

# Sustainability Report 2014/15



Sun Hung Kai Properties Limited

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# Our Reporting Approach

## Scope of the Report

This is the fifth annual stand-alone sustainability report by Sun Hung Kai Properties Limited (SHKP), describing the sustainability performance and initiatives of our head office and subsidiaries in Hong Kong. These include the wholly-owned Hong Yip Service Company Limited and Kai Shing Management Services Limited in property management, Sanfield (Management) Limited in construction and Royal Brand hotels – The Royal Garden, Royal Park Hotel, Royal Plaza Hotel and Royal View Hotel. Also covered are major subsidiaries SmarTone Telecommunications Holdings Limited in telecommunications and SUNeVision Holdings Limited in information technology.

Our Hong Kong operations represent the majority of SHKP's investments, and our most significant environmental and social impact and influence is our property management, construction and hotel businesses. However, in order to demonstrate our commitment to better visibility of sustainability performance to stakeholders, we expand the scope of our report to include telecommunications and IT infrastructure subsidiaries.

This report focuses on Hong Kong, which is in line with our business strategic direction. While we will continue to expand our business on the mainland, currently it only represents about 20% of our investments. As such, this report focuses on our businesses and operations in Hong Kong. For more details of our businesses, please see our annual report.

This report discloses our progress on economic, environmental, social and governance issues from 1 July 2014 to 30 June 2015, 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 and Construction and Real Estate Sector Disclosures requirements of the guidelines. Reference is also made to the updated 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, as outlined in Consultation Conclusions – Review of the Environmental, Social and Governance Reporting Guide issued in December 2015 and the Ten Principles of the United Nations Global Compact (UNGC).

In line with these standards, key stakeholders and our Sustainability 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 in Our Approach to Sustainability section.

## Report Assurance and Verification

Hong Kong Quality Assurance Agency has provided independent verification in accordance with the Core option of the GRI G4 Guidelines with respect to the extent of coverage and information provided. The verification statement can be found on page 51.



*We welcome stakeholder feedback  
and suggestions.  
Please contact us at:  
[sustainability@shkp.com](mailto:sustainability@shkp.com)*



# Message from the Chairman and Managing Director



I am pleased to present our 2014/15 Sustainability Report.

Building Homes with Heart is the philosophy that lies at the foundation of our culture and guides everything we do at Sun Hung Kai Properties. As one of the largest property developers and landlords in Hong Kong, we put this belief into practice in every aspect of our operations.

Our Group aims at sustaining our business development and growth through value creation for our people, customers, community, the environment and supply chain. While we are committed to creating value for stakeholders by providing customers with products and services of impeccable quality and better returns to shareholders, we also undertake various corporate social responsibility programmes and initiatives to make Hong Kong a better home for all.

Our core business – development of properties for sale and rental business of investment properties – incorporates our commitment to quality in all dimensions. Setting an industry benchmark since 2013, our Group's three-year quality guarantee on newly sold residential units was the first of its kind in the territory. It is not only the driving force to make our developments meet or even exceed homebuyers' expectations, but also underpins our premium brand that we have been building up over the years. The strong contracted property sales during the period also reflected homebuyers' trust in our products and services. On rental business, performance was good and we continued to enhance the quality of investment properties over time to cater to the ever-changing needs of tenants and customers. Tenants in our shopping malls generally registered healthy sales revenue growth in the period, while shoppers enjoyed a comfortable and trendy lifestyle environment for shopping and entertainment.

We take a proactive approach to engage different stakeholders with a particular focus on customer views and needs, which helps shape our strategies for the long-term viability of our business and the community. The SHKP Club, the largest Hong Kong property customer engagement platform established in 1996, is an effective channel for two-way communication between our Group and customers, which allows us to better serve customers and promote social harmony through various initiatives including the Loving Home campaigns during the period.

In an effort to help sustain our business development in particular and the society in general, human resources play an utmost important role. We are investing in recruiting and nurturing the best talent to provide better products and services to customers. In addition, our Group offers extensive training and development programmes and promotes work-life balance, which are conducive to the sustainable development and growth of our staff.

As a responsible corporate citizen, we respect the environment and set eco-friendly policies that go beyond law and regulatory compliance. We strive to minimize our environmental footprint arising from our business by sourcing sustainable materials, using green technologies, implementing effective waste management practices, and taking energy and carbon reduction initiatives. The scope for greenhouse gas emissions monitoring expanded from 44 to 80 properties in the period. At the same time, we drive sustainability down the supply chain by working closely with our business partners and empower our customers with sustainable options.

Going beyond, our Group adopts a three-pronged approach to fulfil its corporate social responsibility and benefit the community at large: by promoting reading and education, supporting sports for charity and healthy living, and caring for the underprivileged. Our reading promotion programmes engage proactively the student and youth populations, especially the less privileged ones, for life-enriching learning experiences. We continue our signature SHKP Vertical Run for Charity – Race to Hong Kong ICC event for the third time and take on the title and charity sponsorships of the Sun Hung Kai Properties Hong Kong Cyclothon to promote sports for charity, with proceeds going to benefit youth and children services. We help build social bonds by supporting various kinds of charitable initiatives and showing care and warmth to those in need.

This year, we have taken additional steps to provide better visibility on our sustainability efforts to stakeholders by expanding our reporting scope to include information infrastructure businesses. To further enhance reporting quality, we have followed Construction and Real Estate Sector Disclosures requirements of Global Reporting Initiative G4 reporting guidelines, in addition to the guidelines' Core option. Reference is also made to the updated Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited in December 2015. Our initiatives cumulatively illustrate the depth and breadth of our diverse business portfolio and the positive impact we have on people and the home we share.

We will continue to put sustainability at the heart of our corporate strategy as we go forward, to create additional value for all stakeholders and work for the betterment of the society.

*Raymond Kwok Ping-luen*

Chairman & Managing Director

March 2016

# Our Business

## About Sun Hung Kai Properties Limited

Publicly listed in Hong Kong, with a history of over 40 years, SHKP is now one of the largest property developers and landlords in Hong Kong. Our market position has been well established in Hong Kong and on the mainland.

Headquartered in Hong Kong, our core business is property development for sale and rental business of investment property. It is vertically integrated from land acquisition, project planning, material sourcing, construction and project management through to sales and marketing, and property management.

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



## Highlights in 2014/15

### Economic value distributed in 2014/15:

Employee compensation and benefits:

**HK\$6,626 million**

Payment to providers of capital:

**HK\$9,502 million**

Operating costs:

**HK\$44,005 million**

Total contributions to MPF & other retirement schemes:

**HK\$315 million**

Payments to government (including tax):

**HK\$4,771 million**



## Highlights of Hong Kong Property Business in 2014/15

Contracted sales reached nearly

**HK\$32,000 million**



Six sites were acquired, bringing the total GFA of the development land bank to

**22.1 million square feet**

Net rental income rose 8% to

**HK\$12,299 million,**

which was generated from

**28.7 million square feet** of quality investment properties



**1 million square feet** of properties were completed, most of which were residential units and offices for sale



## Our Business

### Business Structure<sup>1</sup>

#### Sun Hung Kai Properties

As at 30 June 2015

HONG KONG	
Property Development	<ul style="list-style-type: none"> <li>▶ 19.6 million sq.ft. under development for sale</li> <li>▶ Over 30 million sq.ft. of agricultural land (site area)</li> </ul>
Property Investment	<ul style="list-style-type: none"> <li>▶ 28.7 million sq.ft. of completed investment properties</li> <li>▶ Another 2.5 million sq.ft. of investment properties under development</li> </ul>
Property Related Businesses	<ul style="list-style-type: none"> <li>▶ Hotels</li> <li>▶ Property management</li> <li>▶ Construction</li> <li>▶ Insurance and mortgage services</li> </ul>
Telecommunications & Information Technology	<ul style="list-style-type: none"> <li>▶ Mobile telephone services</li> <li>▶ Data centres and IT infrastructure</li> </ul>
Infrastructure & Other Businesses	<ul style="list-style-type: none"> <li>▶ Transport infrastructure operations and management</li> <li>▶ Port business</li> <li>▶ Air transport and logistics business</li> </ul>
MAINLAND CHINA	
Property Development	<ul style="list-style-type: none"> <li>▶ 68.0 million sq.ft. under development</li> </ul>
Property Investment	<ul style="list-style-type: none"> <li>▶ 11.6 million sq.ft. of completed investment properties</li> </ul>

### Property Business

As at June 2015, our land bank in Hong Kong amounted to a gross floor area of 50.8 million square feet, comprising 22.1 million square feet, or 44%, of properties under development, and 28.7 million square feet, or 56%, of completed investment properties.

Six sites were added to our land bank with an aggregate gross floor area of 4.9 million square feet, whereas the new sites are mainly designated for residential developments comprised of mostly small-to-medium sized units.

#### Projects Completed in 2014/15

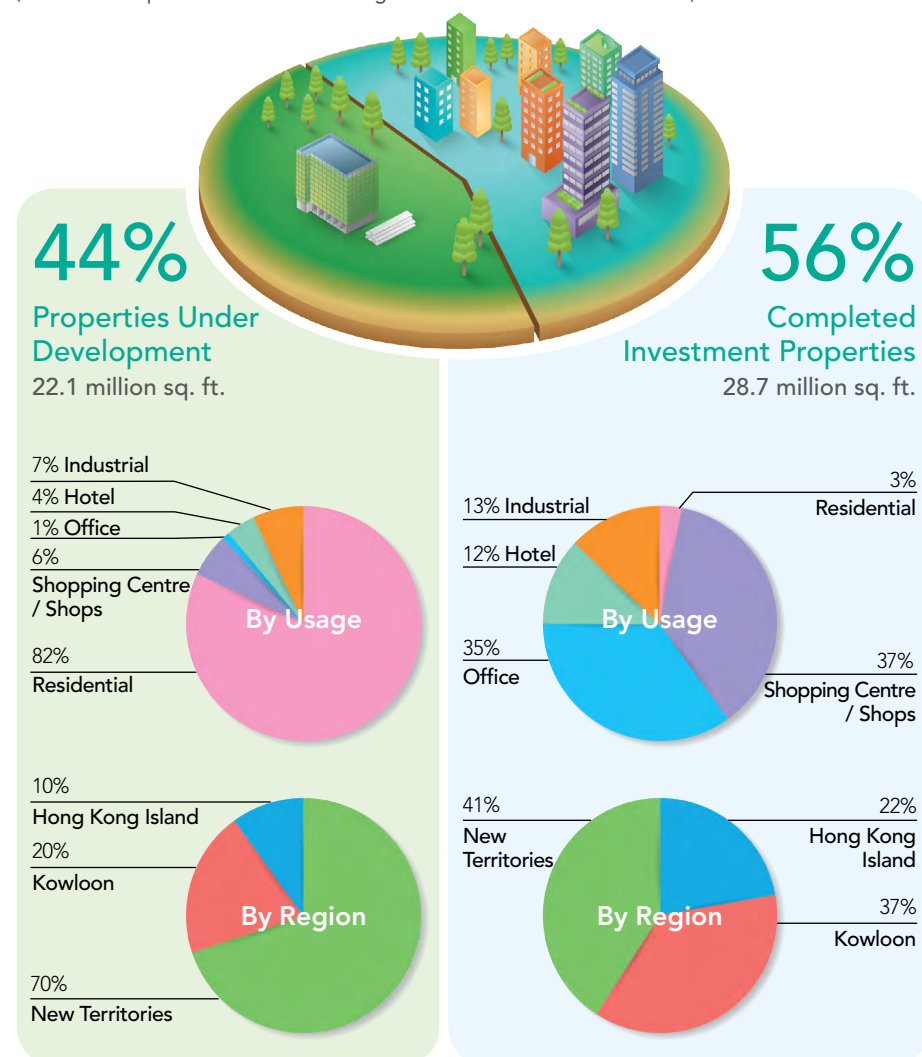
Project	Location	Usage	Group's Interest	Attributable Gross Floor Area (sq. ft.)
Park Vista Phase 1	18 Castle Peak Road, Tam Mi, Yuen Long	Residential/Shops	100%	780,000
Mount One	39 Luen Hing Street, Fanling	Residential/Shops	100%	140,000
W50	50 Wong Chuk Hang Road	Office	100%	120,000
<b>Total</b>				<b>1,040,000</b>

Our investment properties in Hong Kong continued to contribute significantly to our recurrent income. The Group recorded a 7% increase in gross rental income to HK\$15,675 million, while net rental income grew by 8% to HK\$12,299 million, including contributions from joint-venture projects. Occupancy rate remained high at around 95% from a diversified investment property portfolio which the Group has developed across the territory, mostly located strategically along railway lines.

<sup>1</sup> Diagram shows overall business structure of SHKP. For businesses covered in this report, please refer to Our Reporting Approach on page 1.

## Hong Kong Land Bank Composition

(50.8 million square feet of attributable gross floor area as at 30 June 2015)



## Hotel

The four Royal branded hotels continued to see occupancies stay at about 95% while the two hotels opened in recent years, Crowne Plaza Hong Kong Kowloon East and Holiday Inn Express Hong Kong Kowloon East, recorded further improvements in occupancies<sup>2</sup>. Our deluxe hotels, including Four Seasons Hotel Hong Kong, The Ritz-Carlton, Hong Kong and W Hong Kong, remained among the most sought-after hotels for high-spending tourists and business travellers. Hotels in the pipeline in Hong Kong will include a waterfront hotel in North Point which will be a part of the Group's integrated project featuring the Harbour North shopping mall and high-end residences, as well as a premium hotel in Sha Tin which will be the sister project of Royal Park Hotel.

## Telecommunications

### SmarTone

SmarTone's net profit showed an impressive increase as a result of growth in both service revenue and handset sales in 2014/15. Apart from renewing our existing 3G spectrum licenses and acquiring an additional spectrum block for future business growth, we have further enhanced our mobile broadband capacity and 4G coverage.



## Information Technology Infrastructure



### SUNeVision

With its data centre as the core business, SUNeVision performed well and recorded satisfactory profit growth during the year. The upcoming high-tier data centre in Tseung Kwan O will comprise over 470,000 square feet of gross floor area in two towers and is estimated for completion in 2017. Together with the existing facilities, the new centre will help us meet market demand for quality data centre services in terms of diversified locations and reliable building facilities. SUNeVision will continue to maintain its position as a major carrier-neutral data centre service provider in Hong Kong.

