems to help support our priority approach.

Information Security: ISO 27001

- Hong Yip was the first property management company to earn the ISO 27001 certification, making them a true pioneer in delivering rock-solid information security services throughout the property and facility management industry.
- Professional training is provided to employees who handle sensitive customer and company information.

Service Quality: ISO 9001

- The Group benchmarks peer performance of their service management in order to identify best industry practices, which has helped us earn ISO 9001 certification for Quality Management Systems.
- Clear guidelines and regular training are offered to employees to ensure that they master customer-handling skills effectively.

Delivering a 'Home Away From Home' Experience

Striving to create a pleasant experience for its hotel guests, the Group is committed to providing quality hospitality and catering services to enhance overall customer satisfaction. Guest service standards are officially established for our hotels to ensure that our guests are being well taken care of. Individual award schemes have been initiated by our hotels while employees are encouraged to provide outstanding performance. These include the Guest Compliment Award by The Royal Garden and Royal Plaza Hotel, as well as the Smiling Award and Excellent Service Award by The Royal Garden and Royal View Hotel.

In addition, regular training courses are offered for our staff to enable them to handle challenging situations in a professional manner. Study topics range from standard behaviour to telephone courtesy and proper complaint resolution. Considerable attention is also paid to maintaining the highest level of food quality and safety, which has a direct impact on customers' well-being. Our outstanding hospitality service has been widely recognized by travel and online agencies such as TripAdvisor, Agoda.com, Hotels.com and Rakuten Travel.

Striving for Continuous Improvement in Products and Services

We actively engage our staff to seek continuous improvements to our products and services through the introduction of a number of award schemes which recognize their respective contributions.

Quality-Raising Suggestion Scheme

Introduced 25 years ago, this scheme is designed to encourage our staff to contribute innovative ideas and feasible suggestions to enhance overall work efficiency and service quality. This year, drones and realistic 3D modelling technologies from the Construction – Land Survey team earned them the Quality Raising Gold Award.

Customer Care Ambassador Election

We pay great attention to customer service and have long led the market through the introduction of customer care ambassadors who offer uniquely caring and attentive services to our patrons. To motivate and encourage these ambassadors, we hold an annual 'Customer Care Ambassador Election' to recognize and reward outstanding ambassadors.

This year, close to 100 customer-care ambassadors from 20 of our malls participated in the election. Eight awards were distributed to recognize the 'Serving with Heart' spirit shown by the successful candidates who have made considerable efforts in transforming their respective malls into second homes for our customers.

Best Handover Quality Award

The handover of a property is often a critical step by which customers develop their first impression of our product and service quality. Over the years, the Group has presented the 'Best Handover Award' to the winning teams that have excelled in encouraging our staff to continually find ways to improve and deliver high-quality professional service. This year, Victoria Harbour won the 'Best Handover Gold Award' for providing the finest building quality, service quality and team spirit to new owners.

Case Study : Realistic 3D Models Support the Company's Smart City Developments

While the government proactively promotes 'Smart City' development, SHKP has also been encouraging the introduction of different types of new technologies and designs to enhance overall product quality and efficiency in support of the 'Smart City' initiative. Our Construction - Land Survey team applied the principle of aero-photography in their development of a realistic 3D model, substantially improving architectural design, tendering and land-supervision work.



• Our Construction - Land Survey team receives the 'Quality Raising Gold Award' in 2019 for its introduction of drones and realistic 3D technologies in project tendering and during developmental stages

Innovative Technological Application

With the use of the 3D models, we can easily navigate site safety facilities and construction progress while ensuring that all our construction work is in line with the initial design during the development phase. This is all made possible by analysing aerial photos and relevant 3D data captured from drones using computer programming to produce a realistic 3D model that generates images of a project from different angles and distances. This 3D modelling technology can also be incorporated into Building Information Modelling (BIM), which provides our teams with a better understanding of future views from different floor levels of relevant projects upon completion in order to make strategic arrangements that are aligned with the Group's development.

Immense Potential for Future Developments and for the Industry

Realistic 3D models are already being applied for our future development projects and tendering process. The Group will continue to provide necessary support to our property development teams as they explore innovative ideas for smart digital-management solutions in future developments with the aim of bringing positive changes within the industry.

For more about the realistic 3D models, please watch the video here.

Responding to Customers' Feedback

We consider customer opinions vital for improving business development and are committed to listening to our customers' concerns through different channels. According to the latest customer engagement surveys, our operations from different units have received positive feedback for their top-quality customer service and ability to maintain consistent customer satisfaction rates throughout the years. In particular, after the onslaught of Hong Kong's most severe typhoon, Mangkhut, in September 2018, our property management subsidiaries were highly praised by residential and office tenants for their professional and timely care and service while the typhoon hit the territory.

Latest Result from Customer Engagement Surveys

Homebuyers	Office tenants	Shopping mall tenants	Hotel guests
Achieved 'Good' or 'Excellent' rating: 97%	Achieved 'Good' or 'Excellent' rating: 98%	Achieved 'Good' or 'Excellent' rating: 98%	Scored: 91 out of 100
1,640 Surveyed	522 Surveyed	3,861 Surveyed	18,412 Surveyed

The Group is dedicated to delivering quality services to our customers by also establishing customer-service protocols and operational procedures. For example, a resolution system has been established to handle complaints and act on opinions from shopping malls, offices and residential properties. Comments and suggestions are carefully considered within a reasonable time frame by our teams from respective divisions, subject to the nature of the complaint.

Performance of Hotels

All Complaints	Response within 48 hours
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Performance of Property Management

Emergency Complaints	Immediate response
Verbal Complaints	Verbal response within 10 minutes
Written Complaints	Written response within 10 working days

SHKP Club

The Group established the SHKP Club in 1996 as a platform to promote a long-term, interactive communication channel with customers. We were the first to establish a developer club in Hong Kong, which remains the largest of its kind, comprising over 410,000 members. The Club provides property-related benefits and leisure activities to promote a 'loving home' among our potential and existing customers. Multiple channels such as surveys, social media and other online means are used to achieve highly effective two-way communications.

The Club launched 'Loving Home' campaigns and organized a variety of activities on both offline and online channels such as its website as well as the 'Cherish Your Family' Facebook page to create a more caring and harmonised community. These include:

- Digital initiative 'SHKP Club WhatsApp Stickers', the first-ever Hong Kong property club WhatsApp stickers campaign was launched to encourage inter-generational family communication
- A Roving exhibition - 'Legacy of Loving Home – E-sports Pavilion' combining AR technology with e-sports interactive installations to invite the public to experience the 'Legacy of Loving Home' spirit
- Educational seminar - 'Optimum Mix of Compassion and Sense in Parenting' sharing tips with members to master parenting skills with compassion and good sense



• SHKP Club celebration party at Hyatt Centric Victoria Harbour Hong Kong to commemorate the SHKP Club membership exceeding 400,000



• PARK YOHO Carnival 'Pour-over Coffee Making' Workshop

- A 'Modern Chinese Pudding Making' workshop for families at the Royal Plaza Hotel to teach how to make a traditional pudding in a stylish way
- A territory-wide 'The Most Treasured Family Heirloom Competition' that attracted more than 13,000 entries from members and the public to share stories about their most treasured family heirlooms
- 'The Legacy of Loving Home – Experiential Workshop on Games' provides classic games to foster inter-generational connections between parents and children
- A series of Lovey-loving Family 'Ten Traditional Loving Home Spirits' comics on the Facebook page to encourage everyone to pass along valuable family virtues

A variety of interactive family experiential activities are offered to members. A celebration party at SHKP's brand new Hyatt Centric Victoria Harbour Hong Kong was held to commemorate the SHKP Club membership exceeding 400,000. The celebrations included an exclusive guided tour experience of the new hotel while sharing the new membership milestones with the members. SHKP Club members and their families were also exclusively invited to participate in a series of family workshops at the PARK YOHO Carnival. A video of the Carnival was broadcast on the Club's Facebook page and website with over 27,000 views. SHKP Club members were also invited to special events at SHKP malls and hotels, such as a free movie screening at the new cinema in V Walk and the 'Special Japanese Sushi Roll-Making' workshop in The Royal Garden.

Club Royal

Club Royal was established in 2004 as a way to bridge the relationship between our hotel customers and the Group. To date, the Club has attracted over 35,000 members. Monthly newsletters, emails and a hotline that features hotel discounts exclusively for Club Royal members are available, keeping our customers fully connected and engaged.

Safeguarding Customers Health and Safety

We have always put the highest priority on the health and safety aspects of our customers across all of our properties and operations. Apart from complying with standard legal requirements, the health and safety management systems of our construction and property management subsidiaries have also earned OHSAS 18001, or the latest ISO 45001 Occupational Health and Safety Management Systems certifications. To manage such emergencies as heart attack, we are able to offer resuscitation in all of our major shopping malls, offices and residential projects, which are equipped with automated external defibrillators (AED). Frontline staff in property management receive regular customer safety and first-aid training to cope with emergency issues like these.

We understand that indoor air quality has a direct impact on the health conditions of property users, especially for those with respiratory illnesses. For this reason, we have adopted a series of measures to maintain indoor air quality in order to create a comfortable and healthy environment for users of our premises. With the latest indoor air-quality technologies now in place at our premises, regular inspections of air-handling units are carried out and filters are replaced when necessary to enhance indoor air ventilation. The majority of our buildings have earned 'Excellent' or 'Good' Class Indoor Air Quality certifications from the Indoor Air Quality Information Centre.

