
Sun Hung Kai Properties Limited

Sustainability Report 2013/14



Sun Hung Kai Properties Limited

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Our Reporting Approach

Scope of the Report

This is the fourth stand-alone sustainability report of Sun Hung Kai Properties Limited (“SHKP” or the “Company”) following our previous report in March 2014. It describes the sustainability performance and initiatives of our head office in Hong Kong and wholly-owned subsidiaries in property management – Hong Yip Service Company Limited (“Hong Yip”) and Kai Shing Management Services Limited (“Kai Shing”); in construction – Sanfield (Management) Limited (“Sanfield”); and our four Royal brand hotels – The Royal Garden, Royal Park Hotel, Royal Plaza Hotel and Royal View Hotel (collectively “the Group”).

Our Hong Kong operations represent the majority of SHKP’s investments, and our most significant environmental and social impact and influence is in our property management, construction and hotels businesses. As such, the report focuses on our business and operations in Hong Kong.

This report supplements our annual report, and discloses our progress on economic, environmental, social and governance issues from 1 July 2013 to 30 June 2014, unless otherwise stated.

Reporting Standards

The report has been prepared in accordance with the Core option of the Global Reporting Initiative (“GRI”) G4 sustainability reporting guidelines. It also references the Environmental, Social and Governance (“ESG”) Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In line with these standards, key stakeholders and our Sustainability Reporting Steering Committee were engaged in the preparation of this report and in reviewing the most relevant and important sustainability issues for the Group to report on. More details can be found on page 8.

Report Assessment and Verification

This report has been independently assessed by Hong Kong Quality Assurance Agency (“HKQAA”), and has been verified as in accordance with the Core option of the GRI G4 Guidelines. The verification statement can be found on page 36.

We welcome stakeholder feedback and suggestions.

Please contact us at sustainability@shkp.com

Message from the Chairman and Managing Director

I am pleased to present our 2013/14 Sustainability Report.

Business has been good this year. We have increased profits, the Group's major malls outperformed the overall market in terms of retail sales growth despite a slowdown in the sector, and our hotels in Hong Kong maintained high occupancy rates. As our business continues to grow however, we cannot ignore our impact on society and the environment.

Since the publication of our first standalone sustainability report in 2011, we have used the annual reporting process to review the non-financial performance of our property development and construction, property investment, property management and hotel businesses in Hong Kong. Reporting is not only a valuable channel for communicating our sustainability efforts, but also a means of systematically tracking our progress over time. With each successive report, we have further clarified what sustainability means for Sun Hung Kai Properties and strengthened our approach to addressing environmental, social and governance issues.

This year, we have made significant strides in streamlining our reporting process, in particular with the launch of a new data management system. The scale and diverse nature of our business mean that many functions – including procurement, human resources and training – are decentralized to subsidiary-level teams. Consolidating data on a single platform helps us more efficiently analyze key performance metrics and develop targeted strategies for improvement. While we will fine-tune the system in the coming years, it has already allowed us to expand the scope of the data disclosed. For example, we have reported on the energy consumption of over 360 properties this year compared to around 200 last year.

The Group's corporate values are encapsulated in our belief in Building Homes with Heart, a philosophy that underpins our approach to sustainability. We are in the business of building not just physical structures, but safe and comfortable places for people to live and work. 'Heart' represents the dedication of our people in providing premium services to our customers and in serving the wider community. It also represents our commitment to be a responsible corporate citizen.

One significant achievement this year was the launch of our Quality Campaign, which takes a holistic approach to enhance the quality of our buildings and service delivery. We have extended our warranty on all newly sold residential properties to three years, a first for the industry, as a way to demonstrate our commitment to delivering quality homes to homebuyers. We also established the Quality Academy, a learning platform for employees and vendors that reinforces our quality culture across all levels of operation.

We have consolidated our reading-related initiatives under the umbrella of the SHKP Reading Club, which celebrated its first anniversary in December 2014. We believe that enjoyment of reading is a key to the holistic development of young people and life-long learning, and we have therefore engaged the public to read since 2005.

While Mr Thomas Kwok and Mr Thomas Chan resigned after the verdict of the court case was delivered in December 2014, business continues as usual. Our A1 senior unsecured rating from Moody's has been retained, reflecting investor confidence in the stability of the Group, and we will continue to deliver on our plans and commitment to our stakeholders.

There are several major sustainability challenges ahead for companies in Hong Kong, including labour shortages, high turnover rates and the need to drastically reduce waste. Our approach to these issues is explained in this report, but real progress can only be made through a concerted effort by all stakeholders. As expected the Stock Exchange of Hong Kong will launch a consultation on mandatory ESG reporting. We are keen to collaborate with our business peers and stakeholders to advance Hong Kong's sustainability agenda.

Raymond Kwok Ping-luen

Chairman & Managing Director

March 2015

Our Business

About Sun Hung Kai Properties Limited

SHKP is one of the largest property companies in Hong Kong. Publicly listed in Hong Kong since 1972, our core business is the development of properties for sale and investment.

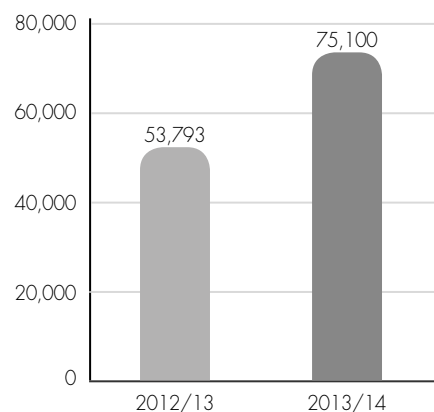
The Group's core business is vertically integrated from land acquisition, project planning, material sourcing, construction and project management, through to sales and marketing and property management. This business model enables us to manage our value chain effectively to deliver premium quality residential projects, offices and shopping centres.

We are also involved in hotel, telecommunications and information technology infrastructure, insurance and mortgage businesses.

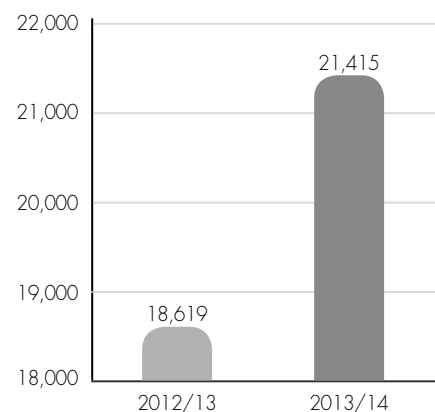
Highlights

As at 30 June 2014

Revenue
HK\$ million



Underlying Profit attributable to shareholders
HK\$ million



Business Structure*

Hong Kong	
Property Development	<ul style="list-style-type: none"> · 15.7 million sq.ft. under development for sale · About 27 million sq.ft. of farmland (site area)
Property Investment	<ul style="list-style-type: none"> · 28.7 million sq.ft. of completed investment properties · Another 2.5 million sq.ft. of investment properties under development
Property Related Businesses	<ul style="list-style-type: none"> · Hotels · Property management · Construction · Insurance and mortgage services
Telecommunications & Information Technology Infrastructure	<ul style="list-style-type: none"> · Mobile telephone services · Data centres and IT infrastructure
Infrastructure & Other Businesses	<ul style="list-style-type: none"> · Transport infrastructure operations and management · Port business · Air transport and logistics
Mainland China	
Property Development	<ul style="list-style-type: none"> · 74.8 million sq.ft. under development
Property Investment	<ul style="list-style-type: none"> · 9.5 million sq.ft. of completed investment properties

*Diagram above shows overall business structure of SHKP. For businesses covered in this report please refer to Our Reporting Approach on page 1.

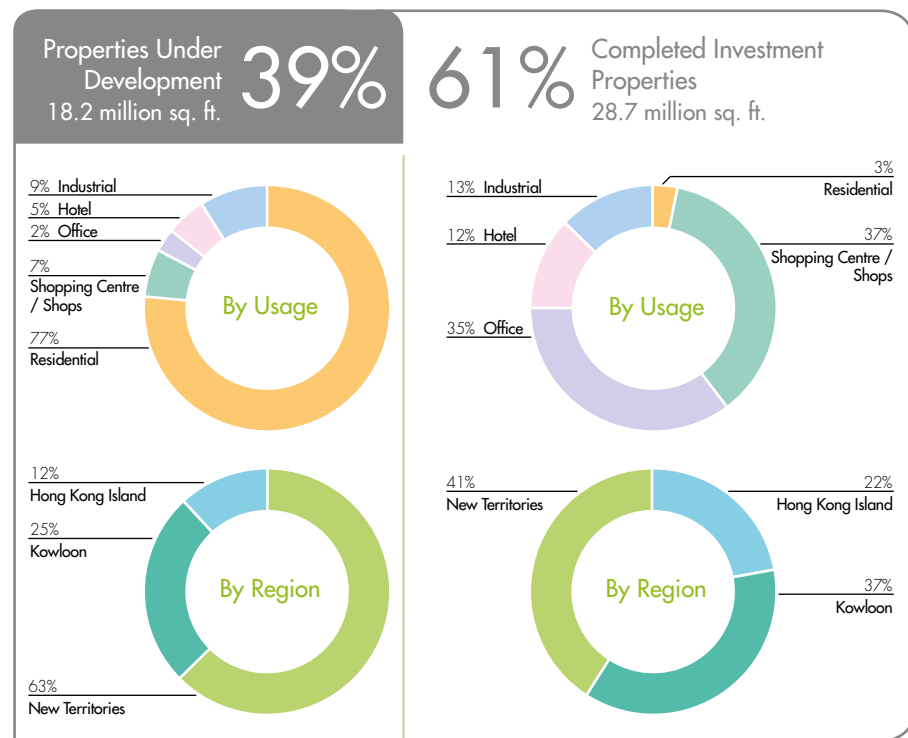
Property

As at 30 June 2014, our total land bank in Hong Kong amounted to 46.9 million square feet, comprising 28.7 million square feet of completed investment properties and 18.2 million square feet of properties under development. In addition, we also held about 27 million square feet of farmland in terms of site areas in the New Territories. Eight sites were added to our development land bank with the aggregate gross floor area amounting to around 3 million square feet in attributable terms.

Nine projects were completed with 2.8 million square feet of attributable gross floor area in Hong Kong.

Hong Kong Land Bank Composition

(46.9 million square feet of attributable gross floor area as at 30 June 2014)



Our investment properties in Hong Kong continued to contribute significantly to our recurrent income. The average occupancy rate in properties of the portfolio remained at 95%. The Group's gross rental income from Hong Kong, including contribution from joint venture projects, was up 10% to HK\$14,673 million during the financial year.

Projects Completed in 2013/14

Project	Usage	Attributable Gross Floor Area (square feet)
Riva	Residential/Shops	880,000
The Wings II	Residential/Shopping Centre	728,000
Century Gateway II	Residential	558,000
Residence 88	Residential	233,000
One Harbour Square	Office	199,000
Deauville	Residential	78,000
i-UniQ Residence	Residential/Shops	56,000
i-UniQ Grand	Residential/Shops	53,000
The Seafront	Residential	11,000

Hotel

The four Royal brand hotels saw their combined occupancy rate sustained at a high level and their total revenue rose from the past financial year as Royal Plaza Hotel resumed its full operating capacity after the completion of internal renovation. Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong and W Hong Kong saw increased room rates and occupancies during the financial year. Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East also achieved respectable growth in their businesses*. The Group continued to enhance the competitiveness of its hotel portfolio through regular renovations and service upgrades.

*Only the four Royal brand hotels are covered in this sustainability report.