<sup>2</sup> Only the four Royal branded 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 of Hong Kong	▶ President's Award and Second Top Donor (Companies, Organizations and Individual Category)
Corporate Governance Asia	▶ Best CSR ▶ Best Environmental Responsibility ▶ Best Investor Relations ▶ Best Investor Relations Professional
Euromoney	▶ Best Mix Developer in Asia ▶ Best Office / Business Developer in Asia
BCI Asia	▶ Top Ten 2015 Developers – Hong Kong
Reader's Digest	▶ Platinum Trusted Brand Award: Property Developer ▶ Gold Trusted Brand Award: Property Management Company (Hong Yip and Kai Shing) ▶ Gold Trusted Brand Award: Shopping Mall (APM) ▶ Platinum Trusted Brand Award: Car Park (Wilson Parking)
The Hong Kong Council of Social Service	▶ Caring Company designations (For 77 group companies and developments including 14 10 Year Plus Caring Company Logo)
Yahoo! Hong Kong	▶ Yahoo! Emotive Brand Awards (SHKP & SmarTone Telecommunications Holdings 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 Building Homes with Heart philosophy forms an overarching principle of being a responsible corporate citizen. We are committed to creating sustained value for stakeholders by integrating environmental, social and governance considerations in doing business.

## Driving Sustainability

Sustainability is an essential part of our mission, values, systems and processes, and is treated holistically in our day-to-day operations and risk management. There are comprehensive policies to drive and manage environmental, occupational health and safety, and corporate social responsibility matters.

The Group's sustainability is under the purview of the Sustainability Steering Committee composed of senior management representatives from key divisions, and led by an Executive Director. An additional member representing telecommunications and IT infrastructure businesses joined the committee. The committee monitors the Group's sustainability performance in operations, reviews stakeholder feedback and updates relevant policies.

The steering committee is supported by committees and working groups from each business unit, including an Energy Optimization Committee monitoring energy consumption in investment properties, an Occupational Health and Safety Committee that oversees safety practices on construction sites and the Corporate Communications Department that manages community outreach.



## Corporate Governance

Corporate governance plays an instrumental role in our sustainability development. We believe strongly in accountability and transparency. We uphold high standards of corporate governance in all areas of our operations to build trust with our stakeholders.

Our Board of Directors is ultimately responsible for and is dedicated to ensuring effective corporate governance across the Group. Our expectations of employees and suppliers are governed through internal mechanisms such as the Code of Conduct. A whistle-blowing mechanism provides an effective channel for employees to raise suspected misconduct, malpractice or impropriety directly to the Chairman and Managing Director, the Audit Committee, Head of Human Resources or Head of Internal Audit. Reported cases that warrant investigations will be referred to the Audit Committee. General workplace grievances are reported to direct supervisors and can be escalated to the Internal Affairs Department.<sup>1</sup>

External grievances are handled by the relevant employees, who interact directly with the stakeholder.

The composition of our Board changed on 19 December 2014 involving the resignations of Mr. Thomas Kwok as an Executive Director and as Chairman and Managing Director, and Mr. Thomas Chan as an Executive Director of the Group. Normal daily business and operations of the Group remain unaffected since the conclusion of the court case. No charges or allegations have been made and no convictions have resulted against the Group. Our corporate governance structures remain intact. Ongoing and open communications have been maintained with regulators, investors and employees.

We remain truthful and transparent in our timely communication with our stakeholders, who continue to have confidence in the Group. Our efforts in transparent communication and robust corporate governance have been recognized through the investment community, including being named Best Managed Company in the Real Estate / Property Sector in Asia by Euromoney magazine.

<sup>1</sup> Internal Affairs Department is responsible for human resources management.



For details on our corporate governance structure and practices, please refer to the **Corporate Governance** section in our 2014/2015 annual report.

# Our Approach to Sustainability

## Stakeholder Engagement

We have a wide variety of stakeholders including employees, customers, business partners, industry associations, government, NGO partners and the community at large. We engage our stakeholders on an ongoing basis, both formally and informally, depending on the purpose.

Annual engagement exercises on sustainability matters have been carried out since 2010, and we are committed to reviewing material aspects annually. We invited both internal and external stakeholders where applicable to review and update the list of 16 material aspects of our operations this year. The review of material aspects was undertaken again in line with the requirements of the GRI G4 Guidelines. We expanded the scope of engagement this year to include the telecommunications and IT infrastructure businesses, SmarTone and SUNeVision. With close to 200 stakeholders engaged, more than double the number last year, stakeholder feedback was gathered from over 144 responses to an online survey, 10 telephone interviews and two focus group discussions.

The engagement was again facilitated by a third party independent consultant to ensure openness and impartiality.

We are regarded by our stakeholders as a leader in product and service quality and maintain a well-regarded brand reputation among local communities. Our dedication to and performance in environmental and social responsibility has also won accolades and are recognized by our stakeholders.



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



## How We Address Stakeholders' Key Concerns

### Environmental issues


We continue improving on building management by extending energy efficiency projects at our existing commercial premises and further expanding the number of buildings monitored and reported for energy consumption and carbon emissions. Our online data system captures environmental data on energy, greenhouse gases, waste, and water across our property and non-property businesses.

While recognizing our presence in the market as a major property developer, some stakeholders suggest we consider introducing new technologies to our products and services. We support research and development on green building technologies that have been piloted at the properties we develop. Our data centre services also enable customers to choose sustainable options.

 For details, please refer to the [Value Created for Environment](#)

### Workplace practices

Some employees suggest that we should place more emphasis on training and development and provide more support. We recognize the importance of raising the skills of our people and we have a number of programmes in place to support training and development.

 For details, please refer to the [Value Created for People](#)

### Data privacy

Given the increasing trend of personal data loss / leakage incidents happening around the world, our stakeholders suggest that we should take every measure to safeguard the data security of our customers. We have a Group level Customer Data (Privacy) Policy for all our operations.

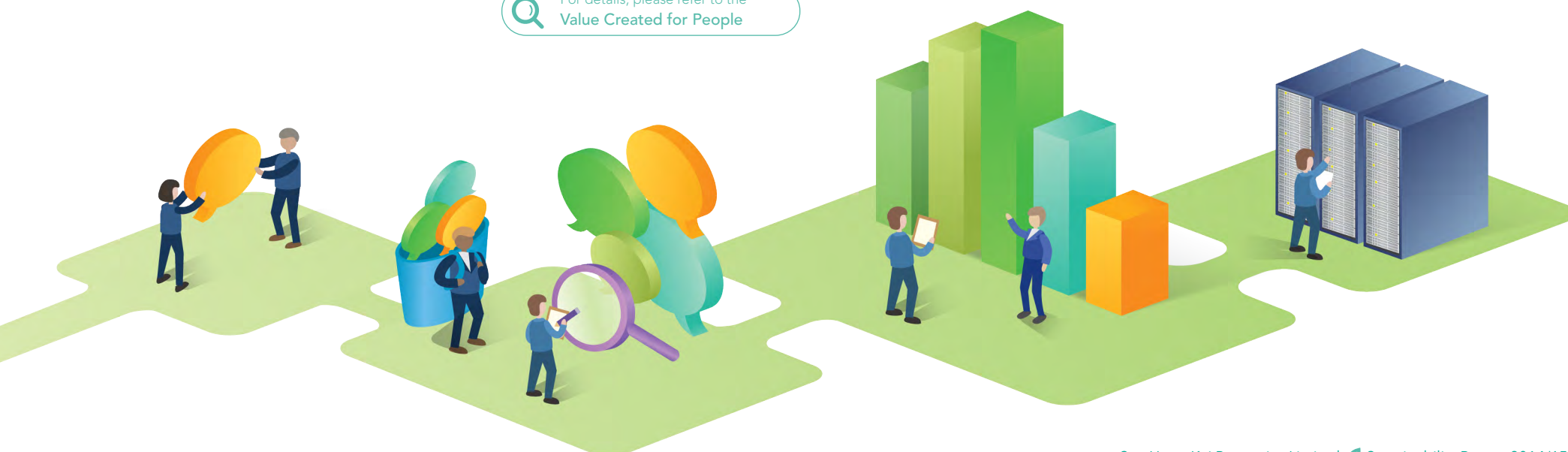
 For details, please refer to the [Value Created for Customers](#)

### Encourage competition and strengthen anti-corruption practices

Over 30% of survey respondents considered that how we manage anti-competitive and corruption issues is important to them.

As a major player in the local market, we strictly abide by the Competition Ordinance and have been demonstrating integrity in our operations.

We will continue to maintain a robust and transparent corporate governance structure. We remain transparent through timely disclosures to our stakeholders. For more details on our whistle-blowing mechanisms to tackle corruption, please refer to Corporate Governance on page 7.



Materiality Analysis

We identified 16 aspects as both important to our stakeholders and significant to our own operations in our last sustainability report, which were deemed to be material. Material aspects are matters affecting strategy, risk, governance, reputation, and financial and non-financial performance, and hence the ability to create value for stakeholders. Our stakeholders were invited to review these material aspects as well as broader aspects listed below to propose if there should be any updates based on external or internal factors including the change in regulatory environment, market practice in sustainability reporting and our extended reporting scope. The materiality of the aspects listed below was subsequently reviewed and updated by a diverse group of stakeholders including employees, customers, business partners, investors and NGO partners through an engagement exercise. Stakeholders were invited to indicate whether there were any material aspects they thought should be added or removed from the previous year. Priority was adjusted based on qualitative feedback from focus groups and interviews, and ones suggested by the Sustainability Steering Committee.

A diverse group of employees was also engaged in the analysis, resulting in extensive and wide-ranging feedback commensurate to the broader reporting scope of our operations. While the majority of respondents considered our material aspects relevant and comprehensive and did not wish to remove any existing ones, two new aspects – market presence and customer privacy – which were identified and prioritized in 2014/15, were reported in detail in the Value Created for People, and Value Created for Customers sections respectively.

Stakeholders also feel that anti-corruption and anti-competitive behaviour are important topics for SHKP to address. Although respondents did not rate these issues material enough for reporting, we have addressed them separately in this report on page 9.



Materiality Matrix



Sustainability Aspects Considered

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

# Value Created for Stakeholders



## Value Created for Stakeholders

Sustainability has long been an integral part of SHKP's corporate strategy to drive growth, manage risks and create value. We put our Building Homes with Heart credo into practice and work hard to generate returns for shareholders and internal and external stakeholders including our employees, customers, suppliers, contractors and the community. Our business objectives go beyond financial return and are strategized to deliver long-term sustainable value.

### Securing and Developing Our Greatest Assets

Employees are our greatest assets because the value generated by people development has increased tremendously as the business landscape becomes increasingly knowledge driven.

We aspire to be an employer of choice by attracting, developing and retaining talent. The Group has various programmes to find the right people to fit the right positions. We held more than 6,100 training events and invested about HK\$7 million to upgrade the skills of our people in 2014/15. We recognize people's contributions through performance-centric rewards to motivate and retain them. The proportion of employees that received performance reviews reached 89% this year.

Health and safety is a key risk in property development and management, so we have OHSAS 18001 accredited occupational health and safety management systems to manage such risks. There were zero fatalities among our employees and our construction accident incident rate of 7.32 per 1,000 workers<sup>1</sup> was much lower than the industry average of 41.9 per 1,000<sup>2</sup>.



**>6,100**  
training events

**>HK\$6.9 million**  
to upskill our employees

### Fuelling Growth with Supreme Customer Experience

We believe that success in creating good customer experiences stems from the impeccable quality of our products and services and our ability to anticipate and address customer needs. By consistently delivering customer satisfaction with our day-to-day service we build loyalty and brand equity over time, which is our way to drive sustainable business growth and generate return on capital.

Quality is one of our core values that we adhere to across our diverse business portfolio. The value of premium quality is embodied in the properties we build and manage, in the connectivity we create in telecommunications and the state-of-the-art digital infrastructure solutions we provide. As evidence of the pride we take in our high standards of quality, the Group continues to provide a three-year quality warranty on all new residential units sold. Setting an industry benchmark since 2013, it was the first of its kind in the territory.

We collect ideas from our employees to provide innovative customer service and identify unsated demand. We listen to feedback from our customers and proactively respond. We maintained our high level of customer satisfaction in 2014/15: 70% to 95% of the customers surveyed were satisfied with our property services and 95% with non-property services.



<sup>1</sup> Calculation is referenced to the methodology adopted by the Hong Kong Construction Association.

<sup>2</sup> Industry rate is calculated based on calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2015) from the Labour Department of Hong Kong SAR government.

Unlocking Value through Collaboration

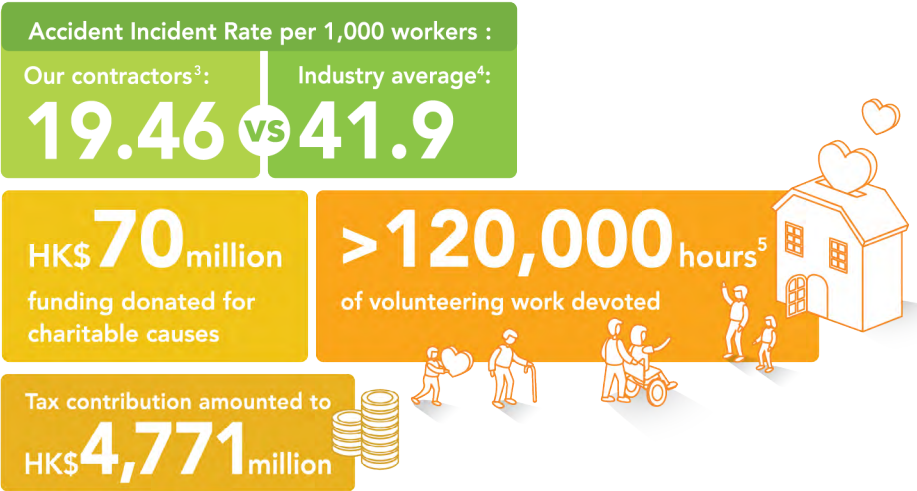
We are a big believer in collaboration and embrace the growing interrelation between business partners, peers and the community within the business eco-system.

Working with over 1,000 suppliers and subcontractors, we collaborate with our business partners to drive innovation and create win-win relationships. Over 95% of our total procurement budget was spent on local suppliers as part of our sustainable sourcing strategy.

We exert a positive influence on our business partners and guide them in incorporating sustainability in their operations, for example extending our safety expectations down the supply chain. The accident incident rate for our contractors remained at a low 19.46 per 1,000 workers<sup>3</sup> as compared to 41.9 per 1,000 for Hong Kong’s industry average.<sup>4</sup>

We have a fair operating practices code of conduct and communicate it to all employees and business partners, and expect them to uphold it in all our operations. We have a strong stance against bribery and corruption extending from the Group down our supply chain.

We deliver value to the broader community with a three-pronged approach: promoting reading and education, supporting sports for charity and healthy living and taking care of the underprivileged. We invested HK\$70 million and over 120,000 volunteer hours<sup>5</sup> in our community in 2014/15.



Optimizing Asset Efficiency and Empowering Sustainable Choice

Being environmentally conscientious helps a company manage its impacts and reduce operational costs to improve efficiency in utilizing resources. To a broader extent, by developing greener products and services that enable customers to make more sustainable choices, the Group moves away from the traditional cost-driven business model and develops a set of common values with the wider community.