Food safety is always a significant issue for our hotel operations. The hazard analysis critical control point system has been implemented in most of our hotels to ensure that food hygiene is maintained to the highest standards. The Royal Garden has earned ISO 22000 certification for its food safety management system. Food safety audits are also conducted regularly to monitor the hygiene and safety levels of different food items for our guests.

In addition to internal safety control measures, it is also important to raise tenants' own awareness of health and safety. To this end, inspections of fire protection systems are carried out regularly to ensure that they are up to date with industry requirements. Fire drills and safety talks are also arranged periodically to improve tenants' level of safety awareness.

Ensuring Customers' Data Privacy

Customer data privacy and cybersecurity are particularly important in today's information and big-data era. While the Group makes use of new, innovative digital technologies to deliver the latest information to our customers, we are fully aware of customer data privacy and protection. For this reason, an IT Governance Steering Committee has been set up to oversee matters relating to information security within the Group, as well as our IT Department which ensures secure personal information handling. Policies and procedures established by the Group are all formally established and updated when necessary, in accordance with the Personal Data (Privacy) Ordinance and all relevant laws and regulations. The Customer Data (Privacy) Policy provides details to our customers about how their personal information is collected, handled and used in order to safeguard confidentiality. Additionally, all homebuyers are duly required to sign a Personal Information Collection Statement (PICS) with the preliminary agreement for the purchase of our properties. The PICS details the purposes for collecting homebuyers' personal data and how we will handle the information.

Cybersecurity measures and training are offered to frontline staff to increase their awareness of cybersecurity and threats when handling customer and company information. Everyone within the Group is required to follow the latest procedures when handling customer data to prevent any information leaks. Cybersecurity alerts and tips are also available to all employees on the intranet regarding fraudulent emails and the use of phone and USB flash units. The Group also provides internet guidelines that detail website production and issues to be aware of. The guidelines cover a wide variety of aspects, including design, footer, language usage, content and data collection. They also highlight obligations for each business unit during each data collection process. Any web page that collects customer data is required to include the Customer Data (Privacy) Policy as set out in the guidelines to ensure compliance with relevant laws and regulations.

Value Created for Supply Chain



Strategies and Management



Motivated by its belief in Building Homes with Heart, SHKP is committed to creating a safe, green and sustainable society. We aim to contribute to Hong Kong by pursuing the three above-mentioned SDGs with support from our supply chain firms by ensuring the well-being of their employees. This will significantly reduce the environmental impact throughout our value chain and encourage everyone to adopt sustainable practices.

Throughout the years, the Group has worked relentlessly to promote health and safety at our construction sites. For our hotel business operations, we carefully monitor the level of air pollutants and wastewater generated from our operations, and dispose of trash properly while actively promoting responsible and green procurement policies along the supply chain.

Our suppliers and contractors are required to adopt the Group's environmental and occupational health and safety policies as well as strict corporate governance standards within a Code of Conduct that is in line with the Group's environmental values. In addition, the Group upholds the 10 principles of the UNGC and encourages our suppliers to act accordingly. Child or forced labour is strictly prohibited throughout the supply chain while their rights to freedom of association and the creation of a discrimination-free work environment are fully supported.

To more effectively monitor and evaluate our suppliers' performance on a variety of sustainability aspects, including premium product quality, health and safety performance and ethical operational practices, the Group has implemented a comprehensive supply chain management mechanism that assesses their compliance in these areas through a vertically integrated approach that includes the process of selecting and retaining suppliers, regular reviewing of their performance and the establishment of evaluation systems.

Promoting a Responsible and Sustainable Supply Chain

We believe that suppliers with diverse backgrounds can contribute to our value creation. During the reporting year, we had the opportunity to work with over 4,600 suppliers, having spent over HK\$9 billion on a variety of projects. Priority is given to local suppliers whenever possible to reduce carbon emissions caused by the use of transportation while promoting Hong Kong's economic growth through the engagement of local employment and support of local business development. During this reporting year, over 95% of our suppliers were sourced locally.

	Head Office	Construction	Hotels	Property Management
Number of Suppliers – (Hong Kong)	55	307	2,145	2,075
Number of Suppliers – (Non-Hong Kong)	0	8	31	43

To maintain the stability of our supply chain, SHKP avoids single-sourcing in any specific area. A multiple sourcing strategy helps mitigate supply risks caused by business disruptions. Our five largest suppliers accounted for less than 30% of our total purchases during the reporting year.

The Group aims to promote environmental and social responsibility among our partners while at the same time continuing to increase the proportion of our procurements from suppliers who prioritise environmental and social issues. We prefer suppliers who demonstrate a strong environmental commitment, for example, adopting the ISO 14001 Environmental Management System standard or those that incorporate green procurement policies. During the reporting year, 46% of our procurements were selected with environmental considerations. To reduce paper consumption, an E-Order system was adopted during the procurement process. In addition, we support small, medium and social enterprises by including them during our procurement process whenever possible.

Upholding High Expectations of Our Suppliers and Contractors

The Group upholds high expectations regarding the environmental and social performance of our suppliers and contractors. Compliance with local laws and regulations is the basic requirement in order to be eligible to work with us. The requirements for environmental and social standards in the pursuit of attaining sustainable development along the Group's value chain are clearly listed in our tender invitations and supplier contracts. Our Property Management division, for example, requests that our suppliers and contractors sign an Environmental Commitment Form and follow its environment and energy related policies before they are hired.

All suppliers and contractors who have been accepted on our tender list are subject to regular assessments and evaluations as part of a supplier-monitoring mechanism to ensure that they are operating according to our sustainability standards. Suppliers who violate laws and regulations, fail to meet tender requirements, commit misconducts during the contract period, or fail to achieve satisfactory results in the process of the evaluations can be downgraded or delisted from our tender list. We regularly inspect construction sites to identify potential environmental violations, such as issues related to air quality, waste management and wastewater treatment. The Property Management division implements sustainability evaluations of suppliers and contractors after the completion of their work and during annual performance appraisals. The results of the evaluations are considered an important indicator in the selection of future contractors and suppliers.

In our hotel business, food safety is one of the most critical risk factors. Accordingly, our management personnel place a high priority on proper food processing and transportation, which are essential to maintaining food safety and quality. To fulfil public health and food safety standards, we conduct supplier audits and on-site inspections to evaluate personal hygiene as well as food-processing and storage conditions, waste management, chemical storage management, equipment cleaning and pest control. Extra attention is paid to high-risk foods such as ready-to-eat items and fresh seafood. During the reporting year, 100% of our food suppliers satisfied the requirements of our food audits.

Our construction subsidiary's subcontractor selection requirements and monitoring mechanism are fully aligned with the Group's expectations. Environmental as well as occupational health and safety requirements are clearly listed in contracts and tenders for contractors. The expected performance of subcontractors is continually evaluated, and this oversight regimen also serves as regular occupational health and safety training for subcontractors to enhance their overall safety awareness.

Valuing and Respecting Our Construction Workers

As a property developer, construction workers are our most important assets. For this reason, the importance of health and safety is greatly emphasized at our construction sites. All contractors who work at our sites are covered under the Group's occupational health and safety management systems. Designated safety targets are established for all construction sites managed by our construction subsidiary, including zero fatal accidents, zero convictions and fewer than 10 incidents per 1,000 workers.

Our construction contractors are required to follow strict health and safety protocols to avoid work-related injuries and fatalities at construction sites. In addition to protocols, health and safety training courses are also offered at different stages of a project to raise the awareness of workers on the importance of avoiding health and safety hazards. Prior to the commencement of any projects, training on health and safety issues is provided based on specific conditions for each individual construction site. During construction, toolbox talks are conducted weekly, or whenever there are changes in procedures. In addition, site-specific training is provided for complicated procedures that require special technical knowledge. Safety effectiveness evaluations are also performed after the completion of projects to identify potential improvements that can be incorporated into future projects. During the reporting year, over 847,000 attendees were recorded at health and safety training sessions, covering topics such as the safe use of lifting equipment, working at a height, safety card renewal, manual materials handling, general safety management and on-site housekeeping.

Internal site-safety professionals are assigned to conduct compliance audits quarterly to assess on-site health and safety risks and to ensure that health and safety performance is up to standards and expectations. External safety audits are also carried out bi-annually, as required by the Factories and Industrial Undertakings (Safety Management) Regulation.

To evaluate the Group's overall health and safety performance, we believe that transparent and neutral reporting on safety incidents is important. Our contractors are not required to pay any standard industry fees levied on claims for all Group project sites, which encourages them to provide the most accurate and reliable data for workers' accident claims.

During the reporting year, an accident rate of 8.21 per 1,000 workers¹ was recorded for our contractors at construction sites, which is much lower than the industry average of 31.7 per 1,000 workers². Regrettably, one fatal incident involving a worker of our contractor was recorded during the reporting period. The incident was investigated by our senior management following the immediate suspension of site operations. To mitigate such risk in the future, we have enhanced our safety management procedures for the use of hoists and provided relevant refresher training to all site supervisors and subcontractors, to make sure the conditions are closely monitored.

Case Study : Fulfilling Health and Safety Commitments to Our Construction Workers

The Group is committed to operating our businesses in a socially responsible manner to create long-term value for our workers, our company and the society at large. Since construction workers are the foundation of our property development business, we regard their health and safety as a key focus of our supply chain management.

The Group continues to explore new initiatives to enhance safety at our construction sites. During the reporting year, a test model of the 'tower crane traffic control system', developed jointly by our Construction division and a local engineering contractor, has earned a Gold Award for the internal Work Safety Suggestion Scheme, which encourages staff to come up with innovative yet feasible ideas for improving work safety. The anti-collision testing model minimises hazard risks at construction sites by preventing the collision of two or more erected tower cranes operating in overlapping work zones. In order to ensure the reliability of the anti-collision system, a test model was built for trial use. Only systems with guaranteed quality are installed into the tower cranes at construction sites. The tested systems have now been widely adopted at our construction sites to help allay accident fears. Visit SHKPNews for more details.