Awards and Recognitions

Organizer	Award
The Asset	- Platinum Award for Excellence in Management and Corporate Governance
The Community Chest Hong Kong	- President's Award and Second Top Donor
Corporate Governance Asia	- Best of Asia Corporate Governance - Asia's Icon - Best CSR - Best Environmental Responsibility
Euromoney	- Best Investor Relations Company - Best Developer in Hong Kong - Overall - Best Managed Company in Asia (Property/Real Estate)
Employees Retraining Board	- Manpower Developer 1st designation (SHKP and Hong Yip) - Manpower Developer (Kai Shing & Sanfield)
FinanceAsia	- Asia's Best Real Estate Company
Hang Seng Index	- Constituent stock of the Hang Seng Corporate Sustainability Index
HKSAR Environmental Protection Department	- Hong Kong Awards for Environmental Excellence (9 Sectoral Awards in the property management sector)
Reader's Digest	- Platinum Trusted Brand Award: Property Developer - Gold Trusted Brand Award: Property Management (Hong Yip & Kai Shing) - Platinum Trusted Brand Award: Carpark (Wilson Parking)
The Hong Kong Council of Social Service	- Caring Company designations (for 68 group companies and developments including thirteen 10 Consecutive Years Caring Company titles)
Yahoo! Hong Kong	- Emotive Brand Awards (SHKP & SmarTone Mobile Communications Limited)

Memberships and Charters

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

Our Approach to Sustainability

Our belief in Building Homes with Heart describes our commitment to being a responsible company, operating with integrity and earning the trust of our stakeholders. To achieve sustainable growth, we are integrating environmental, social and governance considerations into the way we manage our business.

We believe that sustainability encompasses not just our environmental performance and contribution to the wider community, but also underpins our core business practices and our relationships with shareholders, employees, customers and suppliers. Our approach is guided by numerous public commitments including our corporate social responsibility ("CSR"), environmental and occupational health and safety policies. We also make use of internal mechanisms such as our Code of Conduct, which details our expectations of our employees and suppliers with regard to proper professional and ethical conduct. Details of our management approach in each area of sustainability can be found in the corresponding sections of this report.

Sustainability of the Group is overseen by our sustainability team, which is composed of representatives from key business units and chaired by an Executive Director. This team is responsible for monitoring the Group's sustainability performance, reviewing stakeholder feedback and updating our policies as required.

Each business unit has also established committees and working groups that focus on specific aspects of sustainability to drive continued performance improvement and incorporate sustainability into different functions. One example is our Energy Optimization Committee ("EOC"), which has been monitoring electricity consumption in our major investment properties since 2006. Our construction business has a Occupational Health and Safety Committee that oversees safety training and practices on construction sites. Community outreach and communication on progress for sustainability, including the preparation of this report, are managed by the Corporate Communications Department, while our volunteering efforts are organized and driven by internal champions among our employees.

Due to the diverse nature and scale of our business portfolio, it has been challenging to collect quantitative performance data across the Group. In light of this, we launched an internal data management system this year to ensure the consistency of data collected across the head office and wholly owned subsidiaries covered in this report. This data system will allow us to systematically collect and analyse environmental, training and workforce metrics, as well as other indicators across our head office operations, construction projects, managed properties and the four Royal brand hotels. We are still in the process of developing and training responsible parties to use the system, but we are committed to expanding the scope and enhancing the accuracy of our quantitative performance data in future reports. This will help us track our progress and set reasonable targets.

While strengthening our quantitative reporting is a necessary step in our sustainability journey, it is also important that we understand how our programmes and performance are perceived by stakeholders inside and outside the Group. In addition to regular communication, we conduct an annual stakeholder engagement exercise specifically on sustainability issues to better understand stakeholders' expectations. Further details can be found in the Commitment to Our Stakeholders of this report.

Corporate Governance

We have a robust governance framework which forms a solid foundation for our approach to sustainable development.

The Board of Directors (the “Board”) directs and oversees the Group’s strategies with the support of Board Committees. As of the end of 2014, the Board comprises 19 Directors, seven of whom are Independent Non-Executive Directors (“INEDs”). Details of our corporate governance structure and practices are set out in the Corporate Governance Report of our 2013/14 Annual Report.

The Code of Conduct of SHKP (“CoC”) outlines our expectations for proper employee conduct, and clearly outlines our zero-tolerance position on bribery, corruption, discrimination and other forms of unethical conduct. All employees are expected to adhere to our CoC, which is also clearly communicated to our suppliers and business partners.

We have several clearly defined internal and external channels for stakeholders to raise grievances without fear of retribution. Our well-established whistle-blowing mechanism allows employees to raise concerns about suspected misconduct, malpractice or impropriety directly to the Chairman and Managing Director, the Audit Committee, the Head of Human Resources or the Head of Internal Audit. If an investigation is warranted, the outcome and any recommendations are reported to the Chairman and Managing Director. The Audit Committee, comprising Non-Executive Directors only, is ultimately responsible for reviewing reported cases and implementing independent investigation, where necessary. General workplace grievances and complaints from employees should be raised to their direct supervisors, but can also be escalated to a designated team in the Internal Affairs Department¹ if not resolved. Grievances from external stakeholders are dealt with by employees that directly interface with the relevant parties, for example, shareholder and The Stock Exchange of Hong Kong Limited feedback is handled by the Company Secretarial Department and the Accounts Department.

Shareholders form an important group of stakeholders for us and we are committed to providing them with timely, transparent, accurate and open communication on our business performance. The trust we have earned from investors is reflected in our platinum award for Management and Corporate Governance by international finance magazine *The Asset*. We were the only Hong Kong property developer to receive the honour, which was awarded based on consultation with hundreds of active institutional investors in Asia, who were asked to rate entrants on financial performance, management, corporate governance, investor relations, and social and environmental responsibility.

Mr Raymond Kwok remains as Chairman and Managing Director following the resignation of Mr Thomas Kwok as an Executive Director, Chairman and Managing Director, and Mr Thomas Chan as an Executive Director of the Company on 19 December 2014². Mr Raymond Kwok, who is supported by the Company’s Executive Committee, will continue to oversee all aspects of the business to ensure the Company’s strong governance and continued success.

Meanwhile, Mr Adam Kwok was appointed Executive Director of the Company on 19 December 2014. The appointment is in line with our business continuity plan, which is regularly reviewed and updated in consideration of a broad range of possible events which could affect SHKP.

The normal daily business and operations of the Group remains unaffected, and will not be affected by the court case. No charges or allegations have been laid, and no convictions have been found, against the Group and our corporate governance structures remain strong. The Executive Committee continues to be responsible for the day-to-day management and operation of the Group. Since the start of the investigation in March 2012, a special committee was established to handle related matters on behalf of SHKP, and appropriate changes to the corporate governance structure were made, including appointing four additional Executive Directors, two Deputy Managing Directors, three additional INEDs and two Alternate Directors to the Board and certain senior executives as members of the Executive Committee. Ongoing and open communication has been maintained with regulators, investors and employees.

We maintain transparent and timely communication with our shareholders, investors, business partners and financiers, who continue to have confidence in the Group, as is evidenced by our two recently signed syndicated credit facilities with major financial institutions; one for HK\$14 billion and the other for RMB4.9 billion.

¹ Internal Affairs Department is responsible for human resources management.

² Please refer to Global Reporting Initiative G4 Content Index on page 34 for details.

Our Approach to Sustainability

Our Material Aspects for Disclosure

During the preparation of our previous sustainability report we engaged our stakeholders to identify 15 material issues that were considered both important to stakeholders and also highly significant to our business. In line with the requirements of the GRI G4 guidelines, we engaged with stakeholders again this year to review these issues. The significance of certain sustainability issues to our business may be affected by changes in the local context, regulatory framework, other external issues or significant changes to our business and operations. Our performance and communication on sustainability issues may also influence the issues that stakeholders feel are most important for us to address. As such, we are committed to reviewing our material issues annually.

The relevance of the issues listed below was reviewed by a selection of our employees, customers, community programme partners, government, investors and suppliers using an online survey. Stakeholders were asked to identify any issues that are no longer material to the Group and should be removed, and suggest any additional issues that they feel are important and should be included. The majority of respondents considered the list comprehensive, and did not wish to

remove any issues. On the other hand, over a third of respondents felt that diversity and equal opportunities is a material issue to the Group and should be covered this year. This issue is also significant to our business. We have disclosed our approach to diversity and inclusion on page 16 of this report. The issue of affordable housing in Hong Kong continues to be of significant importance to our stakeholders, and whilst it is not above our threshold for reporting, we have disclosed our position on this issue on page 12.

Materiality Matrix



Issues Considered

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

Case Study

Our Approach to Sustainable Development in Practice

Our approach to developing Lime Stardom exemplifies our efforts to develop properties of the finest quality, offer excellent customer service and help build a better city for present and future generations.

Lime Stardom is a residential and commercial development, undertaken as a joint venture with the Urban Renewal Authority, as part of its efforts to revitalize an old urban area. A section of dilapidated tenement houses was demolished and redeveloped into a complex with a total gross floor area of 19,710 square metres.

Sharing benefits with the community

For the benefit of the local community, 1,000 square metres of the commercial space was dedicated to house a three-storey Urban Renewal Resource Centre comprising an exhibition hall, a neighbourhood mediation centre and a roof garden.

The 445-square-metre roof garden with extensive greenery was created to provide a pleasant space and contribute to better air quality in the high density neighbourhood. It includes a water feature, a vertical green wall and lush landscape to create an airy green garden as a barrier to the noisy surroundings. Improvements were also made at street level where the pavement was widened from three to six metres.

Attentiveness to end-user needs

Lime Stardom was designed as a diversified vertical living space, with multi-layer recreational facilities functioning as social hubs including a sky garden. To cater for the market demand for small-sized units, around 70% of overall flat mix is studio and one bedroom flats. Access to daylight was an important consideration in building design for the comfort and health of occupants. All normally occupied spaces in residential units can achieve an average daylight factor of 2% versus a normal level of 1.5%.

Enhancement of environmental performance

During construction various methods were utilized, including prefabricated building elements, to enhance environmental performance and reduce waste. A waste management programme was implemented that led to recycling 97.6% and 98% of construction and demolition wastes respectively.

Environmental criteria were considered when selecting building materials.

- Only timber certified by the Forest Stewardship Council (FSC) was used.
- All thermal insulation and fire retardant materials contain no CFCs or HCFCs, which deplete the ozone layer.
- R410A, a refrigerant that does not deplete the ozone layer and has only modest global warming potential, is used in air-conditioning systems.

Green features of Lime Stardom

- 1 Tree and vegetation planting account for **33%** of the total site area
- 2 Landscaping area accounts for **16%** of the total floor area
- 3 Achieving annual savings of **24.9** tonnes of CO_{2e} leading to savings of **1,245** tonnes of CO_{2e} over the building's 50-year life cycle
- 4 Actively improving the **micro-climate** of the existing urban community

Our Approach to Sustainability

Utilizing innovative technology

An alternative fire engineering approach, using a chemical fire extinguishing system, was implemented in open kitchens in the units of Lime Stardom, making it the first residential project in Hong Kong to apply this unique technology.

A patented vertical green wall system was utilized which reduces direct sunlight exposure and heat on the building, helping regulate its internal temperature and reduce the use of air-conditioning. The system uses an automatic water recycling and dripping technology which reduces the amount of irrigation water required.

Gaining recognition

Lime Stardom received the Grand Award in Hong Kong Residential (Single Building) Category, at the 2014 Quality Building Award (QBA). QBA has been highly regarded in the industry since its founding in 2001. It is jointly organized by nine professional organizations in Hong Kong, with a view to giving recognition to buildings of exceptional quality that demonstrate excellent teamwork. Entries are judged on concept of design, the course of construction, repair and maintenance, user friendliness and environmental impact before and after the project's completion.

Green features of Lime Stardom

5 Achieving annual energy saving of
14% with an energy consumption significantly less than HK-BEAM standard

6 Achieving an annual water saving of
40.9%

through various initiatives such as a rainwater collection system, automatic dripping irrigation system, water efficient fixtures for taps and the swimming pool, sensors to detect water leakages and limit water flow.

all savings are calculated in comparison with the HK-BEAM baseline building standard

Commitment to Our Stakeholders

We regularly engage with a range of stakeholders in our daily operations. Since 2010, we have also conducted an annual engagement exercise on sustainability issues. Engaging with stakeholders allows us to better shape our business strategy to respond to their needs, anticipate risks and strengthen key relationships.

Our key stakeholders are those that are significantly influenced by, or have the ability to influence our business. The chart below shows the methods used to engage key stakeholders on sustainability issues and the frequency of our engagement with each group.