As a business that operates in various sectors, we acknowledge the environmental impacts of our operations and have been working diligently to minimize them. We received 43 international certifications for our properties in recognition of sustainability in 2014/15. Our Energy Optimization Committee (EOC) monitors the energy consumption of major investment properties and helps guide energy and carbon footprint reductions. Some buildings under our management went through refurbishment programmes of various extents in 2014/15 to continually improve energy performance.

We encourage owners and residents of our managed properties to take part in the Hong Kong SAR Water Supplies Department’s Let’s Save 10L Water campaign and take the first step towards conserving water use in Hong Kong. We actively work to reduce waste generation and encourage recycling to reducing our own impacts. We recycled over 8,000 tonnes of municipal solid waste and nearly 90% of construction waste generated from our sites in 2014/15.

We also empower our customers with innovative products and services that enable them to make more sustainable choices. Our IT infrastructure is constructed and operated in line with the leading practices to provide customers with an optimum balance of performance and energy efficiency.



<sup>3</sup> Calculation is referenced to the methodology adopted by the Hong Kong Construction Association.  
<sup>4</sup> Industry rate is calculated based on calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2015) from the Labour Department of Hong Kong SAR government.  
<sup>5</sup> Volunteer hours are calculated based on calendar year.

### Growing Financial Returns and Beyond

Financial performance traditionally plays a major role in investment decisions, but the concept of responsible investment has become increasingly popular. The market is seeing a growing number of investors that incorporate sustainability in their investment strategies. The increase in enquiries on sustainability topics indicates the importance, power and influence of good sustainability performance. We strongly believe that doing well in sustainability helps achieve business objectives and will have a positive impact on our financial performance over time.

As a market leader in both financial position and sustainability, we are a constituent of the Hang Seng Index, Hang Seng Properties Index as the largest developer by market capitalization and of the Hang Seng Corporate Sustainability Index Series since 2010.

We are one of the largest property developers and landlords in Hong Kong and continue to maintain or expand our land bank to secure our development pipeline. We completed three projects in 2014/15 to capitalize on local market demand and acquired six sites during the year under review. These brought the total gross floor area of our Hong Kong development land bank to 22.1 million square feet as of 30 June 2015. Overall occupancy at our investment properties remained high at 95%.

Sustainable management of assets in our core sectors helped drive impressive returns for investors. We registered over HK\$13 billion in net cash from operations as at 30 June 2015 and our contracted sales amounted to nearly HK\$32 billion.



SHKP's low net gearing ratio and high liquidity reflect the positive impacts of careful management of our economic, social and environmental performance. Our cost of capital, as indicated by net debt to shareholder's funds, decreased to 11.2%.

We additionally attain the highest credit ratings among local developers, thanks to our high liquidity and positive capital growth. Our effective corporate governance structure has ensured our credit ratings remain unaffected with the changes to our board of directors during the reporting period. We currently have an A1 rating with a Stable outlook from Moody's and an A+ rating with Stable outlook from Standard & Poor's.

Our prudent financial discipline has also won us the steadfast support of the banking community, improving access to capital and achieving greater financial flexibility.

SHKP has always looked beyond the costs and benefits of a project. We are dedicated to creating lasting value for our stakeholders and work diligently to do so. The following sections describe how we interact with our employees, customers, supply chain, community and the environment, and the positive outcomes of our work.



# Value Created for People



## Value Created for People

Our employees are important enablers of our business strategy, holding the key to delivering the quality we have pledged. We aspire to be an employer of choice, and place high importance on human capital management to attract, develop and retain our people. Working at the Group offers good career prospects, opportunities for growth, and competitive remuneration incentives. Together, we create excellent products and offer high quality customer service that helps build a better home and contribute to the larger community.



Sub-degree graduates attending course in SHKP SDU - Trainee Program



Continuous Learning Award of SHKP Quality Academy

## Attracting and Sourcing Talents

Our businesses, such as construction, property management, hotels, telecommunications and IT infrastructure are people-oriented and we continue to face intense competition in the employment market. The shortage of skilled talent, especially at the junior level, continues to represent a key challenge to our business. We adopt a strategic and systematic approach in attracting talent and we are keenly aware of the significance of a strong corporate brand to keep us ahead of the talent competition. In 2014/15, we managed to attract 9,409 employees to join our Group. New joiners will participate in a comprehensive orientation programme, which is designed to help new employees fit in our corporate culture and successfully integrate into their new work environment.

Graduates are crucial to grow our talent pipeline and to meet our future core capabilities in the highly competitive labour market of Hong Kong. We partner with major local universities for collaboration / graduate internship programmes. In addition, we select and cultivate suitable talents through our three-year Management Trainee (MT) Programme, which comprises core training, rotation among departments and mentorship by senior staff. Trainees gain a comprehensive understanding of the business as a whole, exposure to different functions within the Group, industry knowledge and networks necessary to embark on a rewarding career with us.

We also target graduates from higher diplomas and associate degrees. Collaborating with the Hong Kong Federation of Youth Groups, we launched the SHKP SDU-Trainee Programme<sup>1</sup> to provide learning opportunities and on-the-job training to sub-degree graduates. A one-year internship is provided to participants in sectors including construction, property management, information technology, and hotels. As in the spirit of Building Homes with Heart, we aspire to help our young people to take their first step in the working world and help build a pool of talented youth in Hong Kong.



Visit SHKP Careers:  
[www.shkp.com/en-US/Pages/job-vacancies](http://www.shkp.com/en-US/Pages/job-vacancies)

<sup>1</sup> The SHKP SDU – Trainee Programme is a collaborative project between SHKP and the Hong Kong Federation of Youth Groups, supported by the Hong Kong SAR Labour Department's Youth Employment and Training Programme. It is the first of its kind initiated by the Hong Kong business sector. The word 'SDU' in the title stands for 'sub-degree youth', with 'sub-degree' referring to higher diplomas and associate degrees.

## Management Trainee Programme

Natalie Kwok, our Senior Leasing Manager, started her career with SHKP as a graduate MT over a decade ago. Her road to success exemplifies the Group's relentless commitment and efforts in recruiting, developing and retaining talent.



*"The MT programme helped me gain a better understanding of the Group's long-standing belief, Building Homes with Heart, the core values of Speed, Quality and Efficiency, and how the Group has turned its words into actions."*

**Natalie Kwok**

Senior Leasing Manager



Aspiring to work for a reputable and socially responsible company, Natalie believes that SHKP matches her career goal even though she has limited knowledge about the property business as a fresh graduate. The MT Programme provided Natalie with meaningful work experiences and opportunities for personal growth. The trainings effectively helped her build professional skills and technical knowledge in property leasing. Working at a multi-faceted business such as SHKP also provided her with the chance to collaborate with different departments, work with a diverse group of highly skilled colleagues and foster a supportive professional network. Natalie found her experiences as an SHKP MT instrumental to helping her successfully lead challenging, large-scale projects, such as the marketing campaign for the International Commerce Centre. In fact, every project has its uniqueness that enables Natalie to challenge herself every day and excel. This helps prepare her to become a well-rounded manager.

Every year, the Group solicits suggestions from existing MTs to address the question 'What can we do to attract the best and the brightest graduates?' Because of this, the Group's MT programme has been continually improving its appeal to prospective talent and helping potential applicants grapple with information to align what they are interested in with what we are looking for.



See Natalie Kwok's interview video:

[www.shkp.com/Pages/management-trainee-hk-experience-sharing](http://www.shkp.com/Pages/management-trainee-hk-experience-sharing)

## Value Created for People

### Developing Talent

Becoming an employer of choice requires huge investments in human capital. One of our focuses is offering development opportunities, at both professional and personal levels, to motivate and upskill our existing talent to align with our dynamic business needs. Talent development has become an increasingly important priority to mitigate labour shortage from a business planning perspective.

Each year, our Internal Affairs Department develops a structured development plan for employees – from frontline staff all the way to senior management. Our training programmes are regularly updated to ensure that our employees' skills keep up with our ever-changing business needs. We also actively seek feedback from our people to improve the content and delivery of our training programmes. In addition to organizing internal classroom training, we sponsor external training in work-related courses, ranging from short seminars to Master's degree programmes. A training library and e-learning programmes are also available to all staff on the intranet with easy access to facilitate self-learning.

We regard skill diversification as an important aspect in developing our human capital. The SHKP Quality Academy, a group-wide learning platform launched in 2013 as part of the Quality Campaign, continues to bring multi-disciplinary knowledge to our employees. It offers a range of cross-business-unit courses such as architecture and design, construction, engineering, customer service, and management to the participants. Similarly, job rotation and secondment opportunities to the mainland or Singapore would broaden the horizons of our talent.



Cross-business-unit courses offered by SHKP Quality Academy



### Hong Yip People Development Academy

Authorized by the Hong Kong Council for Accreditation of Academic and Vocational Qualifications, Hong Yip is the first company among its peers to organize property management industry-related training programmes, which are ranged from Level 1 to 3 of the Qualification Framework (QF) scheme in Hong Kong. Since June 2010, Hong Yip holds the largest number, as a total of 9, of accredited in-house training programmes in the industry. In particular, our in-house training programme Certificate in Service Excellence is based on Specification of Competency Standard. We are proud to provide the first of its kind in property management industry as well as the others implementing QF scheme.

- The objective of the Academy is to develop our people and equip them with comprehensive skills and knowledge to deliver quality service to our customers.
- Launched in 2007, the Academy has nurtured 111,086 participants, ranging from entry level to managerial level.



For SmarTone, we launched a series of development activities as part of the I care.... We care.... campaign to unleash our employees' creativity, encourage collaboration and enhance their sense of achievement and belonging at work. The activities, comprised of workshops and sharing sessions, were designed to equip employees with necessary knowledge and skills to improve work efficiency and deliver an excellent customer experience. Over 1,000 employees across all functions have participated.



I care.... We care.... campaign

## Recognizing Performance and Engaging Employees

Our remuneration supports the performance-driven culture and is competitive in the market. Our salary increment, especially for junior employees, is above average for the last five years. Employees are compensated based on meeting their business and personal development goals. We have various recognition awards in place, such as the Quality Raising Suggestion Scheme, Work Safety Suggestion Scheme, Best Handover Quality, and Property Management Fire Safety Performance presented by the Deputy Managing Directors every year. In addition, employees are entitled to benefits such as, but not limited to, paid leave, financial support with mortgages and personal loans, scholarship and overseas exchange opportunities for their children.

We have in place a structured employee appraisal and performance management system which encourages two-way communication between supervisors and employees on how to maximize their individual performance. In 2014/15, 89% of our employees received a performance review.

Today, the younger generation is looking beyond financial compensation. We continue to engage with our employees to better understand and address their needs and concerns. Also, engaging our people with shared values of doing good to the community forms part of our talent management strategy. Taking the signature SmarTone Mini Challenge as an example, it aims to enable employees to enhance their work-life balance and community involvement. Featuring a theme of Diversity in Development: a Battle of Wits and Power, this reporting year's Mini Challenge took place in October 2014 and had 47 teams from Hong Kong, Guangzhou and Macau. More than 400 employees participated each year since its launch in 2007 with a total of HK\$2.3 million raised for youth services in Hong Kong.



SmarTone Mini Challenge

<sup>2</sup> Calculation is referenced to the methodology adopted by the Hong Kong Construction Association.

<sup>3</sup> Industry rate is calculated based on calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2015) from the Labour Department of Hong Kong SAR government.

## Safety and Well-being at Work

We care about our people's physical and mental well-being. With construction as one of our core businesses, we recognize the inherent risks in our operations and make safety the top priority.

Work-related health and safety performance is overseen by the Occupational Health and Safety Committee in the Group. Our Occupational Health and Safety Policy conforms with relevant regulatory requirements and is designed to meet the multitude of needs at the Group's property business.

As a preventive measure, we take responsibility by providing training on safe working practices and emergency response preparedness and procedures. The safety management systems of both our construction and property management businesses are accredited to the leading international standard of OHSAS 18001.

Our accident incident rate continues to remain low at 7.32 per 1,000 workers<sup>2</sup> in this reporting year, which is significantly lower than the Hong Kong's industry average of 41.9 per 1,000 workers<sup>3</sup>.

For mental health, we provide our employees and their families with a 24-hour counselling and emotional support hotline, Hearty Hotline, with access to professional social workers, psychologists and counsellors. Additionally, we form a Staff Care Team to organize regular social events for employees and their family members to promote well-being and work-life balance.

The safety management systems of both our construction and property management subsidiaries are accredited to **OHSAS 18001**



**89%** of our employees received a performance review

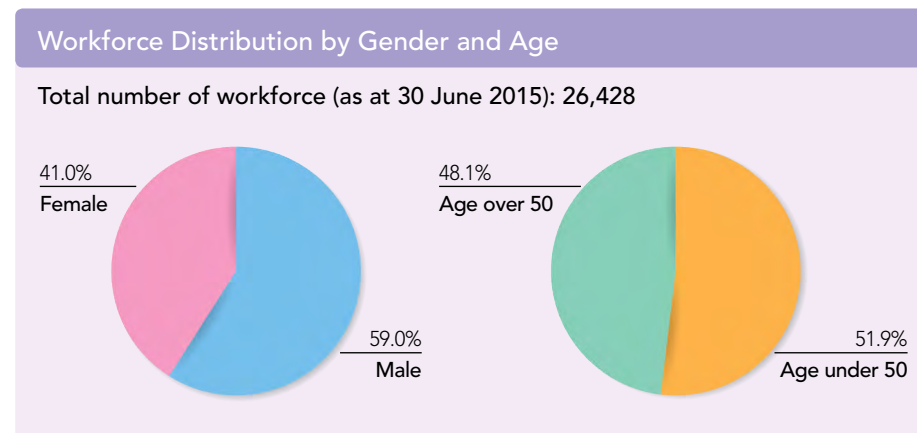


For more details on our health and safety performance, please refer to the **Data Tables**.

## Value Created for People

### Promoting and Enabling Diversity and Inclusion

We treat diversity and inclusion as a value driver and aim to create a vibrant and inclusive workforce. With the expansion and diversification of our businesses, we recognize the competitiveness and tangible value brought by diversity. Our code of conduct and anti-discrimination practices guide our employees and business partners in the areas of ethical business conduct and equal opportunity.



We acknowledge the importance of gender equality through our Group-wide human resources policy. We strive to offer career progression opportunities to women in management positions and provide mother-friendly workplace. In 2014/15, we implemented a programme to provide working mothers with flexible working hours. We currently employ 94 people with physical and mental disabilities.

### Managing Human Rights

Respecting human rights has been an integral part of our approach to sustainability. We actively manage work-related human rights issues wherever we operate, and extend such expectations to our supply chain. For instance, we take rigorous measures to prevent the use of child and forced labour in our business operations. Also, we respect employees' rights to join trade unions and bargain collectively. Our Code of Conduct establishes mutually respectful and collaborative work relationship, equal opportunities and freedom from all kinds of discriminations, such as gender, age, family status, sexual orientation, disability, race or religion or other characteristics.

Our commitments to human rights also extend to our supply chain. Please refer to Value Created for Supply Chain section for details.