Realizing that working outdoors on construction sites can be treacherous due to weather conditions, the Group strives to provide a more pleasant work environment for our construction workers. During the reporting year, 'mobile resting stations' with solar fans and spray systems, which provide a cool and comfortable environment, have been widely applied at our construction sites. These 'mobile resting stations' not only provide a shelter for our workers to reduce the risk of heat stress while working in hot weather, but they also serve as a social gathering place to help promote a harmonious working culture. Visit SHKPNews for more details.



• The tower crane anti-collision system has been widely adopted at our construction sites to enhance safety



• Mobile resting station - a resting and gathering place for our construction workers

1. Calculation uses the methodology adopted by the Hong Kong Construction Association.

2. Industry rate is calculated on the calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2019) from the Hong Kong Labour Department.

Anti-corruption

At SHKP, we maintain the highest ethical and governance standards and will not tolerate corrupt practices of any kind in our business operations or throughout our supply chain. Our commitment to fight against corruption is clearly set out in our Group's anti-corruption policies and the Code of Conduct which state that no staff should accept advantages, gifts or entertainment from our business partners, including suppliers and contractors. In addition, Board members and tendering companies are required to declare that there are no conflicts of interest between them. To raise awareness of anti-bribery and corruption, internal training was provided to over 1,300 employees during the reporting year.

Our latest anti-corruption policy is available on our online vendor platform, which our partners can refer to at any time. Assessments are regularly conducted to ensure the adoption of ethical business practices of our suppliers and contractors. During the reporting period, we did not knowingly work with any suppliers or contractors who contravened our anti-bribery and corruption policy.

Our anti-corruption measures are well supported by our robust corporate governance framework. For more information related to our corporate governance structure and practices, please refer to the Corporate Governance Report section of our Annual Report 2018/19 for details.

Competition

To ensure prudent and just practices throughout our supply chain, we support fair competition and reject any anti-competitive practices. We strictly abide by the Competition Ordinance and invite external professionals to hold training sessions on anti-competitive behaviour, and educate our staff on respective regulations to increase awareness of such misconduct. To prevent bid-rigging in the tendering process, we regularly update and evaluate our authorised list with qualified and pre-approved companies. We will only invite companies that are on our list in the tendering process, and anti-collusion requirements are explicitly stated in all tender documents. The number of tenderers being invited is strictly monitored to ensure tender competitiveness. To prove that there is no anti-competitive behaviour in the tenderers' business operations, all tenderers must submit an integrity and anti-collusion confirmation letter.

To encourage reporting of any suspected cases of misconduct, malpractice, impropriety, unethical or unfair treatment, SHKP has established a whistleblowing mechanism for our internal and external stakeholders. If any suppliers or contractors are discovered to have breached our Code of Conduct or have been found to be involved in any corruption or anti-competitive behaviour, such violations will be reported to the respective law enforcement authorities immediately.

Value Created for Community



Strategies and Management



The Group's involvement in the community has grown in lock step with its belief in Building Homes with Heart. We actively reach out to understand the needs of the community and respond through a three-pronged corporate social responsibility programme and partnerships with our charity partners. During the year, SHKP contributed HK\$85 million to charity and in-kind sponsorships in support of the four above-mentioned SDGs through initiatives that promote active mobility and sports together with education and reading culture, and made HK\$8,474 million tax contributions. We also offer apprenticeship and learning opportunities for young talents, and work to enhance the living environment of the community.

Our Corporate Social Responsibility Committee, comprising top executives of the Group, oversees our community investments and partnerships with charitable

organizations. The following community investment strategies have been established to ensure effective execution of our community investment work under a three-pronged approach: (1) encouraging reading and education, (2) sponsoring sporting events for charity and healthy living, and (3) providing care for the underprivileged:

- Build close partnerships with non-governmental organizations and other stakeholders;
- Encourage direct participation by actively engaging our staff;
- Promote long-term, sustainable community programmes; and
- Contribute to the community through the strategic use of resources and networks as well as applying the skills of our staff.

In recognition of our contributions towards the community, SHKP has been named a 'Caring Company' for the 17th consecutive year, along with 83 of our business units. Forty-seven of them, including shopping malls, property management companies, construction units and hotels, have been awarded the same honour for the 10th or 15th consecutive year, demonstrating our Group's commitment to the community through helping the underprivileged and building a sense of corporate social responsibility for community development.

	Reading and Holistic Development	Sports for Charity and Healthy Living	Care for the Underprivileged
Objectives	<ul style="list-style-type: none"> • Promote a happy reading and learning 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 2018/19	<ul style="list-style-type: none"> • Nurture reading habits among children, young people and the public at large through a wide range of fun reading initiatives • Introduce a new online reading platform to promote and spread the joy of reading 	<ul style="list-style-type: none"> • Promote the fun of exercise and healthy living among the public • Contribute to the development of child and youth well-being using top-up donations and proceeds from the Group's signature sporting events 	<ul style="list-style-type: none"> • Reach out to a wider group of beneficiaries through partnerships with charitable organizations • Engage more staff to participate in charitable events
Achievements in 2018/19	<ul style="list-style-type: none"> • Launched a brand-new reading platform 'Read for More' which has attracted over 70,000 participants since its launch in January 2019 • Further expanded the school network by running 'Read & Share', continued to engage a new audience and strengthened its connection with members by presenting different activities for the public 	<ul style="list-style-type: none"> • More than 1,900 participants, including entrants with visual or hearing impairments and those with autism, joined the SHKP Vertical Run for Charity – Race to Hong Kong ICC, which raised HK\$6 million through the activity alone to support children and youth development • Sponsored Sun Hung Kai Properties Hong Kong Cyclothon and introduced the first SHKP Greater Bay Area Youth Trophy, inviting a total of 170 youth cyclists from Hong Kong, Macau and nine cities in the Greater Bay Area to join 	<ul style="list-style-type: none"> • Engaged 20 apprentices via the Modern Apprenticeship Programme • The SHKP-Kwoks' Foundation sponsored Hong Kong Poverty Alleviation Association's Rural Doctor Training Programme to extend its efforts toward poverty alleviation measures
Goals for 2019/20	<ul style="list-style-type: none"> • Leverage the 'Read for More' platform to promote fun reading materials and the joy of reading 	<ul style="list-style-type: none"> • Explore opportunities in complementing the SHKP Vertical Run for Charity and Sun Hung Kai Properties Hong Kong Cyclothon with promotions among schools in Hong Kong • Promote the fun of exercise and healthy life-style to the public 	<ul style="list-style-type: none"> • Establish more poverty alleviation projects with partner universities or institutions

Fostering a Reading Habit

SHKP Reading Club

Over the years, SHKP Reading Club as a free platform has promoted the pleasure of reading among young people while discussing issues about reading and daily life in lively ways. The Club continued to organize a series of activities this year to mark its fifth anniversary. Reinforcing the 'Happy Reading Give Me FIVE' celebration campaign, we have been able to promote the fun and enjoyment of reading for all, especially youngsters. In cooperation with six partners, the Campaign covered a series of five reading initiatives, including a theme-reading tea session, overseas travel sponsorship, community exploration, video-sharing and a fun inter-generational reading activity.

The Club's highlight events, including 'Read to Dream,' 'Read & Share' and 'Read On, Move On,' have continued to encourage thoughtful communication that fosters relationships among friends, and between parents and their children, either through social activities or the process of intellectual exchanges.

Read to Dream

'Read to Dream' is one of SHKP Reading Club's signature events. This is the eleventh consecutive year the SHKP Reading Club has organized this programme in collaboration with St. James' Settlement (SJS) and the Hong Kong Trade Development Council. Some 1,300 disadvantaged primary four to secondary three students in various districts were sponsored to visit the annual Hong Kong Book Fair. Accompanied by SHKP volunteers, each student was given an allowance of HK\$250 to purchase their favourite books.



• Sponsoring students to visit the Book Fair

Read & Share School Programme

The SHKP Reading Club actively sow the seeds of happy reading in primary and secondary schools, and caters for the different needs of teachers regarding reading promotion through its 'Read & Share' programme, with the collaboration of the Hong Kong Aided Primary School Heads Association. During the academic year 2018/19, the Club organized 146 engaging activities including celebrity talks, creative workshops, overseas students sharing, off-campus visits and mobile bookshelves under the theme of 'Happy Reading STEM up!' for about 40,000 teachers and students. Award schemes and a creative writing competition have also been introduced to stimulate students' curiosity and interest in reading. To date, over 189 primary and secondary schools in Hong Kong have joined the programme.

Promoting Reading in the Community

The SHKP Reading Club has regularly organized activities for members and the community. The guided cultural tours - Read On, Move On, combined the joy of reading and exercising to encourage members to lead a healthy and balanced lifestyle. The SHKP Reading Club partnered with Walk In Hong Kong and held a 'Pop Culture Stairways Tour' to assist the SJS. Participants explore various places across Central and Sheung Wan to find familiar scenes in movies and books, making them come to life.

Case Study : Launch of the Brand-new Reading Platform 'Read for More'

At the outset of 2019, the SHKP Reading Club has bolstered its lineup with a new approach to engage the younger generation. One of the key initiatives was the launch of the revamped online reading platform called 'Read For More', which produces inspiring lifestyle content that arouses the interest of teenagers and fresh graduates. A variety of complementary offline activities were also staged, allowing young readers to interact with renowned authors and celebrities and learn from their life-enriching experiences. Since its launch in mid-January 2019, the platform has successfully attracted over 70,000 readers.