Stakeholder group	Engagement methods	Year engaged			
		2010/ 11	2011/ 12	2012/ 13	2013/ 14
Customers (Residents, commercial building tenants and hotel corporate clients)	<ul style="list-style-type: none"> • Online survey • Interviews 	✓		✓	✓
Employees (From new hires to senior management)	<ul style="list-style-type: none"> • Online survey • Interviews • Focus groups 	✓	✓	✓	✓
Government	<ul style="list-style-type: none"> • Online survey 			✓	✓
Industry associations	<ul style="list-style-type: none"> • Online survey • Interviews 			✓	✓
NGO partners	<ul style="list-style-type: none"> • Online survey • Interviews • Focus groups 	✓	✓	✓	✓
Shareholders & investors	<ul style="list-style-type: none"> • Online survey • Interviews 	✓		✓	✓
Suppliers	<ul style="list-style-type: none"> • Online survey • Interviews 		✓	✓	✓
Other external stakeholders (Including academia)	<ul style="list-style-type: none"> • Online survey 			✓	✓

Stakeholder Engagement 2013/14

From 2010 to 2013 we expanded the scope and number of stakeholders engaged, and undertook an extensive engagement exercise in 2012/13 to formally define material issues for the Group. This year, we targeted individuals with specific expertise to explore selected material issues in greater detail.

In 2013/14 we:

- Reviewed the last three years of stakeholder engagement to identify key trends as this year's material issues to focus on
- Organized two multi-stakeholder focus groups: one with employees, NGOs and professionals to discuss energy consumption; and the other with SHKP Reading Club partners to discuss the actual impact of the Club
- Conducted ten telephone interviews with employees, tenants, community programme partners and beneficiaries
- Conducted an online survey to review the 15 material issues identified in 2012/13 and sought stakeholder feedback on issues to be removed or added, as well as on the Group's sustainability performance overall

The engagement exercise was facilitated by an independent third-party to guarantee stakeholder anonymity and ensure free and open discussion.

Commitment to Our Stakeholders

Selected Issues Raised by Our Stakeholders

We are pleased to report that SHKP continues to be regarded as a trusted brand by stakeholders, and is perceived as performing well in the areas of customer satisfaction and responsibility, safety and commitment to subcontracted worker welfare.

Environmental issues

While stakeholders generally believe the Group's performance is already satisfactory or good, particularly in green property management and recycling initiatives, some expect us to show continuous improvement. Our approach to the environment involves minimizing the environmental footprint of our buildings by using more sustainable materials, design and energy-efficient technologies, and by working to change the behaviour of building users and our employees. This year, we launched an internal data management system that will track key environmental metrics, including materials, energy, water and waste across our properties and developments. This quantitative data will be used to refine our environmental strategy and develop targets. Further details can be found in the Commitment to Our Environment on page 27 in this report.

Workplace practices

One of the recurring areas for improvement raised by our employees is work-life balance. The construction and service industries in which we operate are highly demanding and it is important that we promote the physical and mental well-being of our employees. Some of our industry peers have implemented a five-day work week; however, we do not consider this appropriate for the Group at present. We instead have reduced our working hours and employees now only work alternate Saturdays. In addition, we organize and invest in a variety of workshops and social activities for employees and their families, encouraging work-life balance.

Stakeholders highlighted the issues of diversity, equal opportunities and non-discrimination this year. We have comprehensive equal employment opportunities and anti-discrimination policies in place, and strive to create an inclusive environment for all employees.

Further details can be found in the Commitment to Our People on page 13 in this report.

Affordable housing

The shortage of affordable housing is an emerging issue for Hong Kong, and is a recurring theme in our stakeholder engagement. While this issue requires the involvement of many stakeholders, we have adjusted our business strategy to reflect the needs of the market and increased our supply of small to medium-sized residential units.

The Group will continue to increase the number of small to medium-sized residential units for sale, and will continue to obtain pre-sale consents and put new projects on the market as soon as they are ready.

Commitment to Our People

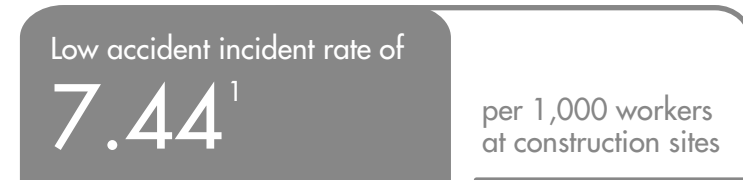
Our employees form the keystone of our success, and we recognize the importance of building a conducive and inclusive working environment that provides them with opportunities to reach their full potential.

Putting Safety First

We understand the inherent risks of our operations, especially in construction, and therefore make safety a priority. It is our responsibility to ensure that all of our people are provided with adequate training in accident prevention and are well prepared to respond to any emergencies. Both our construction and property management businesses have OHSAS18001-accredited safety management systems that are aligned with international standards of best practice.

With construction as one of our core businesses, it is vital for our employees and subcontracted workers to be on the alert for potential hazards, and follow strict safety protocol when working onsite. We work closely with our contractors to ensure that all subcontracted workers we engage are given comprehensive safety training during different project stages:

- Induction trainings specific to the conditions of individual sites are provided before commencement of work
- “Tool Box Talks” are frequently held at construction sites to enhance alertness of workers
- Site-specific training is organized when technical and complicated work procedures are to be executed



Sanfield has a centralized safety team to coordinate related initiatives and ensure adequate safety measures are taken on all sites. Occupational Health and Safety Committee oversees onsite safety committees at the operational level. We also have a Safety Stars initiative that recognizes workers with excellent safety records and trains them to serve as safety ambassadors on our construction sites. Our efforts to promote safety at construction sites have enabled us to achieve consistently low accident incident rates at 7.44¹ per 1,000 workers at construction sites, compared to 40.8² per 1,000 workers for industry standard.

Across the Group, we also operate an annual Work Safety Suggestion Scheme, which encourages employees to suggest areas in which work safety can be improved. Senior management judges the entries and awards prizes to the best entries. More than 100 ideas had already been generated over the past five years, many have been implemented across our construction or other work sites.

¹ Calculation is referenced to the methodology adopted by the Hong Kong Construction Association.

² Industry rate, which was calculated by calendar year, is extracted from the HKSAR Labour Department.

Training and Continual Development

Part of our strategy to stay ahead of the competition is to invest in the personal and professional development of our people. Each year, our Internal Affairs Department develops a structured training plan for employees from frontline staff to senior managers, which is based on performance appraisals, skills requirements and knowledge gap analyses. Abundant job rotation opportunities are also available for employees to gain work experience from our projects in Mainland China or Singapore. Training programmes are reviewed regularly, and we actively seek feedback from employees to improve the programmes and support we provide.



The SHKP Quality Academy is a cross-business-unit learning platform launched in 2013 as part of our Quality Campaign to ensure the delivery of premium products and services that exceed the expectations of our customers. The Academy is our attempt to professionalize training services with a growing portfolio of tailor-made courses covering quality, safety and corporate culture. Courses are delivered by experts from diverse disciplines including architecture and design, construction, engineering, customer service, management and communications. Some of the courses are run by the Hong Kong Institute of Vocational Education and recognized under the Hong Kong Qualifications Framework.

Kai Shing

**Outstanding Enterprise
Partner Employer Award Scheme**
from the Hong Kong General
Chamber of Small and Medium
Businesses

Hong Yip

**Excellence Award for Employers
Grand Prize Award
Manpower Development Scheme**
from the Employee Retraining Board

Permanent employees at all levels receive annual performance reviews. This provides an opportunity for them to track their progress with their managers, and allows any concerns or requests from either party to be discussed on a regular basis.

¹ This report covers about 25,000 of our 37,000 employees.

Business Continuity Planning

Employers in Hong Kong are facing an increasingly tight labour market. One of the biggest sustainability challenges is the shortage of highly skilled and technical professionals, particularly at more junior levels, coupled with a workforce in which many operational employees are approaching retirement age. According to the Census and Statistics Department in March 2014, the number of construction workers increased by 1%, while demand increased drastically by 75%. A survey of the Hong Kong construction market released by the Royal Institute of Chartered Surveyors in early 2014 revealed that more than 90% of the respondents were experiencing skills shortages among quantity surveyors, bricklayers, carpenters and joiners. Service industry segments like property management and hotels are facing a challenge in recruiting and retaining staff. Hong Kong's unemployment rate has remained low in FY2013/14 at around 3%, which means there is fierce competition for top talent. It is therefore more crucial than ever for the Group to be more systematic in its human resource planning and management.

We adopted a more proactive and strategic approach to emerging workforce outreach in 2013/14. We have Management Trainee programme that grooms high-calibre graduates to be future leaders of the company through investment in professional development - through both internal training courses and sponsorship for them to attain other qualifications such as Chartered Financial Analyst certification. Management Trainees follow a fast-track career path that enables them to progress to higher management levels twice as fast as the general stream.

In March 2014 we also launched the SHKP SDU – Trainee Programme, which offers one-year placement opportunities to sub-degree graduates in the Group's various departments and subsidiaries including construction, hotels and property management. The main objective of this programme is to provide the participants with opportunities to improve their knowledge and skills through structured on-the-job training, and in doing so help expand the pool of talented young people in Hong Kong.

The SHKP Career Expo held in March 2014 was the Group's largest ever job fair providing candidates from different backgrounds to fill more than 1,000 vacancies. It offered jobs throughout Hong Kong and across eight fields to candidates seeking entry level, specialized or managerial positions. Approximately 70% of the openings were junior positions and on-the-spot interviews were conducted. Experienced staff from different professional fields hosted topical seminars throughout the day, providing information and counsel about career prospects in various businesses within the Group.

In addition to grooming new talent, it is also important that we retain our intellectual capital. To do so, we strive to provide opportunities for career advancement in the company. To recognize staff progress as their experience grows, we give preference to internal promotion wherever possible, and encourage lifelong learning and skills development. We also hire retired senior employees to serve as consultants in order to retain their expertise within the Group.

Competitive Benefits and Remuneration

In return for their hard work and dedication, we provide our employees with competitive remuneration and benefits. Every year we participate in salary surveys and benchmark ourselves against the Hong Kong market. Remuneration and bonuses are linked to the performance of individuals and the business. In addition, as we understand that inflation can have a greater impact on junior staff, they have been given an above average salary increment for the last five years.

Other benefits include comprehensive medical coverage, a wide variety of paid leave, a 24-hour counselling hotline, and financial support with mortgages and personal loans. We also offer financial assistance to children of employees with financial needs through the SHKP Group Undergraduate Scholarship Scheme, which has offered financial assistance to an average of 10 talented undergraduates each year since 2010 to complete their education. Furthermore, we provide opportunities for young members of our employees' families to participate in overseas cultural exchange programmes. At the other end of the age spectrum, the Evergreen Club maintains a close relationship with retired employees by organizing trips, gatherings and health initiatives.

Providing free, nutritious lunches daily to all head office employees has been an SHKP tradition since 1972. In view of the extra physical demand for construction work, we also provide fruit and cooling beverages to Sanfield employees at sites where appropriate.

A Family-friendly Workplace

Family values are an important part of Chinese culture, and we endeavour to create a workplace that accommodates the needs of employees with families. As starting a family is a significant life event, we go beyond regulatory requirements to provide five days of marriage leave and financial support for new mothers, including two weeks of leave at full pay. A lactation room has been set for privacy and comfort of new mothers. Since 2013, new fathers have been entitled to paternity leave, and employees with special needs may apply for flexible working hours. Many of the social activities we organize for our employees are also open to their families, including our volunteering opportunities.

This year, we received the Family-Friendly Employers Award from the Family Council in recognition of our efforts in creating a better working place for our employees.

Employee Engagement

We endeavour to engage our employees and listen to their feedback by:

- Building a workplace culture that facilitates dialogue between employees at all levels
- Organizing regular social activities to build employee relationships outside of the office
- Providing channels for employees to air any feedback and grievances they have

Over the last three years, we have also engaged an independent consultant to conduct annual employee focus groups and interviews.