#### Family-friendly arrangement

- Two-week leave at full pay for new mothers
- Lactation room



#### Flexible working hours for special needs & working mothers



#### Family-friendly Employers Award from the Family Council



# Value Created for Customers



## Value Created for Customers

We apply our core value of Building Homes with Heart in all aspects of business. Our mission is to create impeccable customer experiences so we focus on quality, anticipate customer needs, look for ways to innovate homes and transform lifestyles. We serve customers in various ways, such as offering premium buildings, comfortable 'homes away from home' and reliable telecommunications and technology service.

### Providing Premium Products and Services

Upholding high standards of quality is one of our core values. Our professional property development teams implement stringent quality controls and assurance procedures at all stages of building a home, vertically integrated from design to after sale:

We put our long-standing quality culture into practice from policy to operation. Our commitment to high quality is SHKP's competitive advantage, resulting in a leading market position.

- ▶ The SHKP Quality Academy is part of our talent development efforts to reinforce our quality-oriented company culture to employees across the Group.
- ▶ We understand that buying a home is one of the biggest decisions people make in their lives, so we have been offering a three-year guarantee on all new residential units to homebuyers since 2013. We take pride that SHKP is the first developer in Hong Kong to have made this commitment in the market.

In addition to building quality, enabling an equal and inclusive customer environment is also important to us. Many of our commercial and residential premises are designed in line with the Hong Kong Government's Barrier Free Access Design Manual and are regularly evaluated.



## Creating an excellent customer experience through innovation

Our flagship YOHO integrated complex project in Yuen Long is intended to bring a whole new lifestyle to the northwest New Territories. This complex brings residential and retail space together to transform the lifestyle in the area, which is increasingly populated by young families.<sup>1</sup>



Visit our YOHO Mall:  
[www.yohomall.hk](http://www.yohomall.hk)



**120,000** sq. ft.  
of outdoor green space



The project was designed with end users in mind, anticipating the needs of urban sophisticates and offering a lifestyle with a luxurious 24-hour clubhouse featuring entertainment facilities and snacks for residents to enjoy around the clock. The mall provides integrated digital navigation and ticketing information on parking, public transport and restaurant reservations, and 120,000 square feet of outdoor green space delivers a carefree, modern and natural environment to our customers.

While the YOHO project was an addition to our property portfolio, creating new customer experiences and innovative lifestyles have always been cornerstones of our commitment to customers. SHKP has developed a number of iconic integrated complexes that have transformed many local neighbourhoods in the past three decades, such as New Town Plaza in Sha Tin, and the Millennium City cluster in Kwun Tong.



<sup>1</sup> The Hong Kong SAR Planning Department's Projections of Population Distribution 2014-2023 announced in December 2014 predicts that Yuen Long will have the highest proportion of young and working age residents in Hong Kong with consumers between 20 and 44 accounting for 38% of the population in the district.

## Value Created for Customers

Our commitments to quality go beyond bricks and mortar and underlie all aspects of our business.

### Property Management



#### How we deliver quality

**Physical safety and security:** Our property management services range from security and mechanical and electrical repairs, to burglar alarm systems and project management to ensure safe, secure environments for residents and tenants.

**Information security:** Our information security management system is leading the local property and facility management industry. Hong Yip was the first large property management company to achieve ISO 27001 certification in Hong Kong.

**Service quality:** Our quality management systems are accredited to ISO 9001 standards and are in line with international best practice.

**Health and Safety:** Our occupational health and safety management are certified to OHSAS 18001 standards, which exceeds regulatory requirements.

**Business resilience:** We piloted the ISO 22301 accredited Societal Security - Business Continuity Management Systems standard at International Commerce Centre managed by Kai Shing. The goal is to enhance business resilience by managing risks of business disruptions and minimize the extent and severity of potential impacts.

**Technology:** We developed a real-time information distribution application for smart phones to keep residents of managed properties abreast of any updates relating to the properties. This was piloted by Kai Shing.

#### What we achieve

- ▶ Fourteen properties managed by Kai Shing received 2014 Excellent Facility Management awards.
- ▶ International Commerce Centre managed by Kai Shing received a Productivity and Quality award in the 2014 Hong Kong Awards for Industries.
- ▶ Hong Yip was the first property management company in the territory to be granted Q-Mark certification in 2004 and has achieved Green Mark certification for eight consecutive years.
- ▶ Hong Yip received a Best Property Management Contractor (HOS and Non-domestic Properties) gold award from the Hong Kong Housing Authority for a record of five consecutive years.
- ▶ Hong Yip received a 2014/15 Best Property Safety Management award.

### Hotel



#### How we deliver quality

**Food safety:** A Hazard Analysis Critical Control Point system to control food-borne diseases has been implemented at the Royal Park Hotel, Royal Plaza Hotel and The Royal Garden. The food safety management system at the Royal Garden is accredited to ISO 22000 Food Safety Management standard. Monthly spot checks are performed by an independent external party to ensure food hygiene and safety. Yearly audit is performed by an independent external party, whereas weekly checking by external consultant and daily spot checks are performed by internal hygiene department.

#### What we achieve

Our hotels won TripAdvisor Hall of Fame awards given to top hotels that have earned Certificates of Excellence for five consecutive years.

We also garnered a number of awards for service excellence from online agencies such as Hotels.com, Booking.com and Agoda.com. A number of our restaurants are recommended in the Michelin Guide to Hong Kong & Macau.



## Telecommunications



### How we deliver quality

**Service reliability:** Our network reliability consistently exceeds our target of 99.99%. The mean time to recover a fault in the core network is 100% within 10 minutes, exceeding our target (95% within 10 minutes)<sup>2</sup>.

**Customer service:** Our average time to answer 90% of the customer calls to our hotline is less than six seconds, consistently lower than our target (90% within 13 seconds). Our complaint acknowledgement time (within one working day) and resolution time (>90% within three working days) meet or exceed our targets.

**Data privacy:** We strictly abide by our Privacy Policy to protect our customers' personal information from being misused.

### What we achieve

We attained following awards:

- ▶ 2014 and 2015 Next Magazine Top Service awards – Mobile Network Service Operators Category
- ▶ 2015 Next Magazine Top Service award – Internet Service Providers Category
- ▶ Yahoo! Emotive Brand award 2013-2014 – Telecommunications Category
- ▶ 2015 Asia's Best Managed Companies by FinanceAsia
  - Ranked No. 2 Best CEO in Hong Kong
  - Ranked No. 3 Best Corporate Governance in Hong Kong
  - Ranked No. 4 Best Investor Relations and Best Managed Public Company in Hong Kong

<sup>2</sup> The availability of the core network, i.e. the percentage of the uptime of the core network in an observation period.

## IT Infrastructure



### How we deliver quality

**Service quality:** We offer reliable, flexible and easily scalable IT/data centre solutions. Our data centres are accredited to ISO 9001 Quality Management System standard and ISO 20000 IT Service Management standard, and the new Tseung Kwun O data centre is designed to a high international standard (Uptime Tier 3+ Standard to Tier 4).

**Information security:** Our data centre service (iAdvantage) is certified to ISO 27001 Information Security Management standard to safeguard sensitive and private information.

### What we achieve

We won the Computerworld Hong Kong's 2015 Technology Company of the Year Award (Mature Category). This distinguished achievement acknowledges SUNeVision's excellence in service quality to local and overseas customers, which has been integral to the advancement of the local IT industry.

Our data centres were also the Best Internet Service Provider in the Outstanding Information Technology & Financial Enterprise Awards organized by Capital Magazine, Capital Web Site and Hang Fung Gold Technology Group.



## Value Created for Customers

### Anticipating Customer Needs

Customer experience hinges on quality and responsiveness to market needs. The SHKP Quality Academy is a platform to foster our customer first culture and help our employees better anticipate customer needs, in order to constantly enhance customer experience. Please refer to Value Created for People in this report for more information about the SHKP Quality Academy.

Our Initiatives reinforce the Group's focus on innovation and continuous improvement of customer experience. These schemes solicit ideas from our employees to improve quality, efficiency, and safety, with annual prizes awarded for best suggestions.



#### Quality Raising Suggestion Scheme

For its 22 years, we proactively outreach our employees for innovative ideas. The scheme response rate has been good with over half of the winning ideas implemented by our businesses. The ideas help save homeowners' time, reduce costs for commercial tenants and protect the health and well-being of shopping mall visitors. This reporting year our gold award winner, Estate Management, devised an inexpensive and user-friendly ventilation system that clears volatile organic compounds and dust during renovation.



#### Work Safety Suggestion Scheme

For its seven years, many winning ideas are adopted by the local industry, which help to boost both safety and quality of workplace. Another gold award winner this reporting year, Construction Department, studied and came up with a warning system to lower the risk of tipping over in crane lorry lifting operations. The results of study were shared to relevant parties, in an attempt to enhance the safety of operating lifting equipment.

Customer Care Ambassador Election to encourage continuous service improvement at our shopping malls is a signature programme involving public voting and assessments from mall supervisors and mystery shoppers. The seventh election was held in 2014/15 and 107 employees from 21 SHKP malls were selected in recognition of their excellent performance.

Our telecommunications operation continues to innovate and diversify to meet changing market demand and help address concerns raised by our customers. Our telecommunications subsidiary launched a number of leading new services in 2014/15 in the mobile service space.

### Customer Feedback and Satisfaction

The SHKP team proactively seeks feedback from customers across our business sectors. We always look for room to improve our products and services.

#### What our customers thought about our service in 2014/15

##### Homebuyers



- ▶ Surveys of five new residential properties were carried out in 2014/15, covering over 1,000 homebuyers and over 2,400 residents.
- ▶ Over 70% of homebuyers surveyed considered our overall property quality and handover service as 'Good' or 'Excellent'.

##### Office tenants



- ▶ Periodic tenant visits and surveys were carried out and over 500 office tenants were interviewed.
- ▶ Over 95% of tenants surveyed rated our property management quality as 'Good' or 'Excellent'.

##### Shopping mall tenants



- ▶ Feedback from over 3,600 mall tenants was collected.
- ▶ Over 95% surveyed rated our property management as 'Good' or 'Excellent'.

##### Hotel guests



- ▶ More than 20,000 guests were surveyed.
- ▶ On average they gave a score of 86 out of possible 100 for hotel facilities and services.

##### Telecommunications customers




- ▶ Customer satisfaction surveys are built in the sales process at retail shops and the call handling process at call centres.
- ▶ Feedback from over 260,000 customers was collected.
- ▶ Over 98% of those surveyed rated our service quality as 'Good'.

##### IT infrastructure customers





- ▶ A total of 10 corporate clients were surveyed.
- ▶ Over 95% of the respondents were satisfied with our service quality.

Comments and suggestions from our customers are followed up by responsible teams from respective divisions in a timely manner. There is also a formal customer complaint handling mechanism. Complaints received through direct and indirect channels, such as our 24-hour hotlines or external parties, are acknowledged in a timely manner and recorded for proper follow-up. Immediate responses are expected in some of our businesses, such as hotels and telecommunications, and the complaints are handled promptly.



Performance of Hotels	
All Complaints <sup>3</sup> :	Response within 10 working days
Performance of Property Management	
Emergency Complaints:	Immediate response
Verbal Complaints:	Verbal response within 10 minutes
Written Complaints:	Written response within 10 working days
Performance of Telecommunications	
Hotline Answer Time <sup>4</sup> :	The average time for 90% calls is less than six seconds
Complaint Acknowledgement Time <sup>5</sup> :	Within one working day
Complaint Resolution Time <sup>6</sup> :	>90% within three working days <sup>7</sup>

<sup>3</sup> Hotels have a more stringent protocol that requires all complaints to be immediately reported to the Guest Services Manager.

<sup>4</sup> The mean time to answer a call by an operator, counting from the time a customer requests for discussion with an operator.

<sup>5</sup> The mean time to acknowledge a complaint, counting from the time a customer lodged the complaint.

<sup>6</sup> The mean time to resolve the complaint, counting from the time a customer lodged the complaint.

<sup>7</sup> Excluding cases that (1) are waiting for information/decision from the customer, (2) customers cannot be reached or (3) on-site test is required.



## SHKP Club

Established in 1996, our SHKP Club is the first and largest property membership club in Hong Kong, providing two-way communication to over 348,000 members to facilitate customer feedback and improve satisfaction. The Club has been an effective vehicle for the Group to enhance our product and service quality, and interact with our customers through online and offline platforms. It helps disseminate the Group's related information and services to a wider public. It also promotes loving homes and social harmony, while the annual Loving Home from the Heart campaign aimed at promoting domestic harmony in lively ways, including:

- ▶ Roving exhibition at SHKP malls attracted more than 1,000,000 visits;
- ▶ Lovey-loving Family comic series featured 10 episodes;
- ▶ 10 ways to becoming a 'Sweet Heart' in the family programme received 50,000 Likes from Facebook fans;
- ▶ Sweet Family Times Competition for stories attracted more than 6,000 entries;
- ▶ Loving Home notebook charity sales received over HK\$100,000 donation; and
- ▶ Results of family survey shared to the public with the support from Hong Kong Family Welfare Society.



Visit our **SHKP Club**: [www.shkpclub.com](http://www.shkpclub.com)

## Protecting Customer Privacy and Well-being

We treat customer data privacy seriously and are committed to abiding by the requirements of the Personal Data (Privacy) Ordinance of Hong Kong with a group-level Customer Data (Privacy) Policy in all our operations.

We did not receive any substantiated complaints regarding breaches of customer privacy and losses of customer data from any outside parties or regulators in 2014/15.

We strictly comply with the requirements of the Office of the Communications Authority in telecommunications radio frequency management to safeguard the health and well-being of our customers and the public. Our telecommunication infrastructure operates well within safety standards.

# Value Created for Supply Chain



Our supply chain network involves over 1,000 suppliers and subcontractors, and how we work with them has a significant impact on the quality of our products and services, and our reputation. We are committed to building collaborative, long-term and mutually beneficial relationships with our business partners.

## Managing Our Supply Chain Risks

As part of our supply chain risk management, we avoid excessive reliance on a small number of suppliers. Less than 30% of our purchases in 2014/15 were sourced from our five largest suppliers. The rest of our purchases is from a large number of different suppliers. For example, our Construction Department spent 83% of its overall purchases to hire more than 110 subcontractors, whereas our property management subsidiaries sourced more than 56% from 600 facilities contractors.

We manage each business line supply chain differently. For example, physical safety is the top priority of our construction business, whereas food safety is crucial to the catering arm of our hotel business. We summarized our most significant categories of suppliers by expenditure in the reporting period to illustrate the diversity of our suppliers across our supply chain.

Proportion of our procurement budget spent on local suppliers **>95%**



## CASE STUDY

### Creating value through collaboration with our business partners



“Both SHKP and Johnson Controls look to increase the operational efficiency of the Group’s buildings while reducing energy consumption. Our shared goals and objectives form the foundation of our lasting win-win working relationship.”