Online Reading Platform 'Read for More'

The 'Read for More' platform has published various feature stories, including 'A Style Called Reading', '365 Celeb Reading List' and 'Books of the Strange and Weird', to discuss reading in a fun way through interesting daily issues. In order to spread the message of 'Everyone can read', the platform also includes interviews with celebrities while travel veterans are invited to share their unique experiences.

Sports for Charity

In line with our three-pronged approach to sponsoring sporting events for charity and healthy living, SHKP adheres to the belief of 'Sports for Charity' and has been promoting and supporting sports for charity over the years. For seven consecutive years we have organized our signature event – SHKP Vertical Run for Charity – Race to Hong Kong ICC, and have been supporting the Sun Hung Kai Properties Hong Kong Cyclothon for four years.

SHKP Vertical Run for Charity - Race to Hong Kong ICC

SHKP Vertical Run for Charity is a charitable stairs-climbing event that promotes healthy living and solicits donations to support children and youth causes. Since its launch in 2012, the event has attracted over 17,000 participants from all around the world.

Offline Youth Activities

The SHKP Reading Club presented a large-scale youth talk at the sky100 Hong Kong Observation Deck, attracting nearly 600 high-school students from 32 local schools as well as tertiary students and working youths. Guest speakers shared some of the remarkable stories they have come across in the world of books while interacting with the young participants to help nurture their curiosity about the world and arouse their interest in reading.

Visit 'Read for More' for more details about the platform:
<https://www.readformore.com/>



2018 SHKP Vertical Run for Charity - Race to Hong Kong ICC, which was also the grand finale of the Vertical World Circuit, attracted more than 1,900 entrants from 38 countries and regions, including athletes who are visually or hearing impaired and those with autism. The youngest and eldest were 10 and 75 years old respectively. A record 75 teams comprising secondary and tertiary students competed in the Student Relay event. SHKP will continue to encourage more young people to participate in this iconic event to help build their physical stamina and highlight the importance of giving.

The event successfully generated HK\$6 million donations, including top up from the Group and all proceeds from the event, which were donated to The Community Chest of Hong Kong and The Hong Kong Council of Social Service to support underprivileged children and youth. Beneficiary programmes include the 'SHKP Rainbow with KIDS', designed and run by the Hong Kong Council of Social Services to support children experiencing traumatic family crises. Through the Community Chest of Hong Kong,

donations also support the Hong Kong Family Welfare Society's 'Parade of Light' - Pilot Project on 'Child-focused' Intervention Programme for Children Facing Parental Conflicts / Separation or Divorce and the Kwun Tong Methodist Social Service's 'Discover Talents through Happy Training' programme that supports children with special educational needs.



- SHKP Executive Directors and Deputy Managing Directors Victor Lui (first left) and Mike Wong (second left), SHKP Vertical Run for Charity - Race to Hong Kong ICC Organizing Committee Co-chairman, Edward Cheung (second right) and SHKP Executive Director Eric Tung (first right) took the lead in the Fun Climb 82 event in support of the 'Sports for Charity' spirit

Sun Hung Kai Properties Hong Kong Cyclothon

Organized by the Hong Kong Tourism Board, the Sun Hung Kai Properties Hong Kong Cyclothon (Cyclothon) – of which SHKP has been the title and charity sponsor for the fourth consecutive year, took place in October 2018. The event aims to promote healthy lifestyles while advocating care for underprivileged children and youth. Surpassing the record of previous years, over 5,400 riders from local amateur cyclists to elite world road-racing champions took part in the event. Hammer Hong Kong, a UCI 1.1 race, has also been added as a highlight to this year's event.

SHKP also sponsored the first SHKP Greater Bay Area Youth Trophy, inviting a total of 170 young cyclists who formed 34 five-member teams from Hong Kong, Macau and nine cities in the Greater Bay Area to participate and foster deeper person-to-person exchanges among the cities.

To encourage the spread of positive vibes through exercise, the SHKP Hong Kong Cyclothon Carnival was held at the Hong Kong Velodrome the day before the Cyclothon. Eleven world tour teams and over a thousand members of the public had fun exercising together that day.

With the extra contributions from SHKP and part of the donated enrolment fees, the event has successfully generated HK\$2.68 million which was donated to the Boys' & Girls' Clubs Association of Hong Kong, Changing Young Lives Foundation, Hong Kong Sheng Kung Hui Welfare Council and The Community Chest of Hong Kong to support learning and wellness programmes for underprivileged children and youth.



- Many colleagues and family members successfully took part in the Sun Hung Kai Properties Hong Kong Cyclothon, which has become a gala event on Hong Kong's sporting calendar

SHKP Cycling Academy Pilot Scheme

To promote cycling and 'Exercise for Good' in schools, SHKP sponsored and established the 'SHKP Cycling Academy'. In order to further enhance cycling skills and safety awareness among young people, a 'Pilot Scheme' hosted by the Cycling Association of Hong Kong, China, has also been launched among local schools to discover cycling talents destined to emerge as 'future successors' of the Hong Kong Cycling Team. Secondary school students have been offered the chance to receive professional track cycling training from former Hong Kong Cycling Team members and registered track cycling coaches. About 200 students from nearly 20 secondary schools have joined. Nearly 1,500 students have participated in cycling promotion activities.



• Inauguration ceremony of the SHKP Cycling Academy

SHKP Co-organize and Compete in the 'Hong Chi Climbathon' in Support of Social Integration

SHKP was honoured to co-organize the annual charity stair-run 'Hong Chi Climbathon' in October 2018 at the Central Plaza. Our staff teamed up with Hong Chi's students to take on the 75-floor relay race challenge, raising funds for the Hong Chi Association as well as displaying a positive spirit for social integration.



• SHKP staff teamed up with Hong Chi's students to compete in the relay race

Connecting to Our Society

Committed to Building Homes with Heart, the SHKP Volunteer Team (the Team) was established in 2003 to support various community initiatives. To date, the Team has close to 2,700 volunteers who together contributed about 131,000 service hours to different charity work¹. The Team is committed to the 'ABC caring spirit' philosophy that creates synergy and brings a long-term positive impact to the community:

ABC Caring Spirit

- A: Association to work as a team
- B: Belief in Building Homes with Heart
- C: Commitment to serve the community and reach out to those in need

To engage more employees to participate in community events, SHKP provides training opportunities as well as insurance coverage as incentives. Moreover, the annual Volunteer Recognition Day was launched in partnership with the Hong Kong Social Welfare Department and non-governmental organizations to express our appreciation for the many committed volunteers.

¹. Volunteer hours are calculated by calendar year.

'Big Little Things' Volunteer Project at Lai Tak Tsuen

In response to the Our Hong Kong Foundation, volunteers from eight departments took part in the 'Big Little Things' project in October and November 2018 to enhance the living environment of elderly people in Lai Tak Tsuen through a series of simple home repair works.

This project encouraged volunteer enterprises to devise low-cost solutions that can be applied in a broader context to benefit a wide range of beneficiaries in the future. For instance, our staff helped elderly recipients set up transparent plastic curtains on balconies and installed ventilation windows in the gaps atop the toilet doors in their flats. Participants shared their expertise to solve daily problems, no matter how trivial, that seniors encounter.

Building Homes with Heart Caring Initiative

Applying the Building Homes with Heart Caring Initiative to everyday affairs, SHKP has been showing care and support for the elderly and disadvantaged families in the community since 2011.

We have hosted Poon Choi lunches at Noah's Ark for nine consecutive years to celebrate the Chinese New Year with the territory's seniors. The event has already benefitted seniors living in all districts across Hong Kong. In addition to enjoying a sumptuous lunch and heart-warming lucky gift bags provided by SHKP, some of the elderly participants put on a host of exciting and energetic performances at the talent show. Moreover, the hospitality of more than 100 SHKP volunteers, as well as the Ark's Little Doctors, also helped create a jubilant atmosphere for the event.

Our volunteers also visited about 3,000 seniors bringing with them festive gift bags for two consecutive weekends around the Dragon Boat Festival holiday. The volunteers visited senior singles and couples living in Wan Chai, Causeway Bay and Sham Shui Po.



• Our volunteers visited elderly people to share some love during the Dragon Boat Festival



• SHKP volunteers brought great joy to seniors at the Poon Choi lunch in which the elderly guests greatly enjoy their meals

Modern Apprenticeship Programme

Since 2003, the Modern Apprenticeship Programme has been nurturing the growth of young people by allowing apprentices to shadow and implement what they have learned. This year, the programme expanded its target group to students aged 16 or above to help them discover their aspirations earlier for better life planning. Twenty young participants worked as interns in different NGOs and visited social enterprises to widen their horizons. During their four-week internship, 18 of our staff acted as mentors to share work-related knowledge.



- Inspired by a space shuttle theme, the kick-off ceremony of the Modern Apprenticeship Programme 2019 marked the beginning of a journey in which the apprentices will explore the future, accompanied by their mentors and instructors

SHKP-Kwoks' Foundation Actively Supports Anti-poverty Projects

Adhering to our three-pronged approach to community investment, the SHKP-Kwoks' Foundation has over the years supported talented students in their studies and has generally promoted education across the country. Since its establishment in 2002, the Foundation has sponsored over 60 projects in support of education, healthcare, culture, international exchanges, cultural heritage preservation and research as well as programmes for the needy, for over 10,000 people from across Hong Kong and more than 20 provinces, with total donations exceeding RMB700 million.