While our people are generally satisfied with our employment practices, one recurring area for improvement is work-life balance. The industries in which we operate are highly demanding and fast-paced, and it is important that we promote the mental and physical health of our employees. We offer a 24-hour counselling hotline for employees, and organize regular social activities to encourage work-life balance.

“SHKP gave me strong support when my life turned upside down and was there for me and my family every step of the way. I was able to take good care of my family and continue my job because my worries were gone.”

Diversity and Inclusion

We are an equal opportunity employer and embrace anti-discrimination practices that protect potential and existing employees from being disadvantaged or excluded on the basis of characteristics such as gender, age, family status, sexual orientation, disability, race or religion or other characteristics.

Our policy is covered in orientation sessions for all new employees. We also provide training and other awareness-raising activities to promote respectful behaviour and tolerant attitudes among staff, and have a formal complaints procedure for any employee who feels that they have been subject to discrimination.

The Group currently employs 82 people with physical or mental disabilities in different positions from cleaners to security guards, property assistants and receptionists.

Paul was seriously injured in a car accident in 1999 and suffered from impaired mobility, communication and memory. He was unemployed for years before joining SHKP in May 2007 as an office assistant in Internal Affairs. His supervisor was very understanding and gave him suitable assignments, while colleagues demonstrated good team spirit by sharing his workload.

“I am really glad that I was given the opportunity to make a valuable contribution. Everyone here is treated fairly.”

Carmen is an administrative officer. In August 2011, her mother suffered a stroke and was hospitalized for months. Her supervisor made special arrangements so that she could visit her mother at lunch and after work and she was given a low interest staff loan to relieve her financial burden arising from in-home acupuncture, physiotherapy, nursing and hiring of a domestic helper for her mother.

All the stress made Carmen depressed, but the company offered a professional counsellor to help her work through the issues. She was also very touched by her colleagues being so supportive, offering to buy her meals and going with her on hospital visits.

Commitment to Our Customers

Our Building Homes with Heart philosophy has always gone beyond bricks and mortar. It underlies all aspects of our business, and we go the extra mile to provide our customers with reliable, premium quality living and working environments and continual enhancement of services.

Buying a home is one of the biggest decisions people make in their lives. We understand every homebuyer wants a high quality residence. With the end-user in mind, our professional teams ensure the best quality and highest safety standards at every stage of building a home - from land acquisition to planning, design and construction through to sales and property management.

Our focus on attentive service and premium facilities enables us to remain the preferred choice for office and commercial tenants. To create a productive working environment for our tenants and their employees, we continually upgrade our facilities to fulfill their needs and exceed their expectations. Our renovation plans are based on the latest grade-A office standards to achieve this goal. With an increasing number of companies demanding office premises with energy efficiency and green features, we are always exploring ways to enhance the environmental performance of our commercial properties. Metroplaza, for example, is one of our office buildings that has recently undergone renovations and implemented a carbon management programme in order to maximize the benefits of sustainable design for our tenants.

Kai Shing was awarded the ISO 22301:2012 Societal Security – Business Continuity Management Systems certification. This international standard emphasizes the need for businesses to have comprehensive and systematic procedures not only to respond to potential disruptions to operations, but to also proactively minimize the risk of disruptions. We ran over 70 drills and training exercises at International Commerce Centre in 2014 to prepare our staff for a number of potential scenarios, including power and water supply problems, severe weather events, health emergencies and security threats. For each of the 22 high-priority risks identified, we now have a business continuity procedure in place. For example, we have installed sway detectors to monitor the movement of the building during typhoons that feed back to our control centre and alert our staff if movement breaches the threshold. To ensure the safety of our tenants, we will also adjust the speed of the lifts in a typhoon to reduce the risk of a problem occurring due to swaying lift shaft.

Barrier-free Buildings

The principle of providing equitable access for all people is thoroughly applied in our properties and property management service. We apply a scoring system and checklist to evaluate the barrier-free facilities in our buildings, encouraging management offices to keep upgrading related amenities. In 2013/14, following an on-site assessment, our Metroplaza, East Point City and Uptown Plaza were included in the inaugural list of Barrier-free Companies/Organizations run by the Hong Kong Council of Social Service.

SHKP Club - over

340,000
members

can receive our family-oriented service and participate in activities that promote domestic harmony

Quality and Safety Checks at All Stages of Building a Home

DESIGN	Buildings are designed with end-user in mind
CONSTRUCTION	<p>Construction materials are selected for quality, for example wooden floorboards are spot checked by soaking planks in hot water and drying them to see if they split. Any materials found to be substandard are returned to the supplier</p> <p>Construction workers are required to pass a skills test before work starts</p>
PRESALE	<p>Completed projects are checked against our high standards of quality, for example, windows are checked with high-pressure water to simulate typhoons</p> <p>Our Project Monitoring Department conducts quality audits on units, operating an effective zero-defect checking system</p>
HANDOVER	<p>Six months before a property is handed over, an inter-departmental Property Handover Team checks each unit at least three times against a checklist of over 70 indicators</p> <p>Clear and accurate information is provided to prospective homebuyers</p>
AFTER SALE	<p>Homebuyers receive a three-year quality guarantee</p> <p>We employ qualified safety officers to monitor and maintain the health and safety systems in all the buildings we manage</p>

The SHKP Quality Campaign

In November 2013, we launched our Quality Campaign, a Group-wide long term campaign extending from the policy to the operational level, in order to drive continual improvement in our quality commitment and customer service. The campaign's three main initiatives include:

- An extended three-year guarantee on all newly sold residential units to boost homebuyers' confidence
- The SHKP Quality Academy to reinforce our quality-oriented company culture
- A series of educational videos on quality buildings to detail our efforts in quality assurance

Three-year guarantee

We do our utmost to take the stress out of purchasing a property by providing a three-year guarantee on all newly sold residential units. We offered the first two-year guarantee on newly sold residential units in 2007 and have now set a new industry benchmark by extending that guarantee to three years. This gives homebuyers the confidence that we will deliver the quality they expect, and shows our commitment to long-term relationships with our customers.

The SHKP Quality Academy

Our employees interface with thousands of customers each day, including residents and tenants of our managed properties, shoppers and retailers in our malls, and hotel guests. It is important therefore, that the service provided by our frontline staff is of a consistently high standard. The SHKP Quality Academy is a learning platform to enhance the skills and know-how of our employees and reinforce our quality culture across all levels of operation. Please refer to the Commitment to Our People of this report for more information about the SHKP Quality Academy.

Educational Videos on Quality Buildings

Delivering accurate information to customers is essential to quality service. We have therefore produced a series of 15 videos to educate potential customers and the public on how to distinguish quality buildings. The videos were shown between November 2013 and July 2014 in ten of our shopping malls, as well as on the RoadShow service on public buses and on our corporate website.

Quality Properties and Services - Accolades

Lime Stardom

Grand Award in Hong Kong Residential (Single Building) Category
Quality Building Award (QBA)

Hong Yip and Kai Shing

Gold awards in Best Landscape Award
Leisure and Cultural Services Department

iUniQ

2013 Building of the Year
Building Inspection Academy

Metroplaza, East Point City and Uptown Plaza

Barrier-free Companies, Caring Company scheme
Hong Kong Council of Social Service

The Quality Raising Suggestion Scheme

We encourage staff to participate in our Quality Raising Suggestion Scheme to offer ideas for improving the quality and efficiency of our services, with annual prizes awarded for the best suggestions. Engaging our entire workforce is an effective way to leverage the practical knowledge of our frontline staff and across various areas of expertise, enabling the generation of simple yet innovative ideas.

Many winning ideas have been implemented by our businesses. For example, Hong Yip developed an electronic voting system, which prevents human error and saves time and costs during annual general meetings of owners in residential properties. Also for use in residential buildings, Hong Yip developed a low cost handheld drain auger with a flexible shaft for plumbers to use to unblock even curved pipes, which are commonly found in local residential buildings. Meanwhile, Kai Shing implemented an enhanced web-based security camera system which automatically notifies tenants by email when their office has been broken into by unauthorized parties.

Ensure Food Safety for Our Hotel Guests

We endeavour to provide a 'home away from home' with comparable comforts and convenience to our hotel guests. Our hotel management teams genuinely care for the well-being of our guests, and our attentive service has earned us the loyalty of many customers.

Hong Kong witnessed a series of food safety incidents throughout the year that reinforces the need for those operating in the food industry to ensure customers are served food they can trust. Our hospitality groups have always considered food safety as paramount and continue to do their utmost to serve food that meets the highest standards of safety. Food safety management systems are adopted by our hotels. The Hazard Analysis Critical Control Point (HACCP) system, which is internationally recognized as the most cost-effective means of controlling food-borne diseases, is used at the Royal Park Hotel, Royal Plaza Hotel and The Royal Garden. In addition, The Royal Garden is certified under the ISO 22000 Food Safety Management standard.

We manage food safety across all stages of food processing from supplier to the plate. We audit our suppliers and conduct annual site inspections against a checklist covering food storage conditions and temperature, chemical management systems, pest prevention measures, worker hygiene and sanitation of facilities, transportation and packaging. If a supplier fails our audit we suspend all orders immediately, and, if we have to return unsafe products three times in a single month, we will consider terminating the contract. Within our own premises, the HACCP system covers the storage, thawing, display, cooking, cooling and reheating of food. Weekly spot checks are performed to ensure hygiene of food handlers and cleanliness of equipment. We also employ an independent party to conduct random checks of all food items, including ice, on a monthly basis.

Customer Feedback and Satisfaction

We regularly engage with our customers using a variety of channels to seek their feedback and suggestions, so that we can continuously enhance customer satisfaction.

WHAT OUR CUSTOMERS **THINK** ABOUT OUR SERVICE

Homebuyers

Surveys are conducted at different stages of our interactions with homebuyers including surveys of potential buyers at show flat viewings, and new homebuyers after handover. 1,500 homebuyers and over 13,000 residents gave us valuable feedback in 2013/14. Our brand reputation remains strong, and around 80% of the homebuyers surveyed rated the quality of our properties, handover arrangements and management services as 'good' or higher.

Periodic tenant visits and surveys are conducted to collect feedback on our service. Over 900 office tenants were engaged through surveys in the reporting year. In general, feedback on our services was positive.

Office tenants

Shopping mall tenants

Over 2,400 mall tenants were surveyed in 2013/14. At the suggestion of our tenants, we installed solar-powered lighting in the park at Tsuen Wan Plaza, which reduces energy consumption and promotes renewable energy.

Feedback from over 28,000 hotel guests was collected during the reporting period, and on average they gave a score of 86 out of a possible 100 for our hotel facilities and service.

Hotel Guests

Improvements in our service were made based on their valuable feedback. For example, Royal View Hotel increased the number of daily shuttle buses to Tsuen Wan, while Royal Park Hotel reorganized the check-in and check-out procedures during rush hour to reduce waiting times.

Each business has a well-defined complaint resolution protocol and operational procedures designed according to their respective business natures and customer interfaces. These allow them to efficiently respond to and resolve complaints in a timely and consistent manner. Our policy requires that an acknowledgement of receipt must be made as soon as a complaint is received. Customers should also be kept updated during investigation, by personal visits or interim reports. Complaints should generally be resolved in ten working days. For example, if a commercial tenant makes a complaint, a property management representative is expected to visit the office and resolve the matter within seven days. A quarterly report of all customer comments and complaints is kept for record. At our hotels, we have a more stringent protocol requiring that all complaints are immediately reported to the Guest Services Manager.

Engaging Our Customers in Environmentally Sustainable Practices

We are working towards reducing the environmental impact of our business, but in addition to minimizing the impact of those things over which we have direct control, we recognize the opportunity to work with our customers to further reduce our footprint. For example, installing recycling collection points will not be effective unless they are used properly. To this end, we run recycling campaigns at over 300 properties to raise awareness of the importance of recycling and also promote collection of food waste, clothing and festive plants and gifts at properties under our management.

At our hotels, we promote water conservation with in-room signage and reminders, and encourage guests to reuse their towels and bed linen, rather than change them daily. As a result of our campaigns, only 1% of guests at the Royal Park Hotel requested daily changes of bed linen, saving over 12,000¹ cubic metres of water, or the equivalent of nearly five Olympic swimming pools, per year.