K. O. Wong

General Manager of Service Division,  
Building Efficiency, Johnson Controls

Johnson Controls, our supplier, is a technology company that specializes in providing energy saving solutions for buildings. Sun Hung Kai Centre is a 34-year-old commercial complex with 53 floors. Over the years, we have implemented various initiatives to retrofit SHKC to improve its energy efficiency.

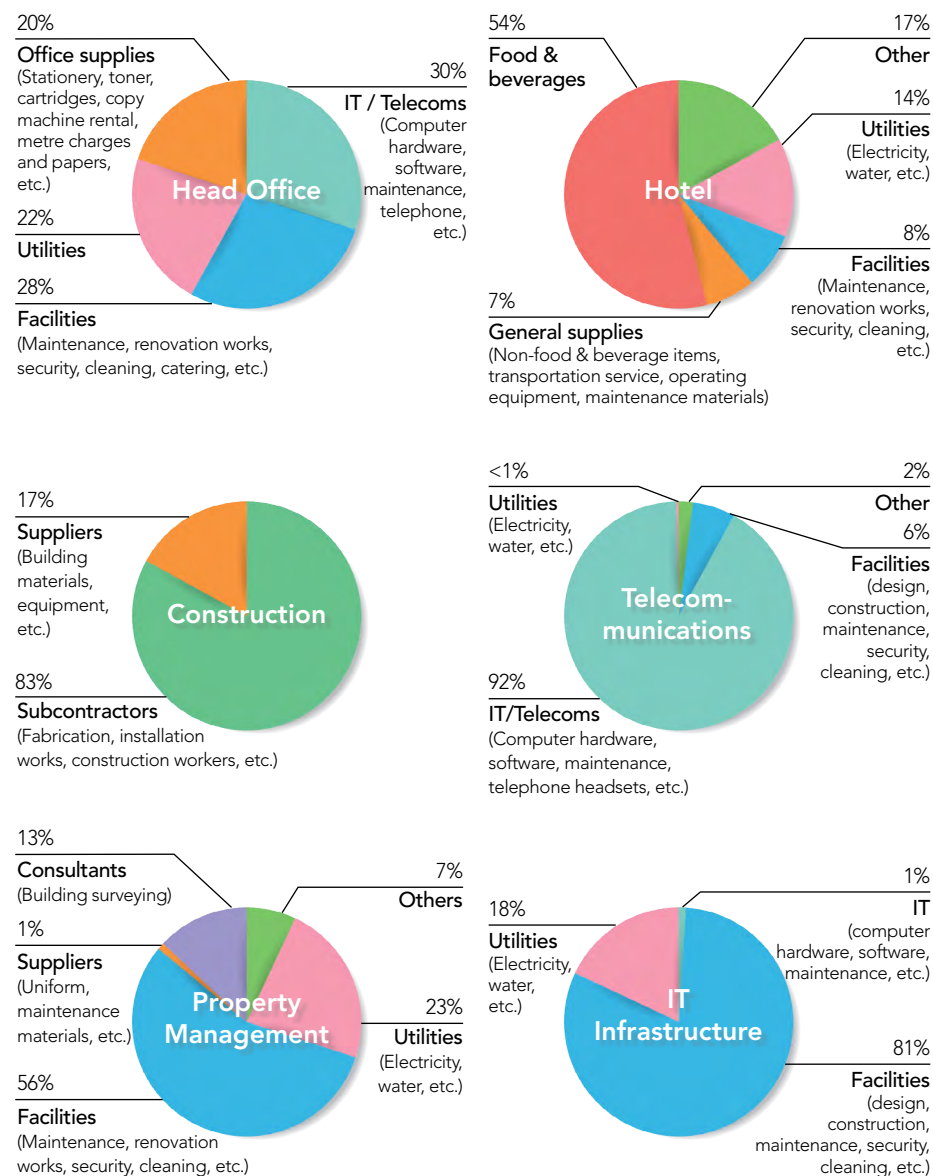
Through working closely with Johnson Controls, we upgraded the water pump system in 2013 which contributed to an estimated annual energy savings of over 120 MWh or HK\$0.18 million in energy bills. In 2015, Johnson Controls leveraged innovative technologies to optimize the chiller plant at SHKC. The new solution is expected to achieve annual energy and cost savings of 10% from the baseline level of 2014 and reduce the carbon footprint by 300 tonnes. This translates to annual savings of close to HK\$800,000 with an anticipated return on investment of only two years.

We recognize the positive impacts we can make in the market through experience sharing and collaboration with other members of the business community. We joined Johnson Controls’ Customer Reference Programme and showcased our energy saving experience at SHKC to other property developers, with an aim that our peers and suppliers can repeat our successes.



## Value Created for Supply Chain

### Procurement Breakdown by Operation and Type



### Sourcing Sustainably

We promote supply chain sustainability by choosing local suppliers, where possible, to minimize our carbon footprint and support the local economy. We also support local entrepreneurship by involving small, medium or social enterprises in our supply chain. Over 95% of our purchases were sourced locally – out of the total of HK\$32.8 billion – for the reporting period.

In line with the requirements of ISO 14001 Environmental Management System, our procurement policies give priority to eco-friendly contractors and suppliers. Our supplier contracts include commitments to observing our environmental standards, which cover the areas of waste management, pollution prevention, materials sourcing and materials use.

### Managing Sustainable Supply Chain

We strive to make a positive impact on our supply chain by setting a set of expectations on environmental, social and ethical standards. Guidance is provided in invitations to tender and supplier contracts. Training courses are provided to suppliers to help them gain a better understanding of our quality standards and core values.

We are committed to operating in accordance with local laws and regulations. Similarly, we expect our suppliers to operate with integrity, treat their people fairly and adhere to a code of conduct, with reference to our Environmental, Occupational Health and Safety policies, as well as strict standards on corporate governance.

Supplier compliance is evaluated and monitored on a regular basis. For example, our construction and property management businesses assess contractors and suppliers biannually on their sustainability performance. We identify opportunities for best practice sharing and encourage honest and accurate disclosure. Performance is logged in our tender management system and is taken into consideration in future supplier selection processes. Any violation of the law or serious misconducts can result in exclusion from invitation to future tendering opportunities.

Similarly, for food sourcing at hotels, we carry out strict supplier audits annually at all points along the supply chain. We particularly focus on high risk food items such as oysters and other ready-to-eat food. The audit covers personal hygiene, food processing and storage temperature, pest control management, equipment cleaning, waste management and chemical storage management. During 2014/15, over 95% of our suppliers achieved satisfactory results during our assessments; those who failed were immediately suspended from our list of approved suppliers.

## Anti-corruption

In managing procurement fraud risks, we require tendering companies and their board members to declare any conflicts of interest, and encourage reporting of any suspected misconduct through a whistle-blowing mechanism. In the event of contravention by any subcontractors or suppliers, we will take appropriate disciplinary actions or report to the regulators. 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.

## Upholding Human and Labour Rights in Supply Chain

We uphold human and labour rights across our supply chains. We have zero tolerance for child labour and forced labour, and expect our suppliers to do the same. We are the first developer in the industry to establish a Construction Wage Protection Partnership Scheme to make sure our construction workers are paid in a timely and fair manner and are properly covered by the Mandatory Provident Fund (MPF) retirement scheme.

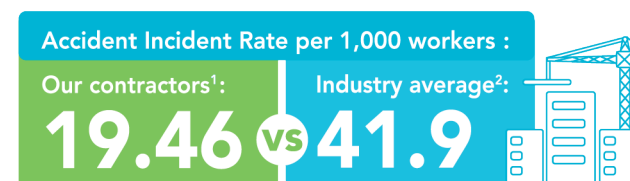
## Managing Health and Safety Performance

In construction and property management businesses, our standards in managing health and safety risks extend to our contracted workers. We expect our contractors strictly follow our safety protocols when working on site. Training has been a key driver in preventing potential hazards at construction sites. All construction workers are required to attend at least one worksite safety course before they may start working for us. Over 544,000 workers undertook the training in 2014/15.

- ▶ **Prior to construction project commencement:**  
Induction trainings specific to the conditions of individual sites
- ▶ **During the project:**  
'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



Compliance is evaluated by competent site safety personnel on a quarterly basis, whereas external safety audits under the Factories and Industrial Undertakings (Safety Management) Regulation are conducted every six months.



In order to encourage a transparent and comprehensive reporting of safety incidents, we took the initiative last year to waive industry standard fees levied on claims filed by our contractors at each of our development projects.

We maintained a zero fatality record in construction sites where we are the main contractor this year. However, we regrettably report one fatality and two injuries at our subcontractor managed Stubbs Road construction site in Hong Kong on 8 December, 2014. Following the incident, all of our construction sites were suspended immediately for a series of internal safety reviews performed by our construction team. In addition, we have established an independent accident investigation panel to look into this incident. We took all necessary actions to identify the root cause of the incident and undertake necessary measures to prevent similar event in the future.

<sup>1</sup> Calculation is referenced to the methodology adopted by the Hong Kong Construction Association.

<sup>2</sup> Industry rate is calculated based on calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2015) from the Labour Department of Hong Kong SAR government.

# Value Created for Community



Hong Kong is the Group's home and our continuing success is inextricably connected to the city's enduring prosperity and development. We put our Building Homes with Heart philosophy into action to make Hong Kong a better place for everyone, with initiatives and resources that go beyond philanthropy in addressing community needs.

## Our Approach to Community Investment

We have had a three-pronged approach in promoting reading and education, supporting sports for charity and healthy living, and taking care for the underprivileged in the community for years:



To have greater positive impacts, we plan to take further steps in measuring and evaluating the progress of our community investments, in order to maximize value created for the community.

## Responsible citizen

We invested in the community through charitable donations amounting to HK\$70 million this reporting year, provision of various in-kind sponsorships, and organizing over 120,000 hours employee volunteer work. Since 2012, we have raised over HK\$17 million through SHKP Vertical Run for Charity – Race to Hong Kong ICC. All those are in addition to paying HK\$4,771 million in tax.

	Reading and Education	Sports for Charity and Healthy Living	Care for the Underprivileged
<b>Purpose</b>	<ul style="list-style-type: none"> <li>Promote reading culture</li> </ul>	<ul style="list-style-type: none"> <li>Encourage healthy lifestyles and sports for charity</li> </ul>	<ul style="list-style-type: none"> <li>Support the needy</li> </ul>
<b>Commitments for 2014/15</b>	<ul style="list-style-type: none"> <li>Promote reading to a wider community</li> <li>Introduce green elements to reading</li> </ul>	<ul style="list-style-type: none"> <li>Promote another major sporting event for the community</li> <li>Raise funds for children and youth in need</li> </ul>	<ul style="list-style-type: none"> <li>Expand the programme to a wider group of beneficiaries</li> </ul>
<b>Progress in 2014/15</b>	<ul style="list-style-type: none"> <li>SHKP Reading Club: 25,000 members in Hong Kong and on the mainland, and introduced five new series of initiatives</li> <li>Recycle Your Read: over 26,000 books recycled in five months</li> </ul>	<ul style="list-style-type: none"> <li>Promoted Exercise for Good by introducing a new territory-wide cycling event in 2015/16: SHKP Hong Kong Cyclothon</li> <li>SHKP Vertical Run for Charity extended to Shanghai IFC</li> </ul>	<ul style="list-style-type: none"> <li>Building Homes with Heart Caring Initiative: over 10,000 beneficiaries</li> <li>Social Inclusiveness: over 600 beneficiaries<sup>1</sup> since commencement</li> </ul>
<b>Goals for 2015/16</b>	<ul style="list-style-type: none"> <li>Driving happy reading among youths in Hong Kong</li> </ul>	<ul style="list-style-type: none"> <li>Achieve better results for Hong Kong Cyclothon</li> <li>Promote vertical running to youth and the elderly</li> <li>Track effectiveness and impacts of donations</li> </ul>	<ul style="list-style-type: none"> <li>Engage wider target group</li> </ul>

<sup>1</sup> Figure as at January 2015

## Value Created for Community

### Towards a Learning Society

#### Developing a happy reading culture – SHKP Reading Club

Reading is the keystone of a learning society. The benefits go beyond preparing young people to join a knowledge-based economy and improve Hong Kong's international competitiveness. Importantly, reading also stimulates ideas that increases empathy and fosters shared values, all vital to the spiritual health and strength of the community.



The SHKP Reading Club is committed to making reading part of people's daily lives. It has staged a wide range of reading-related activities like guided cultural tours and seminars with popular authors that attracted nearly 15,000 participants in 2014/15. The results of the annual SHKP Reading Index survey indicated that the popularity of reading in Hong Kong is increasing. We set targets to promote reading to new communities and infuse green elements to reading in 2014/15. We have launched the following community campaigns, which are tailored to specific community segments of society.



SHKP Reading Club exhibiting reading-related activities in Hong Kong Book Fair

Visit SHKP Reading Club: [www.shkpreadingclub.com](http://www.shkpreadingclub.com)

2014/15 campaigns	Target participants	Purpose	Results
Read and Share	Primary students	Provide support to primary schools and enable teachers to promote a reading culture in schools with innovative methods	▶ Engaged 25 schools in partnership with the Hong Kong Aided Primary School Heads Association
Explore the World	Local, Asian, European and American teens	Encourage cultural exchanges	▶ Connected 170 teens, including visiting students from France, Canada and Italy
Let's Read, Elderly	Senior citizens	Encourage reading online with a senior-friendly platform	▶ Partnered with Hong Kong Society for the Aged ▶ Over 3,500 page views of online magazines
Read through Hong Kong	Underprivileged families	Offer guided cultural tours and introduce related readers to understand Hong Kong and foster family relationship	▶ More than 20 underprivileged students and their parents took part in the first tour organized in February 2015
Recycle your Read	The public	Encourage book recycling and give underprivileged people better access to books	▶ Collected more than 26,000 books in five months valued at over HK\$124,600 ▶ Encouraged sharing books, raised environmental awareness and extended the lifespan of literature in collaboration with World Green Organization and 22 NGO partners



Seminars, competitions, forums and other events that frame reading in different contexts attracted people from all walks of life to embrace reading:

- ▶ The last Young Writers' Debut Competition, expanded from Hong Kong and the mainland to Taiwan and Macau, drew 2,070 entries and the eight winners had their books published and distributed in all four territories. The past five competitions have so far got 41 young authors into print for the first time.
- ▶ Women's Well-being Reading Seminar series gave 138 participants insights on managing stress and helped promote gender equality.
- ▶ Books You Must Read Before Thirty seminar with three young entrepreneurs was organized to advocate independent business to an audience of 30.
- ▶ Reading in the Macrosm forum promoting cross-cultural reading interest and local origins for thoughtful reflection on Hong Kong reading drew 66 participants.



Young Writers' Debut Competition

### Supporting education

The SHKP-Kwok's Foundation was established in 2002 to offer assistance to Hong Kong and mainland students with limited financial means. These students in need would have the chance to pursue higher education at prestigious universities and give back to the community after graduation. The Foundation has provided scholarships amounting to over RMB 300 million for 20,000 students<sup>2</sup> to date.