- SHKP-Kwoks' Foundation Director Christopher Kwok and Hong Kong Poverty Alleviation Association President Karson Choi sign a memorandum of understanding

Poverty alleviation should not be limited to donations but should also share a focus on empowerment for self-sustainment. In recent years, the Foundation extended its efforts toward poverty alleviation by participating in different anti-poverty projects such as helping to bring safe and clean drinking water to underprivileged counties and rural areas in Gansu province. The Foundation joined forces with the Hong Kong Poverty Alleviation Association to support the Association's Rural Doctor Training Programme in Sichuan. Maintaining close connections with the Association and through active participation in more anti-poverty projects, we have been able to generate a great deal of positive energy throughout society.

Appendix I – Awards, Memberships and Charters

Awards and Recognitions

Organizer	Award	Awarded Unit	Organizer	Award	Awarded Unit	
Agoda.com	Gold Circle Awards 2018	Royal Park Hotel, The Royal Garden	Hong Kong Environment Bureau, Hong Kong and Electrical and Mechanical Services Department	Energy Saving Championship Scheme 2018	<ul style="list-style-type: none"> Outstanding Participation Organisation Award 	Hong Yip Kai Shing • Landmark North
	Customer Review Awards 2018	Royal Plaza Hotel, The Royal Garden				<ul style="list-style-type: none"> Hanson I&T (Innovation and Technology) Merit Award
Bank of China (Hong Kong) and the Federation of Hong Kong Industries	2018 BOCHK Corporate Environmental Leaderships Awards	Hong Yip & Kai Shing • 4 properties	Hong Kong Green Building Council's Hong Kong Green Shop Alliance	<ul style="list-style-type: none"> The Leading Partner Award – Developer/Strategic Partner New Alliance Member – Developer/Strategic Partner The Power Partner Award – Shopping Mall New Alliance Member – Shopping Mall 	Kai Shing	
Business Environment Council Limited and HSBC	HSBC Living Business SDGs Award	Kai Shing • Metropolis Plaza • Taipo Mega Mall			Hong Yip	
	HSBC Living Business ESG Award	Kai Shing • 24 properties			Hong Yip & Kai Shing • 22 properties	
	HSBC Living Business Long Term Participation Award	Kai Shing • 4 properties				
BCI Asia	2018 BCI Asia Top Ten Hong Kong Developer	SHKP	Hong Kong Management Association (HKMA)	2018 HKMA Quality Award – Grand Award	Hong Yip	
China Light and Power	CLP Smart Energy Award 2018		Hong Kong Retail Management Association	2018 Service & Courtesy Award	Kai Shing • World Trade Centre	
	• Joint Energy-Saving Award	Hong Yip	Hotels.com	Most Wanted Awards 2018	The Royal Garden	
	• Smart Energy Outstanding Award	Kai Shing • ICC Hong Yip • Tsuen Wan Plaza	Indoor Air Quality Information Centre and Hong Kong Environmental Protection Department	Indoor Air Quality Certificate Award	Hong Yip • 56 properties Kai Shing • 52 properties	
Ctrip	• Best City Hotel 2019	Royal Park Hotel	JobMarket	<ul style="list-style-type: none"> Employer of Choice Award Appreciation Culture Award 	Kai Shing	
Eastweek magazine	<ul style="list-style-type: none"> Hong Kong Service Awards Outstanding Corporate Strategy Awards 	Hong Yip	Occupational Safety & Health Council, Hong Kong Labour Department, Hong Kong Electrical and Mechanical Services Department and The Hong Kong Association of Property Management Companies	Best Property Safety Management Award	Hong Yip & Kai Shing • 6 properties	
Environmental Campaign Committee, Hong Kong Environmental Protection Department and in conjunction with nine organizations	2018 Hong Kong Awards for Environmental Excellence		<ul style="list-style-type: none"> Best Property Management Award in Occupational Safety and Health – Gold & Bronze Award Best Safety Enhancement Programme – Merit Award Safety Culture Award – Gold Award Best Property Management Award – Resident's RMAA Works Safety Enhancement Award – Silver Award & Merit Award Best Presentation Award – Bronze Award 	<ul style="list-style-type: none"> Gold Award Silver Award Bronze Award Certificate of Merit Certificate of Participation 	Hong Yip & Kai Shing • 12 properties	
		Sanfield • 2 construction sites				
Hong Kong Employee Retraining Board	ERB Manpower Developer Award Scheme	Hong Yip				
	• ERB Excellence Award					

Organizer	Award	Awarded Unit
Sing Tao Daily	• Sing Tao Service Awards 2018 – Property Eco Management category	Hong Yip
	• Sing Tao Service Awards 2018 – Residential Property Management category	Kai Shing
Hong Kong Social Welfare Department	2017 Highest Number of Service Hours Award • Private Group – Group 1 Bronze Award • Private Group – Group 1 Merit Award	SHKP & Hong Yip
The Community Chest Hong Kong	• Top Ten Donors 2018/19	SHKP
The Hong Kong Council of Social Service	• 15 Years Plus Caring Company Logo	SHKP, Hong Yip, Kai Shing, Royal Plaza Hotel, Royal Park Hotel, The Royal Garden
	• 10 Years Plus Caring Company Logo	The Royal Garden, Royal View Hotel
The Hong Kong Institute of Facility Management	Excellence in Facility Management Award 2018	
	• Grand Award (Medium-Scale Residential)	Kai Shing • Yoho Midtown
	• Grand Award (Office Building)	Kai Shing • World Trade Centre
The Hong Kong Institute of Surveyors and The Hong Kong Association of Property Management Companies	• Excellence Award • Merit Award • Theme Award – Risk Management – Gold & Bronze Award	Hong Yip & Kai Shing • 35 properties
	Quality Property & Facility Management Award 2018	Hong Yip • 7 properties
	• Grand Award • Excellence Award • Certificate of Merit	Kai Shing • 13 properties
TripAdvisor	Certificate of Excellence	Royal Park Hotel, Royal View Hotel, The Royal Garden
World Green Organisation	Green Office Awards Labelling Scheme (GOALS)	Hong Yip • 5 properties Kai Shing • 39 properties

Organizer	Award	Awarded Unit
WWF Hong Kong	Low-carbon Office Operation Programme (LOOP)	
	• Platinum Label	Kai Shing • Millennium City 5
	• Gold Label	Kai Shing • ICC • Landmark North
	• Certified Label	Kai Shing • New Town Plaza I

Please visit our website for awards and recognitions relating to our corporate governance performance.

Memberships and Charters

Memberships

- Business Environment Council (Founding Member since 2002)
- Employers' Federation of Hong Kong (Corporate Member since 1994)
- The Hong Kong Council of Social Service of The Caring Company Scheme Patron's Club (Jade Member since 2007)
- 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)

Charters

- Charter on External Lighting of Hong Kong Environment Bureau (Signatory since 2016)
- Energy Saving Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2016)
- 4Ts Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2017)
- 'Let's Save 10L Water' Campaign of Hong Kong Environment Bureau and Hong Kong Water Supplies Department (Signatory since 2015)
- Carbon Reduction Charter and Carbon Audit Green Partner of Hong Kong Environmental Protection Department (Signatory since 2009)
- Charter on the Sales of First-hand Residential Properties of Estate Agents Authority (Signatory since 2018)
- Organ Donation Promotion Charter of Hong Kong Department of Health (Signatory since 2016)

Appendix II – Stakeholder Engagement Process and Materiality Analysis Methodology

Stakeholder Engagement Process

SHKP has since 2013 engaged stakeholders annually through extensive surveys and focus groups in order to communicate our sustainability performance to them and to understand their priorities and expectations regarding various sustainability topics. This regular engagement with stakeholders has enabled SHKP to build long-term trust with stakeholders and prepare ourselves for future challenges in the area of sustainability. From this year onwards, we are planning to conduct an extensive stakeholder engagement exercise every three years to review the materiality of our sustainability issues. To achieve this, we will consult with external sustainability experts when necessary to improve overall effectiveness while continuing to invite our stakeholders to provide feedback, which we will acknowledge and address accordingly.

We continually engage stakeholders as part of our daily operations via the correspondence methods listed below.

Stakeholder group	Method of engagement
Customers and Tenants (including residents, commercial and industrial building tenants and hotel corporate clients)	<ul style="list-style-type: none"> • Customer satisfaction surveys • SHKP Club • Club Royal • Concierge, retail stores, call centres, customer hotline, online and mobile phone applications • Website and social media
Employees	<ul style="list-style-type: none"> • Interviews • Meetings • Intranet • SHKP Quality Academy • Quality-Raising Suggestion Scheme • Work Safety Suggestion Scheme • Employee engagement activities • Ongoing engagement
Government and Regulators	<ul style="list-style-type: none"> • Interviews • Meetings • Public consultation
Professional Bodies and Academia	<ul style="list-style-type: none"> • Interviews • Industry forums
NGO Partners	<ul style="list-style-type: none"> • Interviews • Community programmes run by the SHKP Reading Club, SHKP Vertical Run for Charity and the SHKP Volunteer Team
Shareholders and Investors	<ul style="list-style-type: none"> • Investor meetings and conference calls • Overseas roadshows • Investor forums and conferences • Analyst briefings and annual general meetings • Annual and interim reports • Investor Relations page on SHKP's website

Stakeholder group	Method of engagement
Suppliers	<ul style="list-style-type: none"> • Interviews • Audits and assessments • Ongoing direct engagements
Media Partners and Social Media	<ul style="list-style-type: none"> • Press conferences • Meetings • Website and social media
Joint-Venture Partners	<ul style="list-style-type: none"> • Real estate industry trade associations and advisory groups

Materiality Analysis Methodology

We adopt a three-step approach to assess materiality, guided by the AA1000 Stakeholder Engagement Standard and with reference to the principles of inclusivity, materiality, responsiveness and impact of the latest AA1000 AccountAbility Principles. The process of identifying, ranking and validating the materiality of relevant ESG topics to SHKP allows us to identify significant economic, environmental and social topics to manage and disclose.