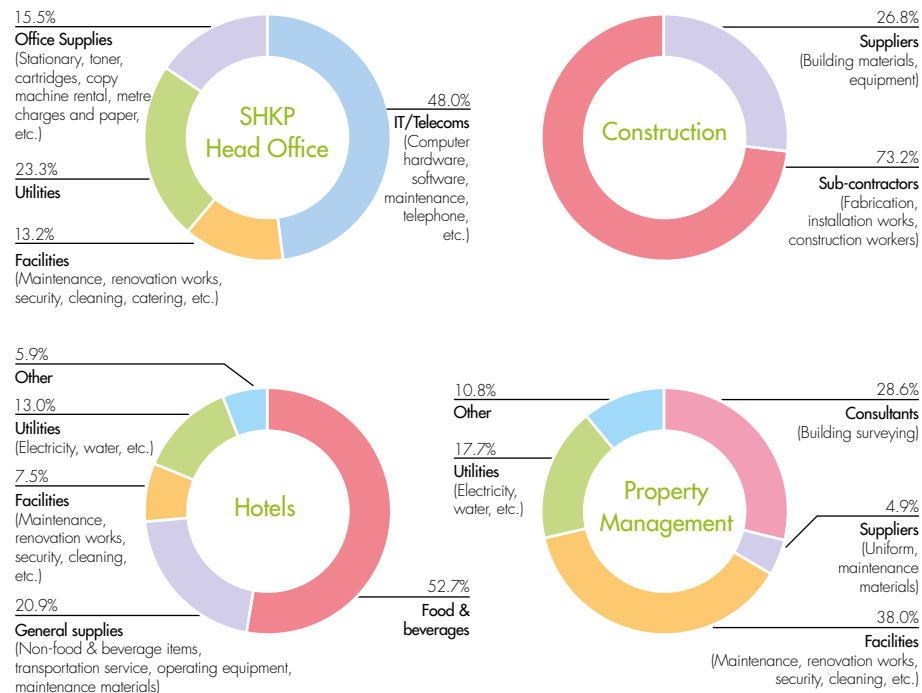
¹ Estimated by 0.023 cubic metre of water saved by each occupied room night with unchanged linen

Commitment to Our Supply Chain

With over 1,000 suppliers, it is important that we look beyond our own performance to promote supply chain sustainability. The conduct and performance of our suppliers can have a significant impact on the quality of our offerings to customers and our reputation.

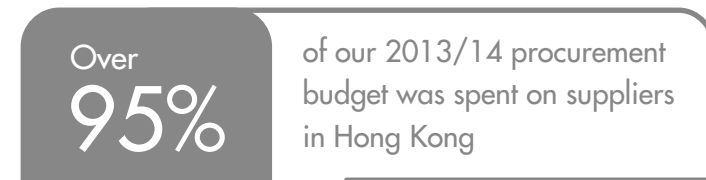
In the reporting year, we spent over HK\$10.2 billion on procurement of goods and services. Each industry has different supplier requirements, and, therefore, different sustainability risks to be managed. For our construction business, for example, which engages a large number of sub-contracted workers, ensuring work safety is a top priority. By contrast, for our hotels business, of which restaurant and catering services are a major part, safety and quality of food and beverages always come first.

We identified our most significant suppliers based on expenditure to map out the most relevant sustainability issues in our supply chain.



Supporting Local Suppliers

We choose to work with suppliers in Hong Kong whenever possible. In doing so, we contribute to the local economy and reduce the distances goods and people must travel to get to our operating sites, thereby reducing our environmental footprint. We will also assess the viability of incorporating more small, medium or even social enterprises in our supply chain to promote local entrepreneurship.



Guiding Supplier Behaviour

We recognize the positive impact we can have on our extensive supplier network by clearly communicating our expectations on sustainability issues. Guidance is provided in invitations to tender and supplier contracts. Some of our training courses have been made available to suppliers, enabling them to gain a better understanding of our quality standards and corporate culture.

At a minimum, we expect our suppliers to operate with integrity, treat their people fairly and ensure compliance with all applicable laws and regulations. All of our suppliers and contractors must adhere to a code of conduct, which references our Environmental, Occupational Health and Safety policies, as well as strict standards on corporate governance.

We regularly evaluate supplier performance. For example our site managers and engineers assess our construction contractors twice a year against a checklist of various performance indicators. Past performance is logged in our tender management system, and is taken into account when selecting partners for new projects. Serious cases of misconduct or lack of improvement in performance can lead to exclusion from our tender lists.

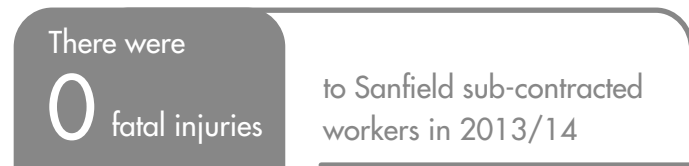
Encouraging Suppliers to Adopt Good Labour Practices

Not only are we committed to treating our own people fairly and with respect, we also require our suppliers, especially construction contractors, to follow sound labour practices. Sanfield evaluates contractors and suppliers twice a year, and maintains a dialogue with labour groups on topics ranging from wages to safety. In addition to our emphasis on safety, we monitor worker payment records and Mandatory Provident Fund ("MPF") contributions made by our contractors to ensure that all workers get paid and our contractors make appropriate retirement contributions. Serious cases of misconduct are logged by our Project Monitoring Department and can affect decisions on tender contracts.

Construction Worker Safety and Welfare

We have a stringent occupational health and safety management system that meets the OHSAS 18001 standard. Our approach focuses on preparedness and training: from providing daily safety briefings to practical training on specific topics including working at height and safe use of lifting appliances and lifting gear. All construction workers are required to attend at least one employment and safety course before they begin work. Over 7,400 workers undertook the training in 2013/14. We also engage an external consultant to conduct independent safety audits every six months.

Our accident incident rate ("AIR") is consistently lower than the Hong Kong's construction industry average. We are aiming for zero fatalities and an AIR of fewer than 10 in 1,000 workers.



and the AIR was



The construction industry has more accidents than any other industry in Hong Kong, and while we make a concerted effort with our contractors to ensure safety, if accidents do occur we want to make sure workers have access to compensation. Some contractors in Hong Kong charge pre-claim fees for industrial accident compensation, thus discouraging claims and artificially improving the reported injury rates.

In order to ensure accurate and transparent reporting of injuries, we are taking the lead in the industry to eliminate charges that are typically levied on claimants. Charges amounting between HK\$3,000 and HK\$30,000 will deter workers from making claims and artificially enhance safety statistics.

In addition, we have established a Construction Wage Protection Partnership Scheme to ensure construction workers are paid on time and at no less than the average market wage, and that contractors contribute to MPF retirement schemes for their staff.

Anti-corruption

We have comprehensive mechanisms to ensure that ethical business practices are adopted when our employees deal with suppliers and contractors. Members of our internal tender board and supplier companies are required to declare any conflict of interest, and whistle-blowing channels are in place so that any concerns about suspected misconduct, malpractice or impropriety can be raised confidentially without fear of retribution. Contractors and suppliers found to have contravened our stipulations are penalized with actions from close supervision to filing reports with government authorities. We do not knowingly work with any suppliers or business partners that fail to comply. Our anti-corruption policy can be found on our online vendor platform.

Sustainable Procurement

We have a set of green procurement guidelines and push for change in the property development and management industries by giving priority to contractors and suppliers that follow environmentally-conscious practices. Our suppliers are required to demonstrate proper waste management, ensure efficient use of materials and resources and sign agreements stipulating that relevant environmental standards are adhered to.

¹ Calculation is referenced to the methodology adopted by the Hong Kong Construction Association.

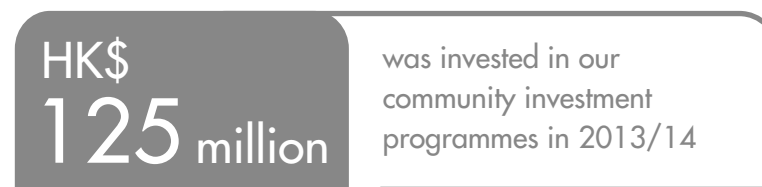
² Industry rate, which was calculated by calendar year, is extracted from the HKSAR Labour Department.

Commitment to Our Community

As a home grown Hong Kong company with significant assets and deep business roots in the city, our success is closely tied to the growth and development of the local community.

Our community investment strategy makes use of our unique set of corporate resources and strengths to manage the diverse priorities and expectations of our stakeholders. Our role begins with our daily operations and influence on people around us; we also establish strategic partnerships with NGOs and other public sectors to build greater community capacity in Hong Kong. In working to benefit our community, we are also making a long-term investment in our business.

Based on the foundation of extensive stakeholder engagement, our core values and a shared history with Hong Kong, our three-pronged approach to community investment is our blueprint for responding to today's socio-economic needs while inspiring tomorrow's social architects to construct a brighter future for us all.



Our Three-pronged Strategy for Community Investment

Building Homes with Heart			
	Reading and Holistic Development	Healthy and Sustainable Living	Care for the Underprivileged
Objectives	<ul style="list-style-type: none"> - Nurture the young generation - Provide alternative ways of learning - Open up access to education and employment aspirations 	<ul style="list-style-type: none"> - Drive shift towards more sustainable lifestyles - Promote community well being - Create greater environmental stewardship 	<ul style="list-style-type: none"> - Create a caring and inclusive society - Promote upward mobility - Build community capacity
Achievement	<ul style="list-style-type: none"> - SHKP Reading Club: 12,000 members - Two new complimentary periodicals with a circulation of 10,000 and 50,000 respectively - Nobel Laureate Lecture Series: over 10,000 participants since commencement 	<ul style="list-style-type: none"> - SHKP Vertical Run for Charity in 2013: over 1,000 runners / over HK\$6 million raised in charitable funds - Love Nature Campaign: over 1,000 participants in 2013/14 	<ul style="list-style-type: none"> - Building Homes with Heart Caring Initiatives: over 20,000 beneficiaries in 2013/14 - Social inclusion: Over 300 people with disabilities, their carers and families visited sky100 and Noah's Ark, which are tourist destinations owned by SHKP since January 2014
Target	<ul style="list-style-type: none"> - Promote reading to a new community - Introduce green elements to reading 	<ul style="list-style-type: none"> - Promote one more mass sport to the community - Raise funds for worthy causes 	<ul style="list-style-type: none"> - Increase number of participants in Social Inclusion programme

Reading And Holistic Development

SHKP Reading Club

Reading and other creative learning experiences fuel imagination, promote greater understanding and encourage critical analysis of ideas that drive innovative thinking necessary to find solutions to tomorrow's challenges and nurture a more inclusive society.

Our commitment to promote reading goes back to 2005, and in December 2013 we launched the SHKP Reading Club to further our reading initiatives. This flagship programme is a free platform, designed to target different segments of the public. It supports various reading-related activities such as seminars with celebrity speakers, reading and writing workshops and guided tours, with the aim of making reading a fun and enriching experience. It also organizes large-scale events like Young Writers' Debut Competition, the Reading Index, Read to Dream, Read to Learn: Building Good Character and 'A Letter to My Family' SHKP Book Review Competition, all designed to promote reading habits among the young generations and public at large.

For children:

Since 2008 our Read to Dream programme has provided more than 6,000 underprivileged children with greater access to the world of reading by enabling them to attend the Hong Kong Book Fair and giving them allowances to buy books.

The Read to Learn: Building Good Character project uses reading as a tool for promoting positive values in children. Working in partnership with St James' Settlement, we donated HK\$1 million to fit out a library at St James Church that provides a fun and inspiring space for learning. Opened in 2014, the library aims to serve at least 660 underprivileged children every year through group reading, games, acting and other creative activities.

For youth:

The fifth Young Writers' Debut Competition, a biennial contest we have organized since 2006, attracted entries from over 2,000 budding new writers in Hong Kong, the mainland, Taiwan and Macau, with the 10 winners receiving coaching from literary and cultural professionals to help realize their dream of publishing their first book.