The SmarTone AYP International Exchange Programme Fund established by SmarTone and the Hong Kong Award for Young People (AYP) enables young people with limited resources to take part in international exchange programmes and gain international exposure, develop interpersonal skills and leadership. Donations from the SmarTone HK Challenge have backed this initiative since October 2007, amounting to nearly HK\$ 2.3 million, and 511 young people aged 14 to 25 have benefited.



<sup>2</sup> Figure as at December 2015

<sup>3</sup> Figure as at January 2015

### CASE STUDY

## SHKP Vertical Run for Charity – Race to Shanghai IFC

Our concept of Exercise for Good means people treating themselves well and spreading good in the community. We introduced the SHKP Vertical Run for Charity in Hong Kong as a charity fundraising event to encourage healthy living and giving in 2012. The runs had so far generated over HK\$ 17 million<sup>3</sup> to help child and youth services. We used that experience to stage the Race to Shanghai IFC in 2014 and are proud that both the Hong Kong ICC and Shanghai IFC races were included in the eight races on the 2014 international Vertical World Circuit.

**1,200** athletes of  
**16** nationalities  
from around the world



**19** world-class  
athletes from  
**10** countries



**RMB 675,700**  
raised for Shanghai Children's Health  
Foundation to provide medical treatment  
for eight children with heart disease

**50** teams  
from big-name  
companies in the  
Corporate Relay



Visit SHKP Vertical Run for Charity :  
[www.shkpverticalrun.com](http://www.shkpverticalrun.com)



## Value Created for Community

### Encouraging Sports for Charity and Healthy Living

#### Promoting community well-being

We care about the well-being of our communities and our SmarTone has responded to increasing health concerns by developing mobile applications like HealthReach to help people and families attain better health by monitoring vital signs and managing daily exercise and diet regimes.



Visit **HealthReach**: [www.healthreach.com.hk](http://www.healthreach.com.hk)

#### Care for Those in Need

With the help of our employees, we organize various events to give back to our communities. SHKP Volunteer Team has put in more than 500,000 service hours over the past decade. The team has grown from a few hundred members in 2003 to approximately 2,200 with the support of our management and general staff. The team is also extending the scope of its activities on the mainland.

Our social inclusiveness programme includes visiting to Sky100 Hong Kong Observation Deck and Noah's Ark Hong Kong, using our two iconic developments to bring people of different backgrounds and abilities to promote greater inclusion among communities. Following the start of the programme in January 2014, it has benefited over 600 participants<sup>4</sup>.

#### Building Homes with Heart Caring Initiative

The Building Homes with Heart Caring Initiative reaches out to the elderly and offers cheer. Seasonal festive events organized in 2014/15 entertained 10,000-plus seniors. Over 250 SHKP volunteers distributed moon cakes to 7,000 seniors in Kwun Tong, Sham Shui Po and Sai Kung to celebrate Mid-Autumn festival, and gave gift bags with rice dumplings to 3,000 seniors during Tuen Ng festival. More than 100 volunteers visited over 200 seniors in Eastern District and Sham Shui Po during the year.

We collaborated with the Social Welfare Department of Hong Kong SAR government and NGO partners for a fifth year running to sponsor and host Chinese New Year Poon Choi lunches at Noah's Ark Hong Kong for the elderly. Guests this year included our volunteers and SHKP Executive Directors Adam Kwok and Mike Wong, Executive Council member Bernard Chan and Director of Social Welfare Carol Yip with 1,700 seniors from Kowloon City and North District.



SHKP Volunteer Team



#### Support active ageing

We heed the government's policy address call to support active ageing and promote community business to bridge the digital divide of senior citizens. An initiative by the SmarTone volunteer service team gave free mobile phone workshops for the elderly so they can be confident in using modern devices and showcased the latest mobile technology that can make their lives easier.

The SHKP Reading Club began working with the Hong Kong Society for the Aged in 2014 to offer electronic versions of its publications to subscribers of eElderly, an online information hub for elderly and their caregivers.

#### Modern Apprenticeship Programme

Our Modern Apprenticeship Programme has been part of our commitment to giving young people a head start by helping underprivileged secondary school graduates with unsatisfactory results identify life goals and receive on-the-job training since 2003. Over 200 young people have gone through the programme and many have since joined the Group as permanent staff. There were 17 participants this year, who had the opportunity to gain experience in administrative or customer service roles at the Group's various business operations such as construction and hotels.



<sup>4</sup> Figure as at January 2015

# Value Created for Environment



## Value Created for Environment

Having recognized that we have an impact on the environment, we strive to minimize the effect of our day-to-day operations and integrate green concepts into our products and services. We also promote environmental awareness to our business partners and the community.

### Our Commitments to the Environment

The Group recognizes the importance of timely action in combating climate change. The Paris Agreement from the 2015 United Nations Climate Change Conference represents a shared global vision, and we wish to play a role in mitigating and adapting to climate change effects. We aspire to meet the Hong Kong government's voluntary 40% carbon-intensity reduction target in 2025 as compared to 2005.<sup>1</sup>

Environmental policy, strategies, and actions at SHKP are led and overseen by an Environmental Committee chaired by an Executive Director. We implement environmental policies in a systematic, disciplined and accountable way. ISO 14001 Environmental Management System has been accredited across our property management portfolio and IT infrastructure businesses. Self and third-party assessments are conducted regularly to evaluate our environmental performance and enable continuous improvement. We have an online system to collect sustainability data across our diverse businesses since 2014, which helps us achieve better efficiency in data collection and more effective environmental performance measurement.



International Commerce Centre

The Group's environmental policy goes beyond law and regulatory compliance and we had no material non-compliance regarding environmental issues in 2014/15. Proactive measures have been taken to anticipate emerging policy changes such as waste and water management issues.

<sup>1</sup> Hong Kong SAR Government's Energy Saving Plan for Hong Kong's Built Environment 2015~2025+, May 2015.

### Enabling Sustainable Choices

We have 91 stations providing free charging for electric vehicles in 56 commercial or residential properties.

Our IT infrastructure business uses advanced technology to achieve optimum environmentally sustainable performance. We have data centre infrastructure management in our data centres. We are also spearheading efforts to build our data centres to cater for the needs of the world's largest cloud service providers and of enterprises looking for private or hybrid cloud solutions. Cloud computing provides a more efficient, on-demand option to deploy and operate IT application systems in a business context, and helps reduce the scale of service infrastructure to improve the competitiveness of companies by reducing energy and maintenance costs.

We strive to offer greener products and services across our business divisions so customers can make sustainable choices.

### Sustainable products

Buildings account for 90% of the electricity consumed in Hong Kong, so optimizing building design and retrofitting existing buildings are two strategies highly conducive to reducing energy consumption. We take factors such as energy efficiency, material use and waste management into account in decision making from design to construction.

Green technology and innovation play a big role in driving sustainable development in the property industry. We collaborated with the Hong Kong Polytechnic University to develop a world-class energy optimizer for the air-conditioning system and an energy-efficient lift system in ICC, and these save enough electricity annually to supply the energy needs of 6,500 families of four for a month.

We have high standards for development projects to achieve efficiency and sustainability, and received 43 international certifications for properties in recognition of sustainability in 2014/15. These included 32 certifications under the Hong Kong Building Environmental Assessment Method (BEAM) and Leadership in Energy and Environmental Design (LEED). We now have 52 qualified BEAM professionals in our team.



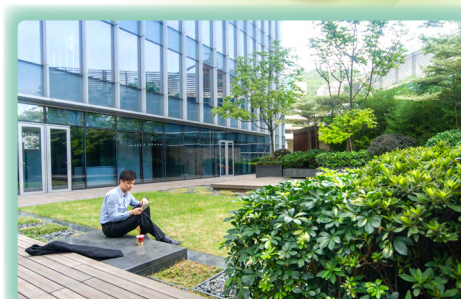
## Green Building Certification (BEAM &amp; LEED) in Hong Kong

Certified Buildings – Office	
Sun Hung Kai Centre	BEAM - Excellent
International Commerce Centre	BEAM - Platinum LEED - Platinum
One International Finance Centre, Shanghai	BEAM - Excellent LEED - Excellent
Two International Finance Centre, Shanghai	BEAM - Excellent
Central Plaza	BEAM - Excellent
Millennium City 2	BEAM - Excellent
Millennium City 4	BEAM - Excellent
Kowloon Commerce Centre Tower A	LEED - Gold
Kowloon Commerce Centre Tower B	LEED - Gold
Elite Centre	LEED - Core and Shell
Kwun Tong Inland Lot 174 (Hoi Bun Road)	Development Programme (Pre-certification)
Kin Sang Commercial Centre	

Certified Buildings – Residential	
Park Island Phase I	BEAM - Excellent
YOHO Town	BEAM - Excellent
YOHO Midtown	BEAM - Gold
Lime Stardom	BEAM - Platinum
The Parcville	BEAM - Excellent
Villa by the Park	BEAM - Excellent
Avignon	BEAM - Gold
The Wings III B	BEAM Plus - Provisional Silver
The Wings III A	BEAM Plus - Provisional Silver
Development at Tseung Kwan O Lot 118 Area 66D2	BEAM Plus - Unclassified
King's Hill	BEAM Plus - Provisional Bronze
Babington Path Project	BEAM Plus - Provisional Silver
Kau To Project	BEAM Plus - Unclassified
Sha Po North Project	BEAM Plus - Unclassified
IL9020 - Hotel Development in North Point	BEAM Plus - Unclassified
LOHAS Park Package IV	BEAM Plus – Provisional Gold
Nam Cheong Station Development	BEAM Plus – Provisional Gold
Century Link	BEAM Plus – Provisional Bronze



Sun Hung Kai Centre



Kowloon Commerce Centre Tower A

## Data Centre

Tseung Kwan O Data Centre (SUNeVision)	BEAM Plus - Provisional Gold LEED - Gold (Pre-certification)
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We have additionally refurbished many existing offices and malls to achieve higher energy efficiency.

## Refurbishing commercial buildings for higher energy efficiency

We invest significantly in refurbishing office premises and shopping malls each year regardless of their age to optimize their energy efficiency with the latest proven technologies. The following table covering International Commerce Centre, Sun Hung Kai Centre, Mikiki and Landmark North details our consistent efforts to make buildings greener.



Landmark North

Building	Usage	Year of Completion	Energy reduction achieved in 2014/15 compared to 2013/14 ('000 KWh / %)
ICC	Office	2010	1,673 / ↓ 3.8%
SHKC	Office & Mall	1981	402 / ↓ 3.4%
Mikiki	Shopping Mall	2011	773 / ↓ 10.6%
Landmark North	Office & Mall	1994	358 / ↓ 5.1%

## Energy saving practices adopted

### 1 Air conditioning

- Upgrade chiller or chiller water pumps that use more energy efficiency technology
- Monitor chiller plant performance closely via building management system and analyze data to drive improvement
- Adjust chiller water temperature to balance performance with energy efficiency
- Maintain and repair chiller plant facilities regularly for better performance
- Increase efficiency of air handling units (e.g. filters with lower air flow resistance)
- Install occupancy sensors to better anticipate energy demand

### 2 Management

- Implement energy management systems such as those to ISO 50001 standard
- Introduce energy efficiency guidelines

### 3 Collaboration with occupants to change behaviour

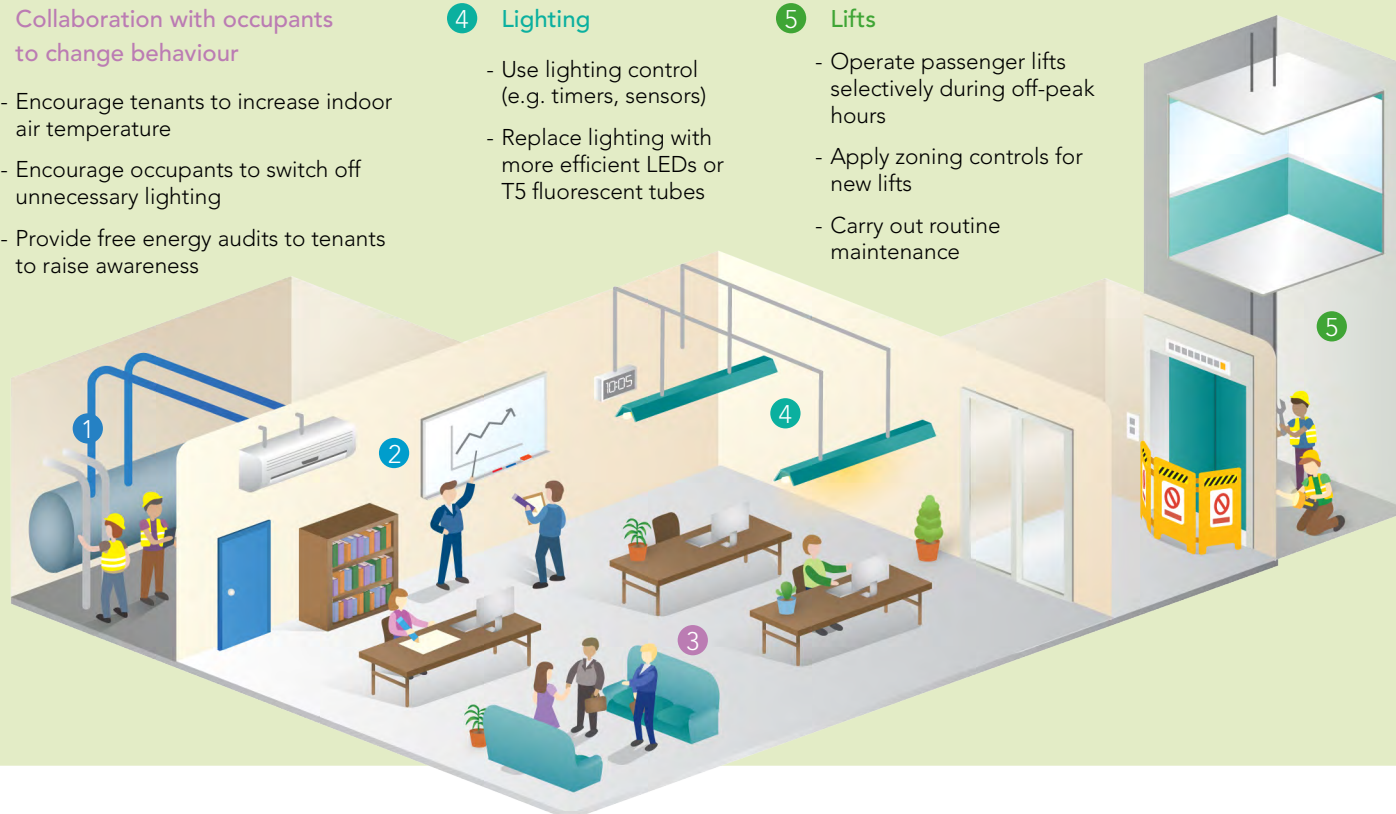
- Encourage tenants to increase indoor air temperature
- Encourage occupants to switch off unnecessary lighting
- Provide free energy audits to tenants to raise awareness