Step 1: Identifying ESG Topics

By making reference to the list of ESG topics from previous materiality analyses, we further refine its contents after having considered the feedback from our stakeholders as well as the latest sustainability trends in the industry. ESG topics are categorised into six key themes:

- Economic and general
- Environment
- Workplace practices
- Human rights
- Society
- Product responsibility

Step 2: Ranking ESG Topics

Stakeholders were engaged through online surveys in 2017/18, from which they ranked the importance of ESG topics to the Group, using a scale of 1 to 6 (with '1' being not important at all and '6' being very important). They were also asked to review the priorities of the material topics arranged during the preceding year and determine whether they should remain the same and if additional topics should be considered.

Step 3: Validating the Results

The ranked results were validated by qualitative feedback collected from focus groups conducted in 2017/18 and through peer benchmarking. The material matrix of 2018/19 was further updated with input from the external review panel and our senior management. The final results were endorsed by the Sustainability Steering Committee.

Appendix III – Performance Tables

Environmental Performance

	Unit	2018/19 ¹	2017/18 ²
Greenhouse gas (GHG) emissions within the Group			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO _{2e})	57,112	62,405
Indirect GHG emissions (scope 2)	tonnes CO _{2e}	321,290	288,180
GHG emission intensity			
Head office	tonnes CO _{2e} /m ²	0.076	0.072
Construction	tonnes CO _{2e} /m ²	0.031	0.012
Property management	tonnes CO _{2e} /m ²	0.064	0.065
Hotels	tonnes CO _{2e} /room night	0.038	0.039
Waste disposal within the Group			
General waste	tonnes	99,644	104,977
Construction and demolition waste	tonnes	211,379	365,491 ³
Waste recycled within the Group			
Paper	kg	4,160,359	4,672,566
Plastic	kg	24,442	38,959
Metals	kg	17,988	42,755
Used cooking oil	kg	20,083	20,068
Food waste	kg	405,403	203,511
Glass	kg	45,970	54,207
Construction and demolition waste	tonnes	237,197	174,386 ³
Energy consumption within the Group			
Total energy consumption	Gigajoules (GJ)	3,102,267	2,944,308
Head office	GJ	10,050	9,773
Construction	GJ	391,112	153,449
Property management	GJ	2,467,345	2,529,996
Hotels	GJ	233,760	251,091
Energy intensity			
Head office	GJ/m ²	0.45	0.44
Construction	GJ/m ²	0.229	0.103
Property management	GJ/m ²	0.54	0.55
Hotels	GJ/room night	0.29	0.31
Electricity consumption			
	GJ	2,071,995	1,826,663
	kWh	575,554,138	507,406,434
Head office	GJ	6,205	5,868
	kWh	1,723,748	1,630,121
Construction	GJ	347,397	70,767
	kWh	96,499,187	19,657,376
Property management ⁴	GJ	1,521,295	1,549,627
	kWh	422,581,990	430,452,054
Hotels	GJ	197,097	200,401
	kWh	54,749,213	55,666,882

	Unit	2018/19 ¹	2017/18 ²
Gas consumption			
Head office	GJ	253	199
Construction	GJ	0	560
Property management	GJ	942,168	974,996
Hotels	GJ	35,390	49,299
Fuel consumption			
Head office	GJ	3,591	3,705
Construction	GJ	43,715	82,122
Property management	GJ	3,882	5,373
Hotels	GJ	1,272	1,391
Diesel consumption⁵			
Head office	L	3,903	4,163
Construction	L	1,207,212	2,282,236
Property management	L	108,747	150,491
Hotels	L	17,726	19,994
Petrol consumption⁵			
Head office	L	107,880	111,130
Construction	L	19,296	20,198
Property management ⁶	L	N/A	N/A
Hotels	L	19,988	21,162
Water consumption within the Group			
Total water consumption	m³	3,376,840	3,321,801
Head office	m ³	4,929	4,915
Construction	m ³	258,627	322,850
Property management	m ³	1,961,294	1,892,042
Hotels	m ³	1,151,990	1,101,994
Water intensity			
Head office	m ³ /m ²	0.22	0.22
Construction	m ³ /m ²	0.15	0.22
Property management	m ³ /m ²	0.43	0.41
Hotels	m ³ /room night	1.43	1.37
Major construction materials used			
Concrete	m ³	313,800	512,691
Bricks	piece	2,605,350	4,703,541
Steel	tonnes	54,942	102,773

1. Environmental data of 2018/19 include head office, 30 construction sites, 80 buildings from property management and 4 Royal brand hotels.

2. Environmental data of 2017/18 include head office, 34 construction sites, 80 buildings from property management and 4 Royal brand hotels.

3. The data has been adjusted due to the harmonization of waste recycling data to reflect actual situation.

4. The data refers to electricity consumption of common area and air conditioning system in office buildings, shopping malls and residential properties.

5. Considered that diesel and petrol are the major fuel being used by SHKP, their respective consumptions are reported.

6. Petrol consumption by property management operation is not significant.

Social Performance

	Unit	2018/19		2017/18	
		Permanent	Contract	Permanent	Contract
Employment practice					
Total workforce by employment contract⁷		20,166	4,873	20,026	4,757
Head office	no. of people	1,580	28	1,532	25
Construction ⁸	no. of people	2,907	69	2,870	55
Property management	no. of people	14,112	4,681	14,011	4,612
Hotels	no. of people	1,567	95	1,613	65
		Male	Female	Male	Female
Total workforce by gender		14,556	10,483	14,348	10,435
Head office	no. of people	817	791	798	759
Construction	no. of people	2,247	729	2,212	713
Property management	no. of people	10,526	8,267	10,351	8,272
Hotels	no. of people	966	696	987	691
Total workforce by age group					
Head office					
Under 30	no. of people		204		194
30 – 50	no. of people		943		924
Above 50	no. of people		461		439
Construction					
Under 30	no. of people		504		573
30 – 50	no. of people		1,368		1,281
Above 50	no. of people		1,104		1,071
Property management					
Under 30	no. of people		1,868		1,946
30 – 50	no. of people		5,490		5,452
Above 50	no. of people		11,435		11,225
Hotels					
Under 30	no. of people		432		427
30 – 50	no. of people		828		855
Above 50	no. of people		402		396
		Male	Female	Male	Female
New hire by gender (number and rate⁹)					
Head office	no. of people	87	119	78	97
	%	10.7	15.0	9.8	12.8
Construction	no. of people	428	207	466	233
	%	19.1	28.4	21.1	32.7

	Unit	2018/19		2017/18	
		no. of people	%	no. of people	%
Property management	no. of people	3,878	3,382	3,667	3,497
	%	36.8	40.9	35.4	42.3
Hotels	no. of people	358	248	294	230
	%	37.1	35.6	29.8	33.3
New hire by age group (number and rate¹⁰)					
Head office					
Under 30	no. of people		89		84
	%		43.6		43.3
30 – 50	no. of people		110		83
	%		11.7		9.0
Above 50	no. of people		7		8
	%		1.5		1.8
Construction					
Under 30	no. of people		203		201
	%		40.3		35.1
30 – 50	no. of people		228		260
	%		16.7		20.3
Above 50	no. of people		204		238
	%		18.5		22.2
Property management					
Under 30	no. of people		1,206		1,226
	%		64.6		63.0
30 – 50	no. of people		2,050		1,983
	%		37.3		36.4
Above 50	no. of people		4,004		3,955
	%		35.0		35.2
Hotels					
Under 30	no. of people		220		197
	%		50.9		46.1
30 – 50	no. of people		287		245
	%		34.7		28.7
Above 50	no. of people		99		82
	%		24.6		20.7

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

8. In 2018/19, we aligned the definition of permanent and contract employment. Data for 2017/18 is restated as a result.

9. New hire rate refers to total number of new hire of the gender group per the total number of employees of the corresponding gender group.

10. New hire rate refers to total number of new hire of the age group per the total number of employees of the corresponding age group.

	Unit	2018/19		2017/18	
Employee turnover¹¹ by gender (number and rate¹²)					
Head office	no. of people	47	75	35	77
	%	5.8	9.5	4.4	10.1
Construction	no. of people	202	79	213	65
	%	9.0	10.8	9.6	9.1
Property management	no. of people	1,757	1,858	1,891	2,050
	%	16.7	22.5	18.3	24.8
Hotels	no. of people	360	233	339	251
	%	37.3	33.5	34.4	36.3
Employee turnover¹¹ by age group (number and rate¹³)					
Head office					
Under 30	no. of people	50		35	
	%	24.5		18.0	
30 – 50	no. of people	67		70	
	%	7.1		7.6	
Above 50	no. of people	5		7	
	%	1.1		1.6	
Construction					
Under 30	no. of people	115		104	
	%	22.8		18.2	
30 – 50	no. of people	99		120	
	%	7.2		9.4	
Above 50	no. of people	67		54	
	%	6.1		5.0	
Property management					
Under 30	no. of people	710		712	
	%	38.0		36.6	
30 – 50	no. of people	1,012		1,156	
	%	18.4		21.2	
Above 50	no. of people	1,893		2,073	
	%	16.6		18.5	
Hotels					
Under 30	no. of people	168		199	
	%	38.9		46.7	
30 – 50	no. of people	311		271	
	%	37.6		31.7	
Above 50	no. of people	114		120	
	%	28.4		30.3	

	Unit	2018/19		2017/18	
Occupational health and safety					
Total number of work-related fatalities	no. of people	0		0	
Work-related fatalities rate	per 1,000 workers	0		0	
		Male	Female	Male	Female
Injury rate ¹⁴	per 1,000 workers	21.43	32.15	23.35	33.54
Lost days ¹⁵	days	11,957	23,772	12,499	21,917
Lost day rate ¹⁶	%	0.25		0.25	
Absentee rate ¹⁷	%	1.05		1.05	
Development and training					
		Male	Female	Male	Female
Average training hours per employee by gender and employee category					
Managerial	hours	16.8	18.6	14.2	15.9
Office-grade	hours	14.7	16.6	14.4	16.5
Supporting	hours	10.1	5.6	7.7	6.4
Operational	hours	10.8	7.0	9.3	5.3
Total / Average training hours for health and safety at construction sites	hours	321,037		304,483	
	hours per employee	12.8		12.3	
Anti-corruption and anti-competition					
Reported case of corrupt practices	no. of cases	0		0	
Reported case of anti-competitive behaviour	no. of cases	0		0	

11. The definition of employee turnover refers to employees who leave the company voluntarily or due to retirement, dismissal or other reasons.