For public:

Our 'A Letter to My Family' SHKP Book Review Competition promotes family ties and community harmony by encouraging the public, especially young people, to share their reading experience, thoughts and feelings with loved ones in the form of family letters.

Since 2012 we have conducted the annual SHKP Reading Index survey on Hong Kong people's reading habits, as well as their views about reading and the overall reading culture. In 2014 we observed that people spent more time on reading, and parents who enjoy reading are often able to spread the habit to their children.

We also host a range of seminars and workshops for the public. Our topics vary widely, with speakers from different walks of life. From parenting and setting reading goals with children to reading, finance and personal growth and development. Reading has a lot to offer, so we cater events and topics to different angles, interests and abilities so that everyone has a chance to benefit. Updated news on these events can be found on our website.

We publish three complimentary periodicals – *ReadIt*, *Read Monthly* and *Books4You* – in both print and electronic formats, to promote the habit of reading. To ensure these publications reach a diverse audience we leverage our network of properties and good relationships with schools and community groups. We also make good use of popular social media platforms to interact with readers.

Opening access to learning for all

Our efforts to support greater access to tertiary education include providing scholarships for MBA students at The Chinese University of Hong Kong (CUHK) since 1997. In partnership with CUHK, we also champion life-long learning through the Nobel Laureate Lecture Series. Over the past decade, the Series has provided more than 10,000 members of the local community with direct exposure to the ideas and opinions of leading thinkers from around the world.

Since its establishment in 2002, the SHKP-Kwoks' Foundation has remained devoted to the aim of nurturing talent on the mainland by providing financial assistance to underprivileged students with academic potential, so they can complete their undergraduate courses. Scholarships have been set up at renowned institutions across the mainland, including Peking University, Tsinghua University, Zhejiang University, Shanghai Jiao Tong University, Fudan University, Nanjing University, Sun Yat-sen University and Tianjin University. To date, the Foundation has organized over 30 professional training projects in more than 20 provinces across the mainland.

Empowering young talent

As a business that relies on a broad range of employee skills, we understand the benefits of a society that encourages diversity in individual talents and strengths. We work to inspire young people from a variety of backgrounds to find value in their unique set of abilities, offering them opportunities for career exploration and personal development that encourage upward social mobility.

For over a decade, we have worked with Breakthrough to empower less academically gifted students through our Modern Apprenticeship Programme. Offering on-the-job and soft skills training as well as individual mentoring by our experienced employees, the programme has provided over 185 young people with valuable guidance in learning to establish future life goals and make positive life choices.

In 2014 we launched the SHKP SDU – Trainee Programme in partnership with the Hong Kong Federation of Youth Groups. This first-of-its-kind programme offers sub-degree course graduates 12-month paid placements in various businesses of the Group, with opportunities to interact with senior management and learn at work. Those who successfully complete the programme may secure a permanent full-time position within the Group.

Healthy And Sustainable Living

Healthy living extends beyond the personal to include community attitudes and our interactions with the environment we live in. Through outdoor pursuits and promoting 'sports-for-charity' approach, we aim to achieve both physical and mental well-being of individuals.

SHKP Vertical Run for Charity

As part of our SHKP Vertical Run for Charity initiative, the 2013 Race to ICC-100 saw SHKP senior management join with over 40 teams from different corporations and over 1,000 individual runners, including 23 professional athletes, to race up the International Commerce Centre, the tallest building in Hong Kong. The race was elevated to the international sporting stage as the grand finale of the 2013 Vertical World Circuit. The event raised more than HK\$6 million for child and youth services in Hong Kong. We raised awareness of the event among the public through our network of shopping malls, office buildings and residential estates, and asked our key tenants and business partners for their support. We also spread messages through mobile apps and social media channels to arouse the awareness of the younger generation.

Stepping out for greater awareness

We actively participate in sports and community happenings around Hong Kong. We have sponsored the Hong Chi Climbathon at Central Plaza for the last decade and each year our staff members team up with Hong Chi students to promote social integration. To encourage them to do more exercise and enjoy long distance running for healthy and sustainable living, we once again sponsored more than 200 staff runners to participate in the Hong Kong Marathon in 2014. We are also a long-term supporter of the annual Community Chest Corporate Challenge, which in 2014 saw over 1,000 SHKP employees, friends and family members help raise HK\$6 million for services for the elderly. Other activities include Hike for Hospice and Ngong Ping Charity Walk, both of which use physical activity to raise funds for charitable causes while exposing participants to Hong Kong's diverse natural beauty.

Love Nature Campaign

The SHKP Love Nature Campaign provides participatory learning opportunities for SHKP employees and their families, along with primary and secondary school students, through activities such as beach clean-ups and eco tours. Over 1,000 individuals participated in the campaign in 2013/14.

Care For The Underprivileged

Our extensive network of properties provides an excellent platform from which to engage a diverse cross-section of the Hong Kong community and catalyse collaboration between public and private sectors to create a more inclusive society.

Our understanding of meaningful social advancement means promoting social structures and attitudes that place a high value on diversity, ensure all people feel respected and provide for the basic needs of life to allow all members of society to maintain their dignity and enjoy a strong sense of self-worth.

Our programmes help those who are already disadvantaged, empowering them with the confidence and skills they need to achieve upward mobility and greater social integration.

Building Homes with Heart Caring Initiatives

Through a combination of financial and voluntary manpower support, the Building Homes with Heart Caring Initiatives harnesses the skills and expertise of our employees to assist underprivileged or vulnerable groups while strengthening social ties and civic awareness across the community.

Working in consultation with NGOs and government departments, we also mobilize members of our senior management and staff to spread goodwill during the Chinese New Year, Dragon Boat and Mid-Autumn festivals by reaching out to socially disadvantaged families and elderly members of the community through home visits and the distribution of seasonal gifts.

Bridging the gaps

Our visiting programme to Sky100 and Noah's Ark uses two of our iconic developments to bring together people of different backgrounds and abilities to promote greater inclusion among communities. Young volunteers receive training on history, culture and the needs of differently-abled people in order to act as tour guides for members of groups such as the Hong Kong Association for the Deaf, the Direction Association for the Handicapped and the Hong Kong Federation of Handicapped Youth.

In the six months following the start of the programme in January 2014, it has benefitted over 300 participants.

Harnessing the positive force

SHKP employees at all levels are encouraged to serve as positive role models and contribute to society through volunteering. Established in 2003 and led by our Chairman and Managing Director Raymond Kwok, the SHKP Volunteer Team now has over 2,200 members who collectively contributed more than 120,000 volunteer hours to social development programmes during the year. We also promote the spirit of giving through service among the younger generation with the Sunshine Team, which brings together the children of our employees to care for the community.

By living our core values through serving society we hope to inspire individuals of all ages to become enthusiastic ambassadors for positive community change. We also aim to have motivated and happy employees who have a sense of personal involvement in our business, and who are proud to work for SHKP.

Commitment to Our Environment

We respect the environment and are committed to minimising our footprint through responsible use of resources, employing green building initiatives, selecting suppliers with sound environmental practices and promoting environmental awareness among employees, business partners and the public.

Our Environmental Committee, led by an Executive Director, is responsible for overseeing the implementation of our environmental policy and for the development of business-specific environmental targets and strategy. We were one of the first developers in Hong Kong to establish ISO14001-certified environmental management systems across our construction and property management businesses.

In 2014, we launched a data management system that will enable us to better track our environmental performance across all of our properties. The database collects quantitative information for each SHKP construction site, managed property and hotel against a range of indicators such as material use, energy consumption and waste generation.

We also participate in a number of local assessment and evaluation schemes to set environmental standards for our properties. One of these is the Hong Kong Awards for Environmental Excellence (HKAEE), for which our properties received various labels in the reporting year.

Labels and Certificates Received from HKAEE (as of 30 June 2014):

	Wastewi\$e	Energywi\$e	IAQwi\$e	Carbon 'Less'
Construction	0	1	0	0
Property management	172	45	17	34
Total	172	46	17	34

In addition, nine properties under Hong Yip and Kai Shing have received Sectoral Awards in the property management category, including a Gold award for International Commerce Centre (ICC) which is under the management of Kai Shing. This is the fifth time that Kai Shing has achieved the top honour of the scheme. Hong Yip and Kai Shing also received the Green Management Gold Award in the Hong Kong Green Awards 2013 hosted by the Green Council.

We identified areas in which our business has, or can have, a significant impact on the environment by consulting our stakeholders, including environmental experts, and reviewing current practices in our industry and locations of operation.

While many of our existing properties are located in urban areas on Hong Kong Island and Kowloon, over 60% of our properties under development are in the New Territories. We recognize our responsibility to minimize any negative impact our developments may have on the surrounding natural landscape and ecosystems. In Sha Po North for example, our environmental impact assessment revealed species listed on the International Union for Conservation of Nature's Red List, including a vulnerable species of local damselfly, that are found in significant numbers on the marshland adjacent to our site. We have gone beyond regulatory requirements to enhance the wetland at Sha Po Marsh and identified eight target species for monitoring and conservation. We acquired two sites with view of the Hong Kong Wetland Park in Tin Shui Wai in July 2014. With environmental consideration as one of our priorities from the planning stage, we will disclose further details in future reports.

Sustainable Buildings

Exploring and implementing sustainable initiatives for all new buildings presents us with the opportunity to be leaders in our industry in Hong Kong. Green building certificates are a measure of the environmental quality of the buildings. Since 2011, we have followed green building standards for all new projects in an effort to benchmark our developments to best practices. As of 2014, we have 15 buildings and sites pre-certified or certified under the US Building Council's Leadership in Energy and Environmental Design scheme (LEED), and 21 buildings and sites under the Hong Kong Building Environmental Assessment Method (BEAM) green building standard in Hong Kong and on the mainland. Each property presents its own environmental and operational challenges, opportunities and potential for efficiency. Our aim is to ensure that every new project operates with high standards of efficiency and sustainable practices. We will continue to acquire green building certification for all new projects.

Commitment to Our Environment

We also encourage our employees in construction to become certified BEAM professionals to develop our in-house capacity and knowledge of the standard. At the end of the reporting period we had 48 qualified BEAM professionals on our team.

We recognize the need to promote sustainable practices and involve our customers, business partners and suppliers in our environmental efforts. We organize regular environmental activities and campaigns to engage our stakeholders and the wider public in environmental protection. For example, we had over 250 of our properties participating in World Wide Fund For Nature's global Earth Hour campaign, in support of energy reduction. The Group also invests in eco-awareness activities as part of its Love Nature Campaign. More details are available from the Commitment to our Community section of this report.

Energy and Greenhouse Gas (GHG)

Buildings account for 90% of the total electricity consumption in Hong Kong. As one of the largest property developers and landlords in Hong Kong, we have a responsibility to improve energy efficiency and reduce greenhouse gas emissions in our buildings.

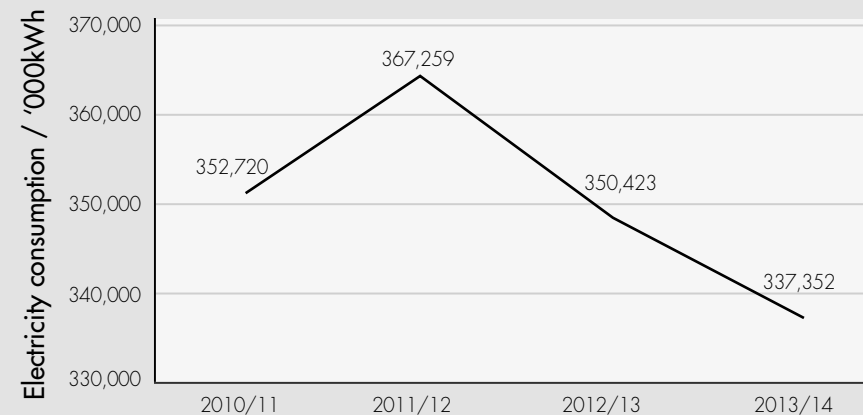
Climate change is leading to increasing frequency of severe weather events, such as typhoons, which could significantly impact business for our hotels and shopping malls in the short to medium term, as well as damage the physical structure of our buildings. We view climate change as a key business challenge and continue to improve management of the associated risks.