### 4 Lighting

- Use lighting control (e.g. timers, sensors)
- Replace lighting with more efficient LEDs or T5 fluorescent tubes

### 5 Lifts

- Operate passenger lifts selectively during off-peak hours
- Apply zoning controls for new lifts
- Carry out routine maintenance

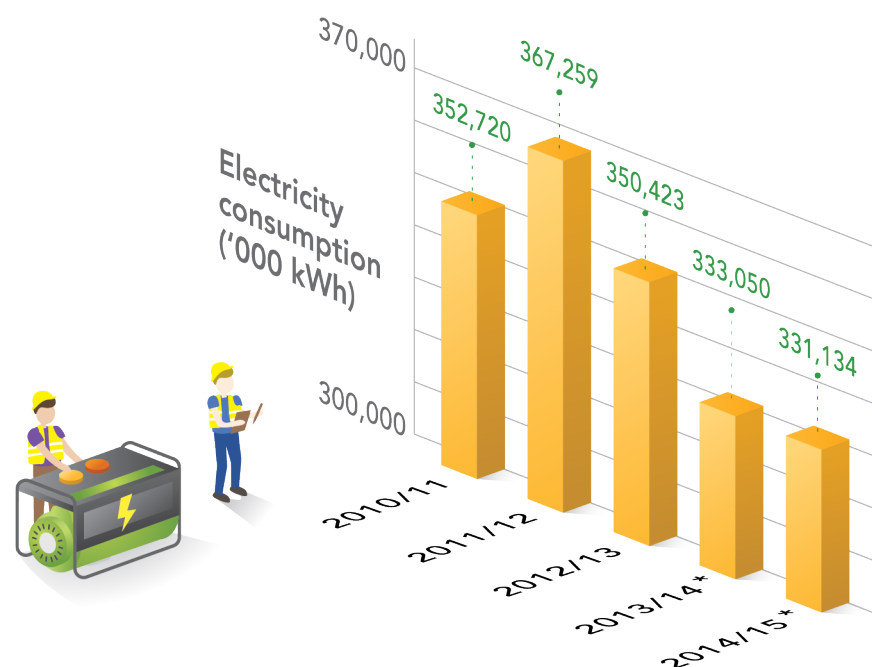


## Energy and Carbon Management

We have conducted building energy audits since 2008 and a greenhouse gas calculator was added to our online data system last year to facilitate reporting and raise awareness of carbon footprint management across business units. We extended the scope for greenhouse gas (GHG) emissions monitoring from 44 to 80 buildings<sup>2</sup> in this reporting period for greater transparency.

Our EOC monitors energy consumption in investment properties. The results guide our building energy and carbon footprint management. The EOC has 25 specialists in building engineering and management, who is responsible for regular reviews of building energy efficiency, and disseminating the latest research and relevant international good practices.

### Electricity Consumption for Major Buildings Monitored by the EOC from 2010-2015



\* Data presented covers 54 properties monitored by EOC.

We support various energy saving and carbon reduction initiatives, and have conducted carbon audits in properties since 2008. We audited 69 commercial or residential buildings in 2014/15.

## Materials and Water Use

We use a wide range of materials to produce goods and services throughout our diverse operations, and recognize our responsibility to source sustainable materials and use them responsibly. We achieve this through effective procurement and monitoring the efficiency of materials consumption.

Our head office, property management subsidiaries and four commercial / residential properties are part of the Let's Save 10L Water campaign by Water Supplies Department of Hong Kong SAR government to promote water conservation.

### Labels and Certificates Attained from the Hong Kong Awards for Environmental Excellence (as at 30 June 2015):

	Wastewi\$e	Energywi\$e	IAQwi\$e	Carbon"Less"
Construction	1	1	Not applicable	Not applicable
Property management	312	64	25	35
Total	313	65	25	35



<sup>2</sup> Please refer to the Data Tables for details.

## Value Created for Environment

### Waste Management

We support the government's waste reduction targets and waste management measures as set out in the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022. We manage our waste through a tiered approach, with a priority on prevention, reuse and recycling.

Following good construction planning and practices to avoid or minimize waste generation at source, we use computer modelling to simulate environmental impacts and identify and reduce unnecessary abortive work that generates waste. We produced over 770,000 tonnes of construction waste in 2014/15, of which nearly 90% was recycled, up from 80% last year. Recycled materials were used on site as foundation fill, which helped save an estimated HK\$19 million for disposing of fill materials in the reporting period.<sup>3</sup> We strive to divert municipal solid waste from landfills with various programmes. Over 8,000 tonnes of waste ranging from plastics to food were recycled in 2014/15.<sup>4</sup>

Our tenants, customers and residents are encouraged to adopt waste separation practices at source. We organize waste management programmes to help them effectively manage and reduce waste. These include comprehensive recycling and reuse schemes as well as seasonal and special campaigns. We engage them together with our staff, to participate in Wastewi\$e Label Scheme, wherein we attain 312 labels across the properties we own or manage.

At ICC and Park Island, we installed food waste disposers to convert leftover food to organic fertilizer for gardening. Some are further distributed to organic farms run by our NGO partners and local schools.



<sup>3</sup> The amount saved by recycling construction waste is estimated based on the unit charge rate of disposing of construction waste to public fills in Hong Kong (HK\$ 27/tonne).

<sup>4</sup> Please refer to Data Tables for details.

Our property management subsidiaries received the following awards, certificates and labels in recognition of environmental sustainability achievements:

- ▶ Hong Kong Green Mark Certification by the Federation of Hong Kong Industries Q-Mark Council
- ▶ Hong Kong Awards for Environmental Excellence – top five organizations with most Environmental labels and Carbon Reduction certificates: Carbon“Less”
- ▶ Hong Kong Green Organization Certification by the Environmental Campaign Committee
- ▶ 3+ Honorary Certificate of Wood Recycling & Tree Conservation Scheme by the Hong Kong Environmental Protection Association
- ▶ Better World Company Label and Green Office Awards Labelling Scheme (GOALS) by the World Green Organization
- ▶ Hong Kong Green Awards 2014 by the Green Council
- ▶ The HSBC Living Business Award 2014 in the category of Green Achievement
- ▶ GREEN PLUS Recognition Award 2014 by the CLP Power Hong Kong



Food Waste Disposer at Park Island



# Data Tables

## Economic Performance and Community Investment

GRI reference		Unit	2014/15*	2013/14
G4-EC1	Direct economic value generated			
	Revenue	HK\$ million	66,783	75,100
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation (i.e. Hong Kong)	%	100	-
G4-SO1	Employee volunteering hours <sup>1</sup>	hours	121,632	121,033

## Environmental Performance

GRI reference		Unit	2014/15*	2013/14
G4-EN1	Major construction materials used <sup>2</sup>			
	Bricks	pc	5,660,964	1,209,014
	Cement	tonnes	52,590	5,669
	Cement mortar	m <sup>3</sup>	21,534	6,828
	Concrete	m <sup>3</sup>	835,772	418,032
	Disc	m <sup>3</sup>	148,500	69,424
	Joist Steel	tonnes	32,185	14,369
	Reinforcing steel bars	tonnes	270,979	146,798
	Sand	tonnes	69,640	17,675
	Stones	tonnes	8,592	8,068
	Marble / Tile	m <sup>2</sup>	78,818	46,132
G4-EN3	Energy consumption within the organization <sup>3</sup>			
	Total energy consumption	gigajoules (GJ)	8,316,987	5,622,896
	Head office and property related businesses	GJ	7,480,957	5,622,896
	Telecommunications	GJ	370,547	-
	IT infrastructure	GJ	465,483	-
	Electricity consumption	GJ	2,803,332	2,140,771
	Head office and property related businesses	GJ	1,969,781	2,140,771
	Telecommunications	GJ	368,114	-
	IT infrastructure	GJ	465,437	-
	Gas consumption	GJ	5,433,312	3,428,844
	Head office and property related businesses	GJ	5,433,312	3,428,844
	Telecommunications	GJ	0	-
	IT infrastructure	GJ	0	-
	Fuel consumption (stationary & mobile sources)	GJ	80,343	53,280
	Head office and property related businesses	GJ	77,863	53,280
	Telecommunications	GJ	2,434	-
	IT infrastructure	GJ	46	-

GRI reference		Unit	2014/15*	2013/14	
G4-EN5 / CRE1	Energy intensity <sup>3</sup>				
	Head office	GJ/m <sup>2</sup>	0.41	0.46	
	Construction	GJ/m <sup>2</sup>	0.05	0.04	
	Property management	GJ/m <sup>2</sup>	0.46	0.77	
	Hotels	GJ/ room night	0.31	0.35	
	Telecommunications	GJ/m <sup>2</sup>	13.53	-	
	IT infrastructure	GJ/m <sup>2</sup>	8.03	-	
G4-EN8	Total water withdrawn <sup>4</sup>		m <sup>3</sup>	5,392,958	-
	Head office	m <sup>3</sup>	5,214	-	
	Construction	m <sup>3</sup>	650,414	-	
	Property management	m <sup>3</sup>	3,162,057	-	
	Hotels	m <sup>3</sup>	1,569,972	-	
	Telecommunications	m <sup>3</sup>	2,680	-	
	IT infrastructure	m <sup>3</sup>	2,621	-	
CRE2	Building water intensity <sup>4</sup>				
	Head office	m <sup>3</sup> /m <sup>2</sup>	0.23	-	
	Construction	m <sup>3</sup> /m <sup>2</sup>	0.07	-	
	Property management	m <sup>3</sup> /m <sup>2</sup>	0.02	-	
	Hotels	m <sup>3</sup> /room night	2.01	-	
	Telecommunications	m <sup>3</sup> /m <sup>2</sup>	0.10	-	
	IT infrastructure	m <sup>3</sup> /m <sup>2</sup>	0.05	-	

\* Operational data of telecommunications and IT infrastructure is included for the first time.

<sup>1</sup> Calculated in calendar year.

<sup>2</sup> Refer to 38 construction sites in 2014/15; and 26 construction sites in 2013/14.

<sup>3</sup> Refer to head office, 39 construction sites, 331 buildings from property management (consumption of common area and air conditioning system in office buildings and shopping malls), hotels, telecommunication retail stores, and IT data centres in 2014/15; and head office, 26 construction sites, 369 buildings from property management (consumption of common area and air conditioning system in office buildings and shopping malls) and hotels in 2013/14.

<sup>4</sup> Data is included for the first time. Construction refers to 26 construction sites. Property management refers to 244 buildings.



## Data Tables

GRI reference		Unit	2014/15*	2013/14
G4-EN15	Direct GHG emissions (scope 1) <sup>5</sup>	tonnes of CO2 equivalent (tonnes CO2e)	5,786	3,621
G4-EN16	Indirect GHG emissions (scope 2) <sup>5</sup>	tonnes CO2e	299,592	227,648
G4-EN17	Other indirect GHG emissions (scope 3) <sup>5</sup>	tonnes CO2e	2,164	1,249
CRE3	GHG emissions intensity from buildings <sup>6</sup>			
	Head office	kg CO2e / m <sup>2</sup>	63.7	-
	Property management	kg CO2e / m <sup>2</sup>	54.7	-
	Hotels	kg CO2e / room night	45.7	-
G4-EN23	Construction waste			
	Weight of construction waste generated	tonnes	771,112	350,498
	Percentage of solid construction waste recycled	%	89.6	85.0
	Percentage of solid construction waste to landfill	%	10.4	15.0
G4-EN23	Waste disposed to landfill (excluding construction)	kg	88,531,893	150,804,041
G4-EN23	Waste recycled <sup>7</sup>			
	Aluminium cans	kg	266,502	280,421
	Batteries	kg	1,682	2,493
	Books	kg	3,945	9,269
	Clothes	kg	413,443	520,546
	Cooking oil	litre	18,532	23,712
	Food	kg	149,936	387,996
	Glass	kg	75,329	112,916
	Metal	kg	803,132	192,529
	Paper	kg	5,985,335	7,897,770
	Plastic	kg	334,019	3,711,197
	Wood	kg	10	1,089
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	number	0	1



<sup>5</sup> Refer to head office, 39 construction sites, 80 buildings from property management and hotels for 2014/15; and head office, 26 construction sites, 44 buildings from property management and hotels for 2013/14. The number of buildings from property management businesses monitored for GHG emissions is increased from last year's 44 to 80 for this year. Calculation is referenced to the methodology of Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong - 2010 edition; emissions factors for electricity purchased is referenced to the information released by CLP and HEC in 2014. Other indirect GHG emissions (scope 3) include water use, sewage treatment and paper waste disposal. Telecommunications and IT infrastructure operations are not in the scope of reporting.

## Human Capital

GRI reference		2014/15* no. of people		2013/14 no. of people	
G4-10	Total workforce in Hong Kong	26,428		25,168	
	Head office and property related businesses <sup>8</sup>	24,759		25,168	
	Telecommunications	1,493		-	
	IT infrastructure	176			
G4-10		no. of male	no. of female	no. of male	no. of female
	Total workforce by employment contract and gender				
	Permanent	13,239	8,474	12,492	7,904
	Head office and property related businesses <sup>8</sup>	12,162	7,883	-	-
	Telecommunications	938	555	-	-
	IT infrastructure	139	36	-	-
	Contract <sup>9</sup>	2,333	2,382	2,330	2,442
	Head office and property related businesses <sup>8</sup>	2,332	2,382	-	-
	Telecommunications	0	0	-	-
	IT infrastructure	1	0	-	-
G4-LA1	New hires in Hong Kong	9,409		10,430	
		no. of male	no. of female	no. of male	no. of female
	Under 30	1,271	900	1,375	1,005
	Head office and property related businesses	1,161	845	-	
	Telecommunications	110	54	-	-
	IT infrastructure	0	1	-	-
	30-50	1,609	1,434	1,891	1,719
	Head office and property related businesses	1,488	1,358	-	-
	Telecommunications	79	74	-	-
	IT infrastructure	42	2	-	-
	Above 50	2,061	2,134	2,125	2,315
	Head office and property related businesses	2,061	2,134	-	-
	Telecommunications	0	0	-	-
	IT infrastructure	0	0	-	

<sup>6</sup> Data is included for the first time. Telecommunications and IT infrastructure operations are not in the scope of reporting.

<sup>7</sup> Refer to head office, 263 buildings from property management and hotels for 2014/15; and head office, 323 buildings from property management and hotels for 2013/14. Telecommunications and IT infrastructure operations are not in the scope of reporting.

<sup>8</sup> Refers to full time employees from head office, construction, property management and hotels.

<sup>9</sup> Seasonal and part-time employment does not cause significant variations to the total workforce.