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

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

14. 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.

15. Lost days refers to sick leave due to all types of work-related injuries.

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

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

Appendix IV – HKEx ESG Reporting Guide Index

General Disclosures and KPIs	Description	Reference (Page number)	Remarks
Environmental			
Aspect A1: Emissions			
	General disclosure	Value Created for the Environment (9-15)	There was no material non-compliance regarding the emission of greenhouse gas, water and waste during the reporting period.
KPI A1.1	The types of emissions and respective emissions data	N/A	Air emissions are not material to our operations.
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	Appendix III - Performance Tables (45-47)	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	N/A	The Group generated no significant hazardous waste during the reporting period.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Value Created for the Environment (9-15); Appendix III - Performance Tables (45-47)	
KPI A1.5	Description of measures to mitigate emissions and results achieved	Value Created for the Environment (9-15)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Value Created for the Environment (9-15)	Hazardous waste generation and handling are not material to our operations.
Aspect A2: Use of Resources			
	General disclosure	Value Created for the Environment (9-15); Value Created for Supply Chain (29-33)	
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Appendix III - Performance Tables (45-47)	
KPI A2.2	Water consumption in total and intensity	Appendix III - Performance Tables (45-47)	
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Value Created for the Environment (9-15)	
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 (9-15)	We do not encounter any problems in sourcing water for our daily operations, hence is not material to the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	The use of packaging material for finished products is not applicable to the Group's business.
Aspect A3: The Environment and Natural Resources			
	General disclosure	Value Created for the Environment (9-15); Value Created for Supply Chain (29-33)	
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 (9-15); Value Created for Supply Chain (29-33)	
Social			
Employment and Labour Practices			
Aspect B1: Employment			
	General disclosure	Value Created for People (16-21)	Please refer to the Corporate Governance Report and Directors' Report chapters (pp. 102-142) of our Annual Report 2018/19 for details. There was no material non-compliance regarding employment and labour practices during the reporting period.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Appendix III - Performance Tables (45-47)	Seasonal and part-time employment does not cause significant variations in the total workforce. Hong Kong is the only location of operations covered in this report.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix III - Performance Tables (45-47)	Hong Kong is the only location of operations covered in this report.
Aspect B2: Health and Safety			
	General disclosure	Value Created for People (16-21)	There was no material non-compliance regarding occupational health and safety during the reporting period.
KPI B2.1	Number and rate of work-related fatalities	Appendix III - Performance Tables (45-47)	
KPI B2.2	Lost days due to work injury	Appendix III - Performance Tables (45-47)	

KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Value Created for People (16-21)	
Aspect B3: Development and Training			
General disclosure		Value Created for People (16-21)	
KPI B3.1	The percentage of employees trained by gender and employee category	N/A	All of our employees received regular training relevant to their jobs. We report the average training hours as required by KPI B3.2, which demonstrates our effort in talent development. Please refer to the Value Created for People and Appendix III - Performance Tables for details.
KPI B3.2	The average training hours completed per employee by gender and employee category	Appendix III - Performance Tables (45-47)	
Aspect B4: Labour Standards			
General disclosure		Value Created for People (16-21)	Child and forced labour issues are not material to the Group's operations. There were no non-compliance incidents regarding child and forced labour during the reporting period.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A	See remark for Aspect B4 General disclosure.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	See remark for Aspect B4 General disclosure.
Operating Practices			
Aspect B5: Supply Chain Management			
General disclosure		Value Created for Supply Chain (29-33)	
KPI B5.1	Number of suppliers by geographical region	Value Created for Supply Chain (29-33)	
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 (29-33)	

Aspect B6: Product Responsibility			
General disclosure		Value Created for Customers (22-28)	There was no material non-compliance regarding product responsibility during the reporting period. Labelling is not relevant to SHKP business.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	There were no recalls concerning the provision and use of the Group's products and services that have a significant impact on our operations.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Value Created for Customers (22-28)	There were no substantiated complaints received during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	Intellectual property rights are not material to our operations.
KPI B6.4	Description of quality assurance process and recall procedures	Value Created for Customers (22-28)	Recall procedures are non-material to the Group's operations.
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Value Created for Customers (22-28)	
Aspect B7: Anti-corruption			
General disclosure		Value Created for Supply Chain (29-33)	There was no non-compliance with anti-corruption practice in the 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 cases	N/A	There were no concluded 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 People (16-21); Value Created for Supply Chain (29-33)	
Community			
Aspect B8: Community Investment			
General disclosure		Value Created for Community (34-41)	
KPI B8.1	Focus areas of contribution	Value Created for Community (34-41)	
KPI B8.2	Resources contributed to the focus area	Value Created for Community (34-41)	

Appendix V – GRI Standards Content Index – Core

GRI Standards Indicator	Detail	UNGC's Ten Principles	Reference (Page number)	Remarks
GRI 101: Foundation (2016)				
General Disclosures				
GRI 102: General Disclosure (2016)				
Organizational Profile				
102-1	Name of organization		Our Reporting Approach (1)	
102-2	Activities, brands, products, and services		Our Business (3-4)	Our principal subsidiaries are listed on pp. 228-233 of our Annual Report 2018/19. None of our products or services are banned in certain markets.
102-3	Location of headquarters		Our Business (3-4)	Hong Kong
102-4	Location of operations		N/A	Hong Kong, Mainland China and Singapore
102-5	Ownership and legal form		Our Business (3-4)	Listed on The Stock Exchange of Hong Kong Limited
102-6	Markets served		Our Business (3-4)	
102-7	Scale of the organization		Our Business (3-4)	As at 30 Jun 2019, SHKP and its principal subsidiaries and joint ventures employed more than 37,500 employees. A detailed breakdown of financial information is presented on pp. 4-6 of our Annual Report 2018/19.
102-8	Information on employees and other workers	Principle 6	Appendix III - Performance Tables (45-47)	Seasonal and part-time employment causes no significant variation in the total workforce. Workers who are not employees are not covered in this indicator.
102-9	Supply chain		Value Created for Supply Chain (29-33)	

102-10	Significant changes to the organization and its supply chain		N/A	No significant change
102-11	Precautionary principle or approach		Value Created for the Environment (9-15)	Our Environmental Policy is listed on our website at: https://www.shkp.com/en-US/sustainable-development/our-environmental-commitment .
102-12	External initiatives		Appendix I - Awards, Memberships and Charters (42-43)	
102-13	Membership of associations		Appendix I - Awards, Memberships and Charters (42-43)	
Strategy				
102-14	Statement from senior decision-maker		Message from the Sustainability Steering Committee (2)	
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour		Our Business (3-4)	More details can be found on our website at: https://www.shkp.com/en-US/about-us/our-values .
Governance				
102-18	Governance structure		Our Approach to Sustainability (5-8)	More details on Corporate Governance can be found on pp. 102-119 of our Annual Report 2018/19.
Stakeholder Engagement				
102-40	List of stakeholder groups		Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (44)	

102-41	Collective bargaining agreements	Principle 3	N/A	There are no formal collective bargaining agreements in place within SHKP. Yet, our employees can enjoy the freedom to take part in trade unions and collective bargaining if they wish.	102-48	Restatements of information		N/A	See our Appendix III - Performance Tables for further information.
102-42	Identifying and selecting stakeholders		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (44)	Our stakeholder identification and selection process is guided by AA1000 Stakeholder Engagement Standard (2015) while referencing the principles of inclusivity, materiality, responsiveness and impact from the latest AA1000 AccountAbility Principles (2018).	102-49	Changes in reporting		Our Reporting Approach (1); Our Approach to Sustainability (5-8)	
102-43	Approach to stakeholder engagement		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (44)		102-50	Reporting period		Our Reporting Approach (1)	
102-44	Key topics and concerns raised		Our Approach to Sustainability (5-8)		102-51	Date of most recent report		N/A	Our most recent report, Sustainability Report 2017/18, was published in December 2018.
Reporting Practice					102-52	Reporting cycle		Our Reporting Approach (1)	We publish our sustainability report annually.
102-45	Entities included in the consolidated financial statements		Our Reporting Approach (1)	More details can be found on pp. 228-236 of our Annual Report 2018/19.	102-53	Contact point for questions regarding the report		Our Reporting Approach (1)	
102-46	Defining report content and topic boundaries		Our Approach to Sustainability (5-8)		102-54	Claims of reporting in accordance with the GRI Standards		Our Reporting Approach (1)	
102-47	List of material topics		Our Approach to Sustainability (5-8)		102-55	GRI Content Index		Appendix V - GRI Standards Content Index (50-54)	
					102-56	External assurance		Our Reporting Approach (1); Appendix VI - Independent Assurance Opinion Statement (55-56)	
					GRI 103: Management Approach (2016)				
					Management Approach				
					103-1	Explanation of the material topic and its boundary		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (44)	

103-2	The management approach and its components		See Strategies and Management section in each chapter for details.	
103-3	Evaluation of the management approach		See Strategies and Management section in each chapter for details.	
Economic Topics				
GRI 201: Economic Performance (2016)				
Management Approach			Our Business (3-4)	
201-1	Direct economic value generated and distributed		Our Business (3-4)	See Group Financial Summary chapter on pp. 6 of our Annual Report 2018/19 for more details.
GRI 202: Market Presence (2016)				
Management Approach			Our Business (3-4)	
202-2	Proportion of senior management hired from the local community		N/A	Hong Kong is our major location of operation. majority of our executives are hired from Hong Kong. See our website - Directors and Board Committees for details.
GRI 203: Indirect Economic Impacts (2016)				
Management Approach			Value Created for Supply Chain (29-33); Value Created for Community (34-41)	Indirect economic impacts include jobs supported in the supply chain and community initiatives.
203-1	Infrastructure investments and services supported		N/A	We work closely with government and local communities when developing properties and must take into consideration the impact of our developments on local traffic conditions and other infrastructure. While our investments are commercial, we go beyond regulatory requirements to build high-quality properties.