We have been conducting voluntary carbon audits since 2008, and in 2014, we built a GHG calculator in our data management system to further promote carbon footprint reporting across our buildings. A pilot group, including our head office, construction sites, four Royal brand hotels and 44 buildings has been using the calculator to record GHG emissions¹. We intend to progressively extend emissions reporting to 80 of our managed properties in 2014/15. We also apply for HKAEE Carbon Less certificates to benchmark our GHG emission performance with the business community.

Our Energy Optimization Committee (EOC), which comprises professionals from electrical engineering, property management, leasing and internal audit, is responsible for the development and implementation of our energy management strategy. The EOC currently monitors 55 buildings in our investment properties portfolio. It reviews the energy efficiency of chiller, lighting and lift systems, which are material sources of consumption in offices and shopping malls. It also shares effective electricity-saving measures and research with relevant departments.

¹ For detailed data, please refer to Data Tables (page 30 to 31).

Electricity consumption for major buildings monitored by the EOC from 2010-2014



*Data presented covers 54 properties monitored by the EOC, and figures omitted V City, a new property monitored by the EOC from 2013/14.

We are signatories to the Hong Kong Environment Bureau's Energy Saving Charter with one of the highest property developer participation rates among our shopping malls. We also actively support initiatives such as Friends of the Earth (HK)'s Power Smart Energy Saving Contest and the Take a "Brake" – Corporate Green Driving Award Scheme, WWF-Hong Kong's Low-carbon Office Operation ("Loop") Programme and the Carbon Reduction Labelling Scheme organized by Hong Kong Quality Assurance Agency.

Metroplaza

Managed by Kai Shing and monitored by the EOC, the Metroplaza was named Energy Project of the Year (Southeast Asia and Pacific Rim Region) by the Association of Energy Engineers, a US-based professional body. The team at Metroplaza undertook gradual hardware upgrades, optimized operations and encouraged building users to adopt more energy-efficient practices. Their efforts resulted in a reduction in energy consumption of almost 20 million kWh since 2007, or 13,000 tonnes of carbon emissions, with an average of 12% reduction year on year.

Waste Management

Waste management and the need to reduce and recycle waste are crucial in Hong Kong, in the context of rapidly filling disposal facilities. In 2013, the HKSAR Government unveiled the Hong Kong Blueprint for Sustainable Use of Resources 2013 – 2022 including comprehensive action plans to reduce waste across the territory. We support this proposal by reducing the amount of waste generated in our operations.

Our construction division produced almost 350,500 tonnes of construction waste during the reporting year but around 80% of it – the inert waste – was recycled. Inert waste can be reused directly on other sites to fill foundations. Recycling this waste not only reduces the amount of inert waste sent to landfills, but also reduces the need to purchase alternative materials to fill foundations. We are seeking to increase the efficiency of this recycling process by streamlining coordination among our sites. The target we have set under our Environment Management System is to save 100,000 tonnes of excavated soil (inert materials) per year by reusing the soil from Nam Cheong station site on other sites.

To reduce waste at source we use computer modelling to test different construction and engineering scenarios in the project planning and design stage. Building Information Modelling (“BIM”) is now commonly used on our construction sites to identify wasteful conflicts and minimize abortive works. BIM can also help to predict environmental impact and optimize building performance.

About one third of the waste generated in Hong Kong is food waste, with approximately 3,200 tonnes sent to landfills each day. While our core business does not have a significant direct impact on food waste, we do leverage our influence to encourage residents and tenants to recycle their waste, by providing recycling facilities and running awareness raising campaigns. Particularly for food waste, we started collecting used coffee grounds in seven properties and have food waste recycling programmes for 22 properties. A total of 388 tonnes of food waste was recycled from head office, our properties and hotels in 2013/14. We will extend food waste programmes to at least 10 more properties next year.

During the reporting year, Sanfield was fined HK\$10,000 for going over the acceptable dust level at a Tseung Kwan O construction site. We did an investigation and placed clean impervious sheets to cover all vehicles transporting waste out of the sites and did not encounter any further complications.

East Point City worked with Saatchi & Saatchi Hong Kong to create an “Instant Newspaper Recycler” during Chinese New Year in 2014. Customers turned their old newspapers into beautiful and stylish wrapping paper in just 30 seconds using the recycler’s silkscreen printing technique.

Materials

We depend on commodities such as steel for construction; using these materials responsibly will help avoid exhaustion of related natural resources and better control our operating cost and impact on our business.

Since most materials are provided by suppliers and contractors, we make green procurement a prerequisite in project tendering. We use sustainable, renewable or recycled materials where possible. For example:

- We require all the timber we use to be from sources that are certified as sustainable, with suppliers being mandated to produce proof of certification from the FSC
- We strive to ensure that all construction materials are sourced from within 800 km of the project site, which reduces fuel consumption of transportation
- Walls on some construction sites are made with “greenblock”, a pre-finished, smooth block that is easier to assemble and does not require plastering. This reduces the input material required and the waste produced
- We replace conventional timber or plywood forms with aluminium system formwork. Aluminium is stronger material with longer durability and is recyclable. It avoids wastage of timber and also saves manpower for installation and dismantling. Around 41,000 square metres of timber were saved in our CDA15 Yuen Long construction site
- Coiled reinforcement bars with unrestricted length are used at construction sites to reduce wastage of materials. The practice has helped save approximately 10 tonnes of steel for our construction sites in Tung Chung, Nam Cheong and Yuen Long

For detailed disclosure of the materials used in this reporting year, please refer to the data tables on page 33 to 34.

Our property management division also participated in the Hong Kong Green Mark Certification scheme organized by the Federation of Hong Kong Industries Q-Mark Council, which acknowledges companies that make sustainable use of resources.

Data Tables

Economic Performance and Community Investment

GRI reference	Unit	2013/14	
G4-EC1	Direct economic value generated		
	Revenue	HK\$ million	75,100
G4-EC1	Economic value distributed		
	Operating costs	HK\$ million	50,118
	Employee compensation and benefits	HK\$ million	6,162
	Total contributions to MPF & other retirement schemes	HK\$ million	295
	Payment to providers of capital	HK\$ million	8,980
	Payments to government (including tax)	HK\$ million	6,195
G4-EC1	Community investment		
	Total value of charitable donations	HK\$ million	125
G4-SO1	Employee volunteering hours ¹	hours	121,033
G4-EC9	Proportion of spending on local (i.e. Hong Kong) suppliers	%	>95%

¹ Calculated in calendar year.

Environmental Performance

GRI reference	Unit	2013/14	
G4-EN1	Major construction materials used²		
	Bricks	pc	1,209,014
	Cement	tonnes	5,669
	Cement mortar	m ³	6,828
	Concrete	m ³	418,032
	Disc	m ³	69,424
	Joist Steel	tonnes	14,369
	Reinforcing steel bars	tonnes	146,798
	Sand	tonnes	17,675
	Stones	tonnes	8,068
	Marble / Tial	m ²	46,132

² Refers to 26 construction sites.

GRI reference	Unit	2013/14	
G4-EN3	Energy consumption within the organization³		
	Total energy consumption	gigajoules (GJ)	5,622,896
	Electricity consumption	GJ	2,140,771
	Gas consumption	GJ	3,428,844
	Fuel consumption (stationary & mobile sources)	GJ	53,280
G4-EN5	Energy intensity		
	Head office	GJ/m ²	0.46
	Construction	GJ/m ²	0.04
	Property management	GJ/m ²	0.77
	Hotels	GJ/room night	0.35
G4-EN15	Direct GHG emissions (scope 1) ⁴	tonnes of CO ₂ equivalent	3,621
G4-EN16	Energy indirect GHG emissions (scope 2) ⁴	tonnes of CO ₂ equivalent	227,648
G4-EN17	Other indirect GHG emissions (scope 3) ⁴	tonnes of CO ₂ equivalent	1,249
G4-EN23	Construction waste		
	Weight of construction waste generated	tonnes	350,498.5
	Percentage of solid construction waste recycled	%	85.0%
	Percentage of solid construction waste to landfill	%	15.0%

³ Refers to head office, construction sites, 369 buildings from property management (consumption of common area and air conditioning system in office buildings and shopping malls) and hotels.

⁴ Head office, construction sites, 44 buildings from property management and hotels. Methodology references Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong-2010 edition; emissions factors for electricity purchased references information released by CLP and HEC in 2008.

GRI reference		Unit	2013/14
G4-EN23	Waste disposed to landfill (excluding construction)	kg	150,804,041
	Waste recycled ¹		
G4-EN23	Aluminium cans	kg	280,421
	Batteries	kg	2,493
	Books	kg	9,269
	Clothes	kg	520,546
	Cooking oil	litre	23,712
	Food	kg	387,996
	Glass	kg	112,916
	Metal	kg	192,529
	Paper	kg	7,897,770
	Plastic	kg	3,711,197
	Wood	kg	1,089

¹ Refers to head office, 323 buildings from property management and hotels.

Human Capital

GRI reference		2013/14 no. of people	
G4-10	Total workforce in Hong Kong	25,168	
		no. of male	no. of female
G4-10	Total workforce by employment contract and gender		
	Permanent	12,492	7,904
	Contract	2,330	2,442
G4-10	Total workforce by position level and gender		
	Managerial	842	373
	Officer-grade	1,504	918
	Supporting	1,582	1,634
	Operational	10,894	7,421

GRI reference		2013/14 no. of people		
G4-LA1	New hires in Hong Kong	10,430		
		no. of male	no. of female	
G4-LA1	Total number of new hires in Hong Kong by age group and gender			
	Under 30	1,375	1,005	
	30-50	1,891	1,719	
	Above 50	2,125	2,315	
G4-LA1	Total employee turnover by age group and gender ²			
	Head Office	Under 30	15	23
		30-50	28	35
		Above 50	4	1
	Construction	Under 30	64	18
		30-50	86	21
		Above 50	38	14
	Hotels	Under 30	87	100
		30-50	148	112
		Above 50	41	15
	Property Management	Under 30	459	439
		30-50	937	788
		Above 50	990	1193
G4-LA3	Total number of employees who took parental leave	81	142	
	Total number of employees who returned to work after parental leave	80	137	
	Return to work rates, by gender	98.8 %	96.5 %	

² The definition of employee turnover follows respective industry standard in accordance to their business nature. For our hotels business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our head office, construction and property management businesses, voluntary turnover is included in the calculation.

Human Capital

GRI reference	Unit	2013/14	
Occupational Health and Safety			
G4-LA6	Total number of work-related fatalities	no. of male / female	0 / 0
	Injury rate (sick leave greater than or equal to 3 days)	per 1,000 workers (male / female)	27.0 / 30.8
	Lost days rate ¹	%	0.24
	Absentee rate ¹	%	1.13
Average hours of training per employee by gender			
G4-LA9	Male	hours	10.6
	Female	hours	7.8
Average hours of training per employee by employee category			
G4-LA9	Managerial	hours	14.1
	Officer-grade	hours	16.2
	Supporting	hours	8.3
	Operational	hours	8.5
Employees receiving regular performance reviews by gender			
G4-LA11	Male	%	91.8
	Female	%	82.4
Employees receiving regular performance reviews by employee category			
G4-LA11	Managerial	%	100.0
	Officer-grade	%	100.0
	Supporting	%	100.0
	Operational	%	83.4

GRI reference	Unit	2013/14	
Total workforce by employee category and gender			
G4-LA12	Managerial	no. of male / female	842 / 373
	Officer-grade	no. of male / female	1504 / 918
	Supporting	no. of male / female	1582 / 1634
	Operational	no. of male / female	10894 / 7421
Total workforce by employee category and age			
G4-LA12	Managerial	< 30 / 30-50 / 50+	20 / 808 / 387
	Officer-grade	< 30 / 30-50 / 50+	573 / 1,541 / 308
	Supporting	< 30 / 30-50 / 50+	1,203 / 1,588 / 425
	Operational	< 30 / 30-50 / 50+	1,617 / 5,407 / 11,291
Composition of the Board of Directors			
G4-LA12	Total no. of people		19
	by gender	% of male / female	95 / 5
	by age group	% < 30 / 30-50 / 50+	0 / 5 / 95
	by minority group membership	% Chinese / non-Chinese	100 / 0

Product Responsibility

GRI reference	Unit	2013/14	
G4-PR2	Total incidents of non-compliance with regulations and voluntary codes concerning the health and safety of products and services	number	0

¹ Data for scheduled hours to be worked by gender is not available, so overall lost days and absentee rates are provided. We will provide more comprehensive data regarding occupational health and safety in future reports.