GRI 204: Procurement Practices (2016)				
Management Approach			Value Created for Supply Chain (29-33)	
204-1	Proportion of spending on local suppliers		Value Created for Supply Chain (29-33)	Local suppliers are defined as suppliers in Hong Kong. Hong Kong is the only location of operation covered in this report.
GRI 205: Anti-corruption (2016)				
Management Approach			Principle 10	Value Created for Supply Chain (29-33)
205-3	Confirmed incidents of corruption and actions taken		Principle 10	N/A
GRI 206: Anti-competitive Behaviour (2016)				
Management Approach			Value Created for Supply Chain (29-33)	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		N/A	There were no legal processings involving anti-competitive behaviour, or involving anti-trust and monopoly practices (if any) in Hong Kong during the reporting period.
Environmental Topics				
GRI 301: Materials (2016)				
Management Approach			Principle 7,8,9	Value Created for the Environment (9-15)
301-1	Materials used by weight or volume		Appendix III - Performance Tables (45-47)	The major materials we use are for construction-related activities. Although timber is not a major material used, all the timber use is from sources that are certified as sustainable. Use of packaging material for finished products is not material to our operations.
GRI 302: Energy (2016)				
Management Approach			Principle 7,8,9	Value Created for the Environment (9-15)

302-1	Energy consumption within organization		Appendix III - Performance Tables (45-47)	
302-3	Energy intensity		Appendix III - Performance Tables (45-47)	
G4-CRE1	Building energy intensity		Appendix III - Performance Tables (45-47)	
GRI 303: Water (2016)				
Management Approach		Principle 7	Value Created for the Environment (9-15)	
303-1	Water withdrawal by source		Appendix III - Performance Tables (45-47)	Municipal water is the only source for entities covered in this report.
G4-CRE2	Building water intensity		Appendix III - Performance Tables (45-47)	
GRI 305: Emissions (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (9-15)	
305-1	Direct (Scope 1) GHG emissions		Appendix III - Performance Tables (45-47)	The methodology for estimating greenhouse gas emissions comes from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong – 2010 edition.
305-2	Energy indirect (Scope 2) GHG emissions		Appendix III - Performance Tables (45-47)	See remark for 305-1 above. The emission factors for purchased electricity are illustrated by referring to the information released by CLP and HEC in 2018, and that for purchased towngas is adopted from Towngas in 2018.

G4-CRE3	Greenhouse gas emissions intensity from buildings		Appendix III - Performance Tables (45-47)	
GRI 306: Effluents and Waste (2016)				
Management Approach		Principle 7,8,9	Value Created for the Environment (9-15)	
306-2	Waste by type and disposal method		Appendix III - Performance Tables (45-47)	The Group generated no significant hazardous waste during the reporting period.
GRI 307: Environmental Compliance (2016)				
307-1	Non-compliance with environmental laws and regulations		Our Approach to Sustainability (5-8)	There was no material non-compliance with relevant environmental laws and regulations during the reporting period.
Land Degradation, Contamination and Remediation				
G4-CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		N/A	The Group purchases land directly from the government.
Social Topics				
GRI 401: Employment (2016)				
Management Approach		Principle 3,4,5,6	Value Created for People (16-21)	
401-1	New employee hires and employee turnover		Appendix III - Performance Tables (45-47)	
GRI 403: Occupational Health and Safety (2016)				
Management Approach		Principle 1,2	Value Created for People (16-21)	

403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities		Appendix III - Performance Tables (45-47); Value Created for People (16-21); Value Created for Supply Chain (29-33)	
GRI 404: Training and Education (2016)				
Management Approach		Principle 6	Value Created for People (16-21)	
404-1	Average hours of training per year per employee		Appendix III - Performance Tables (45-47)	
GRI 405: Diversity and Equal Opportunity (2016)				
Management Approach		Principle 6	Value Created for People (16-21)	
405-1	Diversity of governance bodies and employees		Appendix III - Performance Tables (45-47)	See Directors' Biographical Information chapter on pp. 143-153 of our Annual Report 2018/19 for details of the diversity information of our Board of Directors.
GRI 413: Local Communities (2016)				
Management Approach		Principle 1,8	Value Created for Community (34-41)	
413-1	Operations with local community engagement, impact assessments, and development programmes	Principle 1	Value Created for Community (34-41)	Community investment and engagement are managed at Group level, so 100% of the businesses in this report implement local community engagement.
GRI 416: Customer Health and Safety (2016)				
Management Approach			Value Created for Customers (22-28)	

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	There were no non-compliance incidents in the reporting period.
GRI 418: Customer Privacy (2016)				
Management Approach			Value Created for Customers (22-28)	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		N/A	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data during the reporting period.
GRI 419: Socioeconomic Compliance (2016)				
419-1	Non-compliance with laws and regulations in the social and economic area		Our Approach to Sustainability (5-8)	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations. There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong (if any) during the reporting period.
Product and Service Labelling				
G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		Value Created for the Environment (9-15); Value Created for Customers (22-28)	

Appendix VI – Independent Assurance Opinion Statement

Sun Hung Kai Properties Limited Sustainability Report 2018/19

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 SHKP Sustainability Report 2018/19 (“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 and 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 following:

1. The assurance covers the whole Report and focuses on systems and activities of SHKP and its wholly-owned subsidiaries (“the Group”) in Hong Kong, including property management, construction and hotel businesses during the period from 1st July 2018 to 30th June 2019. The Report is prepared in accordance with the Hong Kong Stock Exchange’s (“HKEx”) Environmental, Social and Governance Reporting Guide (“ESG Guide”) and the Core option of GRI Sustainability Reporting Standards (“GRI Standards”), and with reference to the ten principles of the United Nations Global Compact (“UNGC”).
2. Type 1 Moderate Level of Assurance* evaluates 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.

Statement No.: **SRA-HK-715355**



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 assurers. We planned and performed this part of our work to obtain the necessary information and explanations. We considered SHKP has provided sufficient evidence that SHKP’s self-declaration of compliance with the HKEx ESG Guide and the Core option of GRI Standards, and with reference to the ten principles of the 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
- Review of key developments of the Group
- Review of supporting evidence for claims made in the Report
- An assessment of the Group’s reporting and management processes concerning this Report against the principles of Inclusivity, Materiality and Responsiveness.

Conclusions

A detailed review against the principles of Inclusivity, Materiality and Responsiveness, and in accordance with HKEx ESG Guide and GRI Standards and the ten principles of the 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 customer satisfaction surveys, focus group discussions, external review panel, SHKP Club, Club Royal, customer service hotline, regular project meetings, regular vendors audits and performance evaluation, mobile phone applications, websites and social media, corporate newsletter, SHKP Quality Academy, Quality Raising Suggestion Scheme, Work Safety Suggestion Scheme, team building activities, annual performance appraisal, public consultations, industry forums, flagship community programmes such as SHKP Reading Club, SHKP Vertical Run for Charity – Race to Hong Kong ICC, Sun Hung Kai Properties Hong Kong Cyclothon, SHKP Volunteer Team, investor meetings, forums and conferences, overseas road shows, analyst briefings and annual general meetings, press conferences, press release, media interviews and meetings, site visits by SHKP's senior management team, real estate industry trade associations and various sustainability related advisory groups, sustainability reporting, indices, 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. 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, SHKP 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. It includes 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 Guide Reporting

Based on our verification review, we are able to confirm that social responsibility and sustainability related key performance indicators and disclosures in two ESG subject areas (Environmental and Social) being reported are based on HKEx ESG Guide.

In our professional opinion, the Report 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.

GRI Standards Reporting

SHKP provided us with their self-declaration of compliance with GRI Standards "In accordance" - Core option. Based on our verification review, we are able to confirm that social responsibility and sustainability related disclosures in all three categories (Environmental, Social and Economic) are reported with reference to "In accordance" with the GRI Standards – Core option.

In our professional opinion, the report covers SHKP's social responsibility and sustainability issues.

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 real estate sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEx ESG Guide, UNGC's Ten Principles, ISO 10002, ISO 14001, OHSAS 18001, ISO 45001 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:



Mr. Wilfred Chan
Head of Operations, BSI Asia Pacific

13th November 2019

* Remarks

For Type 1 Moderate Level of Assurance, BSI evaluate 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 trials etc.



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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