Global Reporting Initiative G4 Content Index - Core

GENERAL STANDARD DISCLOSURES				
GRI G4 indicator	Detail	HKEs ESG Guide Reference	Page	Remarks
STRATEGY AND ANALYSIS				
G4-1	Message from the Chairman and Managing Director		2	
ORGANIZATIONAL PROFILE				
G4-3	Name of organization		1	
G4-4	Primary brands, products and services		3-5	A list of our principle subsidiaries is found on p. 205-210 of our Annual Report 2013/14
G4-5	Location of headquarters		3	Hong Kong
G4-6	Countries of operation		n/a	Hong Kong, Mainland China and Singapore
G4-7	Nature of ownership		3	Listed on The Stock Exchange of Hong Kong Limited
G4-8	Markets served		3-5	
G4-9	Scale of the organization	KPI A1.1	3-5	A detailed breakdown of financial information is found in our Annual Report 2013/14
G4-10	Workforce data	KPI A1.1	31-32	We will report the number of sub-contracted workers in our future reports
G4-11	Collective bargaining agreements		n/a	None of our employees are covered by collective bargaining agreements
G4-12	Supply chain description	GD* C1	21	
G4-13	Significant changes to organization size, structure, ownership or supply chain		n/a	No significant change
G4-14	Report how precautionary approach is addressed		27-29	Group environmental policy: www.shkp.com/Pages/environmental-mission-and-strategy
G4-15	Charters		5	
G4-16	Memberships		5	

*GD = General disclosure

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES				
G4-17	Entities included in financial statements; mention those not covered by this report	Reporting guidance 15	1	Reporting entities listed on p. 1 A list of our principle subsidiaries is found on p.205-210 of our Annual Report 2013/14
G4-18	Materiality assessment process	General approach 9, 10, 11	8	
G4-19	List of material aspects	General approach 9, 10, 11	8	
G4-20	Aspect boundary within the organization		n/a	Four Aspects: (1) Employment practices, (2) Employee development and succession planning, (3) Employee engagement and (4) Diversity and equal opportunities are considered to have an impact within the Group only. All other aspects have an impact both inside and outside the Group. Please refer to Sustainability Report 2012/13 p.8.
G4-21	Aspect Boundary outside the organization		n/a	See remark for G4-20 above.
G4-22	Effect of and reasons for any restatements of information provided in previous reports	Reporting guidance 18	n/a	Number of buildings monitored by the EOC increased from 50 buildings in 2012/13 to 55 buildings in 2013/14. Energy consumption of EOC monitored buildings between 2010-2013 (graph on p.40) has been recalculated to include 4 additional buildings. V City has been omitted as no data is available for 2010-13.
G4-23	Significant changes in scope/ Aspect Boundary		n/a	No significant change
STAKEHOLDER ENGAGEMENT				
G4-24	List of stakeholders engaged	General approach 12, 13	11	
G4-25	Basis of identification and selection of stakeholders	General approach 12, 13	11	Stakeholders were identified based on their knowledge of selected material issues, namely energy and greenhouse gas emissions, the SHKP Reading Club and workplace practices
G4-26	Stakeholder engagement approach and frequency	General approach 13, 14	11	

Global Reporting Initiative G4 Content Index - Core

G4-27	Key topics and concerns raised by stakeholders and the organization's response	General approach 13, 14	12	
REPORT PROFILE				
G4-28	Reporting period	Reporting guidance 16	1	
G4-29	Date of most recent previous report	Reporting guidance 16	n/a	2012/13 Sustainability Report published in Q1 2014
G4-30	Reporting cycle	Reporting guidance 16	1	
G4-31	Contact point		1	
G4-32	GRI in accordance option chosen		1	Core
G4-33	External assurance		1,36	
GOVERNANCE				
G4-34	Governance structure		6-7	More details in the Corporate Governance Report section of our Annual Report 2013/14, p.102-113
ETHICS AND INTEGRITY				
G4-56	Describe the organization's values, principles, standards and norms of behaviour		6-7	More details on our website: www.shkp.com/en-US/Pages/building-homes-with-heart
OPERATING PRACTICES				
-	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	KPI C3.1	7	Mr Thomas Kwok was convicted of one offence at common law of conspiracy to commit misconduct in public office, while Mr Thomas Chan was convicted of an offence at common law of conspiracy to commit misconduct in public office and an offence under the Prevention of Bribery Ordinance in December 2014.

SPECIFIC STANDARD DISCLOSURES				
GRI G4 indicator	Detail	HKEx ESG Guide Reference	Page	Remarks
ECONOMIC PERFORMANCE				
DMA*			3-5	More information about our approach to economic performance can be found in our Annual Report 2013/14, in particular, the Chairman's statement on p.8-23.
G4-EC1	Economic value generated and distributed	KPI D1.2	3, 30	Details of community investments through which economic value is distributed can be found on p. 32-36.

*DMA = Disclosure of Management Approach

INDIRECT ECONOMIC IMPACTS				
DMA			21-26	Our indirect economic impact includes the jobs supported in our supply chain, and our community investment initiatives
G4-EC7	Development and impact of infrastructure investments and services supported		n/a	We work closely with government and local communities when developing our properties, and must take into consideration the impact of our developments on local traffic conditions and other infrastructure services. While our investments are commercial, we go beyond regulatory requirements to build high quality properties and also invest in enhancing the surrounding environment, for example the wetland restoration project in Sha Po North (p.27).
PROCUREMENT PRACTICES				
DMA		GD-C1 KPI C1.1 KPI C1.2	21-22	
G4-EC9	Proportion of spending on local suppliers		30	Local suppliers are defined as suppliers in Hong Kong; Hong Kong is the only location of operation covered by the report scope.
MATERIALS				
DMA		GD-B2	29	
G4-EN1	Materials used by weight of volume		30	All materials disclosed are 'non-renewable' materials. Information on renewable materials (e.g. timber) used will be included in future reports.
ENERGY AND GREENHOUSE GAS EMISSIONS				
DMA		GD-B1 GD-B2 KPI B1.5 KPI B2.3	28	
G4-EN3	Energy consumption within organization	KPI-B2.1	30	Renewable energy is not common in Hong Kong, all energy (including electricity) consumed is therefore assumed to be from non-renewable sources.
G4-EN5	Energy intensity	KPI-B2.1	30	Data table
G4-EN15	Direct greenhouse gas emissions (scope 1)	KPI-B1.1	30	Data table; Methodology refers to Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong -2010 edition; emission factors for electricity purchased refer to information released by CLP and HEC in 2008. The Group began consolidating comprehensive GHG emissions data for 44 properties in 2013/14, and is in the process of reviewing its emissions reduction strategy. A base year for emissions reductions will be set and disclosed in the next report, once the internal system for collecting GHG emissions data has been fine-tuned.

G4-EN16	Indirect greenhouse gas emissions (scope 2)	KPI-B1.1	30	See remark for G4-EN15 above
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	KPI-B1.1	30	See remark for G4-EN15 above
WASTE				
DMA			29	
G4-EN23	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	KPI B1.4	31	There are no hazardous waste processed by the Group within the reporting year.
SUSTAINABLE BUILDINGS				
DMA		GD-B3	27	
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	KPI B3.1	27-29	
EMPLOYMENT PRACTICES				
DMA		GD-A1	13-16	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	KPI A1.1 KPI A1.2	31	
G4-LA3	Return to work and retention rates after parental leave, by gender		31	All permanent and contract employees are entitled to parental leave
OCCUPATIONAL HEALTH AND SAFETY				
DMA		GD-A2 KPI A2.3	13	
G4-LA6	Rates of injury, lost days and absenteeism, and total number of work related fatalities by region and gender	KPI A2.1 KPI A2.2	32	More comprehensive disclosure on health and safety metrics for sub-contracted construction workers will be provided in future reports.
EMPLOYEE DEVELOPMENT AND SUCCESSION PLANNING				
DMA		GD-A3	14-15	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	KPI A3.2	31	

G4-LA11	Percentage of employee receiving regular performance reviews, by gender and employee category		31	
DIVERSITY AND EQUAL OPPORTUNITY				
DMA			16	
G4-LA12	Composition of governance bodies and employees per employee category by indicators of diversity		31	Breakdown of total workforce by minority group is currently not available, as we only collect information on nationality and place of birth.
EMPLOYEE ENGAGEMENT				
DMA			16	
Indicator	Channels engaging employees		16	
COMMUNITY INVESTMENT				
DMA			23-26	
G4-SO1	Percentage of operations with implemented local community engagement	KPI D1.1	23-26	Community investment and engagement is managed at the Group level by the Corporate Communications Department and the Community Affairs Department, therefore 100% of the businesses in this reporting scope implement local community engagement.
CUSTOMER SATISFACTION AND RESPONSIBILITY				
DMA			17-20	
G4-PR2	Total number and incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services	GD-C2	31	There were no incidents of non-compliance during the reporting period
G4-PR5	Results of surveys measuring customer satisfaction	KPI C2.4	20	
G4-PR6	Sale of banned or disputed products		n/a	SHKP does not sell any banned or disputed products
GRIEVANCE MECHANISMS				
DMA			7, 16, 20	
COMPLIANCE				
DMA			n/a	We see compliance as a minimum requirement and require employees and suppliers to comply with all applicable laws and regulations.
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		29	One incident of non-compliance was reported. Please see p. 29 for details.

Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency ('HKQAA') was commissioned by the Sun Hung Kai Properties Ltd ('SHKP') to provide independent assurance of the SHKP Sustainability Report 2013/14 ('the Report') which was prepared in accordance with the Core option of the G4 Sustainability Reporting Guidelines issued by the Global Reporting Initiative (GRI). The Report states SHKP's major activities and achievements on sustainable development from 1 July 2013 to 30 June 2014.

Assurance Methodology

The assurance process used is based on current best practices and our management procedures, and was carried out with reference to the GRI's relevant Guidelines, aiming to assess the Report's adherence to GRI's principles of Stakeholder Inclusivity, Materiality and Responsiveness. In addition, reliability of sampled sustainability information and data was verified against the International Standard on Assurance Engagement 3000 – "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" for a reasonable level of assurance.

The assurance process consisted of:

- reviewing sampled documentation
- checking the data management mechanism
- communication with or interviewing relevant personnel responsible for compiling the data
- verifying the selected representative samples and examining the supporting evidence, including raw data that supports the report contents
- undertaking analytical procedures over the reported data

Accuracy and reliability of the aggregated data was sample tested. The processes for data collection, aggregation, estimation, calculation and internal vetting were reviewed and examined in order to confirm the extent of robustness. Detail verification results and recommendations are stated in a separate report provided to SHKP.

Independence

HKQAA was not involved in collecting and computing the reporting data, and in the development of the Report. HKQAA's activities are independent from SHKP.

Conclusion

Based on the evidence sampled, the information presented in the Report has provided a material and complete representation of the performance of SHKP in the context of sustainable development.

The verification team confirmed that the Report which was prepared based on factual statements and the data contained within the Report are accurate. It is a fair and honest representation of initiatives, targets, progress and performance on SHKP's sustainable development achievements.

To conclude, the Report is able to provide an adequate and reasonable account of SHKP's sustainability performance on material aspects during the reporting period, and to demonstrate satisfactory disclosure of SHKP's sustainability performance according to the Core option of the GRI's G4 Sustainability Reporting Guidelines.

Signed on behalf of Hong Kong Quality Assurance Agency



Ronnie Ng
Assistant General Manager
18th February, 2015



Thomas Ma
Verification Team Leader
18th February, 2015