GRI reference	2014/15*				2013/14	
			no. of male	no. of female	no. of male	no. of female
G4-LA1	Total employee turnover by age group and gender <sup>10</sup>					
	Head office	Under 30	14	29	15	23
		30-50	21	44	28	35
		Above 50	7	2	4	1
	Construction	Under 30	108	22	64	18
		30-50	100	30	86	21
		Above 50	55	22	38	14
	Hotels	Under 30	81	76	87	100
		30-50	143	85	148	112
		Above 50	40	29	41	15
	Property management	Under 30	438	400	459	439
		30-50	741	676	937	788
		Above 50	978	1,088	990	1,193
	Telecommunications	Under 30	101	54	-	-
		30-50	126	100	-	-
		Above 50	2	2	-	-
	IT infrastructure	Under 30	0	1	-	-
		30-50	52	4	-	-
		Above 50	1	0	-	-
	G4-LA3	Total number of employees who took parental leave		155	186	81
Total number of employees who returned to work after parental leave		155	180	80	137	
Return to work rates, by gender		100%	96.8%	98.8%	96.5%	

<sup>10</sup> The definition of employee turnover follows respective industry standard in accordance to business nature. For our hotel business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our Head Office, construction and property management businesses, voluntary turnover is included in the calculation.

GRI reference	Unit	2014/15*	2013/14
G4-LA6	Occupational Health and Safety		
	Total number of work-related fatalities	no. of male / female	0 / 0
	Injury rate (sick leave equal to or greater than 3 days)	per 1,000 workers (male / female)	20.5 / 28.9
	Lost days rate <sup>11</sup>	%	0.19
	Absentee rate <sup>11</sup>	%	1.02
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized occupational health and safety management system (OHSAS 18001) <sup>12</sup>	% of employees	82
G4-LA9	Average hours of training per year per employee by gender		
	Male	hours	11.9
	Female	hours	8.5
G4-LA9	Average hours of training per employee by employee category		
	Managerial	hours	14.3
	Officer-grade	hours	15.4
	Supporting	hours	10.4
	Operational	hours	9.5
G4-LA11	Employees receiving regular performance reviews by gender		
	Male	%	92.5
	Female	%	83.6
G4-LA11	Employees receiving regular performance reviews by employee category		
	Managerial	%	100.0
	Officer-grade	%	100.0
	Supporting	%	100.0
	Operational	%	84.0

<sup>11</sup> Data are not available for scheduled hours to be worked by gender, so overall lost days and absentee rates are provided.

<sup>12</sup> Our construction and property management operations implement OHSAS 18001 accredited occupational safety management systems. Contractors and subcontractors are required to follow in-house occupational health and safety management policies and applicable procedures.



## Data Tables

GRI reference		Unit	2014/15*	2013/14
G4-LA12	Total workforce by employee category and gender			
	Managerial	no. of male/female	1,022 / 457	842 / 373
	Head office and property related businesses	no. of male/female	852 / 368	-
	Telecommunications	no. of male/female	155 / 89	-
	IT infrastructure	no. of male/female	15 / 0	-
	Officer-grade	no. of male/female	1,807 / 1,067	1,504 / 918
	Head office and property related businesses	no. of male/female	1,538 / 936	-
	Telecommunications	no. of male/female	258 / 125	-
	IT infrastructure	no. of male/female	11 / 6	-
	Supporting	no. of male/female	1,808 / 1,877	1,582 / 1,634
	Head office and property related businesses	no. of male/female	1,463 / 1,616	-
	Telecommunications	no. of male/female	304 / 240	-
	IT infrastructure	no. of male/female	41 / 21	-
	Operational	no. of male/female	10,943 / 7,447	10,894 / 7,421
	Head office and property related businesses	no. of male/female	10,641 / 7,345	-
	Telecommunications	no. of male/female	221 / 101	-
	IT infrastructure	no. of male/female	81 / 1	-
G4-LA12	Total workforce by employee category and age			
	Managerial	<30 / 30-50 / 50+	17 / 982 / 480	20 / 808 / 387
	Head office and property related businesses	<30 / 30-50 / 50+	17 / 792 / 411	-
	Telecommunications	<30 / 30-50 / 50+	0 / 180 / 64	-
	IT infrastructure	<30 / 30-50 / 50+	0 / 10 / 5	-
	Officer-grade	<30 / 30-50 / 50+	594 / 1,921 / 359	573 / 1,541 / 308
	Head office and property related businesses	<30 / 30-50 / 50+	580 / 1,566 / 328	-
	Telecommunications	<30 / 30-50 / 50+	13 / 341 / 29	-
	IT infrastructure	<30 / 30-50 / 50+	1 / 14 / 2	-
	Supporting	<30 / 30-50 / 50+	1,368 / 1,835 / 482	1,203 / 1,588 / 425
	Head office and property related businesses	<30 / 30-50 / 50+	1,193 / 1,448 / 438	-
	Telecommunications	<30 / 30-50 / 50+	174 / 328 / 42	-
	IT infrastructure	<30 / 30-50 / 50+	1 / 59 / 2	-
	Operational	<30 / 30-50 / 50+	1,627/5,381/11,382	1,617/5,407/11,291
	Head office and property related businesses	<30 / 30-50 / 50+	1,512 / 5,115 / 11,359	-
	Telecommunications	<30 / 30-50 / 50+	105 / 209 / 8	-
	IT infrastructure	<30 / 30-50 / 50+	10 / 57 / 15	-

GRI reference	Unit	2014/15*	2013/14	
G4-LA12	Composition of the Board of Directors			
	Head office and property related businesses	Total no. of people	19	19
	Telecommunications	Total no. of people	15	-
	IT infrastructure	Total no. of people	14	-
	by gender			
	Head office and property related businesses	% of male / female	95 / 5	95 / 5
	Telecommunications	% of male / female	93 / 7	-
	IT infrastructure	% of male / female	100 / 0	-
	by age group			
	Head office and property related businesses	% <30 / 30-50 / 50+	0 / 11 / 89	0 / 5 / 95
	Telecommunications	% <30 / 30-50 / 50+	0 / 13 / 87	-
	IT infrastructure	% <30 / 30-50 / 50+	0 / 7 / 93	-
	by minority group membership			
	Head office and property related businesses	% Chinese / non-Chinese	100 / 0	100 / 0
	Telecommunications	% Chinese / non-Chinese	87 / 13	-
	IT infrastructure	% Chinese / non-Chinese	100 / 0	-

## Product Responsibility



GRI reference		Unit	2014/15*	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	0
G4-PR8	Total number of substantiated complaints received concerning breaches of customer privacy	number	0	-
CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, property management, occupation and redevelopment	number	32 certified under LEED or BEAM	-



# Global Reporting Initiative G4 Content Index - Core

GRI G4 Indicator	Detail	HKEx ESG Reporting Guide / UNGC's Ten Principles	Page	Remarks
<b>GENERAL STANDARD DISCLOSURES</b>				
<b>STRATEGY AND ANALYSIS</b>				
G4-1	Message from the Chairman and Managing Director		2	
<b>ORGANIZATIONAL PROFILE</b>				
G4-3	Name of organization		1	
G4-4	Primary brands, products and services		3-6	A list of our principle subsidiaries is found on pp. 201-206 of our Annual Report 2014/15
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		3-6	
G4-9	Scale of the organization	KPI B1.1	3-6	A detailed breakdown of financial information is found in our Annual Report 2014/15
G4-10	Workforce data	KPI B1.1 UNGC's Principle 6	44	Seasonal and part-time employment does not cause significant variations to the total workforce
G4-11	Collective bargaining agreements	UNGC's Principle 3	n/a	None of our employees are covered by collective bargaining agreements
G4-12	Supply chain description	GD-B5	28-31	
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		37-42	Please refer to the Group's environmental policy: <a href="http://www.shkp.com/Pages/environmental-mission-and-strategy">www.shkp.com/Pages/environmental-mission-and-strategy</a>
G4-15	Charters		6	
G4-16	Memberships		6	

<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>				
G4-17	Entities included in financial statements; mention those not covered by this report	Overall Approach 10	1	A list of our principle subsidiaries is found on pp. 201-206 of our Annual Report 2014/15
G4-18	Materiality assessment process	Reporting Principle 11	10	
G4-19	List of material aspects	Reporting Principle 11	10	
G4-20	Aspect boundary within the organization		n/a	Aspects that have an impact within the Group only: (1) Employment practices, (2) Employee development and succession planning, (3) Employee engagement and (4) Diversity and equal opportunities All other aspects have an impact both inside and outside the Group
G4-21	Aspect Boundary outside the organization		n/a	See remark for G4-20 above
G4-22	Effect of and reasons for any restatements of information provided in previous reports	ESG Strategy and Reporting 9	n/a	
G4-23	Significant changes in scope / Aspect Boundary		1	The scope is expanded to include telecommunications and IT infrastructure businesses No significant change in aspect boundary
<b>STAKEHOLDER ENGAGEMENT</b>				
G4-24	List of stakeholders engaged	Overall Approach 6	8	
G4-25	Basis of identification and selection of stakeholders	Overall Approach 6	8	Stakeholders are identified based on their knowledge of selected material issues and in-scope businesses
G4-26	Stakeholder engagement approach and frequency	Overall Approach 6	8	
G4-27	Key topics and concerns raised by stakeholders and the organization's response	Overall Approach 6	9	


## Global Reporting Initiative G4 Content Index - Core

REPORT PROFILE				
G4-28	Reporting period	Reporting Principle 11	1	
G4-29	Date of most recent previous report	Reporting Principle 11	n/a	Please refer to 2013/14 Sustainability Report published in Q2 2015
G4-30	Reporting cycle	Reporting Principle 11	1	
G4-31	Contact point		1	
G4-32	GRI in accordance option chosen		1	Core
G4-33	External assurance		1, 51	
GOVERNANCE				
G4-34	Governance structure		7	More details in the Corporate Governance Report section of our Annual Report 2014/15, pp. 98-111
ETHICS AND INTEGRITY				
G4-56	Describe the organization's values, principles, standards and norms of behaviour		7, 11-14	More details on our website: <a href="http://www.shkp.com/en-US/Pages/building-homes-with-heart">http://www.shkp.com/en-US/Pages/building-homes-with-heart</a>
ANTI-CORRUPTION				
	Information on policies and compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering	GD-B7	7, 31	
	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 B7.1 UNGC's Principle 10	7	
	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	KPI B7.2	7, 31	




GRI G4 Indicator	Detail	HKEx ESG Reporting Guide / UNGC's Ten Principles	Page	Remarks
SPECIFIC STANDARD DISCLOSURES				
ECONOMIC PERFORMANCE				
DMA			3-5	
G4-EC1	Economic value generated and distributed	KPI B8.2	3-5, 11-14	
MARKET PRESENCE				
DMA			3-5, 11-20	
G4-EC6	Proportion of senior management hired from the local community at significant locations of operation		1, 43	Hong Kong is the only location of operation covered in the scope of reporting
INDIRECT ECONOMIC IMPACTS				
DMA			29-30, 33-36	Our indirect economic impacts include the jobs supported in the supply chain and community 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, e.g. the YOHO integrated complex project in Yuen Long, p.23
PROCUREMENT PRACTICES				
DMA		GD-B5, KPI B5.1 KPI B5.2	28-31	
G4-EC9	Proportion of spending on local suppliers		29-30	Local suppliers are defined as suppliers in Hong Kong; Hong Kong is the only location of operation covered in the scope of reporting

MATERIALS				
DMA		GD-A2 UNGC's Principle 7,8,9	41-42	
G4-EN1	Materials used by weight or volume	KPI A2.5	43	All materials disclosed are 'non-renewable' materials. Use of packaging material for finished products is not applicable to our operations
ENERGY AND GREENHOUSE GAS EMISSIONS				
DMA		GD-A1, GD-A2 KPI A1.1 KPI A1.5 KPI A2.3 UNGC's Principle 7,8,9	38-41	
G4-EN3	Energy consumption within organization	KPI A2.1	43	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 A2.1	43	
G4-EN15	Direct greenhouse gas emissions (scope 1)	KPI A1.1 KPI A1.2	44	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 2014
G4-EN16	Indirect greenhouse gas emissions (scope 2)	KPI A1.1 KPI A1.2	44	See remark for G4-EN15 above
G4-EN17	Other indirect greenhouse gas emissions (scope 3)	KPI A1.1 KPI A1.2	44	See remark for G5-EN15 above. Other indirect GHG emissions (scope 3) include water use, sewage treatment and paper waste disposal. Telecommunications and IT infrastructure operations are not in the scope of reporting
CRE1	Building energy intensity		43	
CRE3	Greenhouse gas emissions intensity from buildings		44	
WATER				
G4-EN8	Total water withdrawal by source	KPI A2.2 KPI A2.4	43	Municipal water supply is the only source for in-scope entities
CRE2	Building water intensity	KPI A2.2	43	

WASTE				
DMA		GD-A1 UNGC's Principle 7, 8, 9	42	
G4-EN23	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	KPI A1.3 KPI A1.4 KPI A1.6	44	There are no hazardous waste processed by the Group within the reporting period
LAND DEGRADATION, CONTAMINATION, AND REMEDIATION				
CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		n/a	The Group purchases land directly from the government
SUSTAINABLE BUILDINGS				
DMA		GD-A3 UNGC's Principle 7, 8, 9	38	
	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	KPI A3.1	37-42	
EMPLOYMENT PRACTICES				
DMA		GD-B1, GD-B4 UNGC's Principle 3, 4, 5, 6	16-20	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	KPI B1.1 KPI B1.2	44-45	
G4-LA3	Return to work and retention rates after parental leave, by gender		45	All permanent and contract employees are entitled to parental leave
OCCUPATIONAL HEALTH AND SAFETY				
DMA		GD-B2, KPI B2.3 UNGC's Principle 1, 2	19,31	
G4-LA6	Rates of injury, lost days and absenteeism, and total number of work related fatalities by region and gender	KPI B2.1 KPI B2.2	45	
CRE6	Percentage of the organization operating in verified compliance with an internationally recognized occupational health and safety management system		45	

## Global Reporting Initiative G4 Content Index - Core

EMPLOYEE DEVELOPMENT AND SUCCESSION PLANNING				
DMA		GD-B3 UNGC's Principle 6	16-20	
G4-LA9	Average hours of training per year per employee by gender, and by employee category	KPI B3.2	45	
G4-LA11	Percentage of employee receiving regular performance reviews, by gender and employee category		45	
DIVERSITY AND EQUAL OPPORTUNITIES				
DMA		GD-B1 UNGC's Principle 6	20	
G4-LA12	Composition of governance bodies and employees per employee category		46	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			19	
	Channels and performance of employee engagement		19	
COMMUNITY INVESTMENT				
DMA		GD-B8 UNGC's Principle 1, 8	33-36	
G4-SO1	Percentage of operations that implemented local community engagement	KPI B8.1 UNGC's Principle 1	33-36, 43	Community investment and engagement are managed at Group level; therefore 100% of the businesses in this reporting scope implement local community engagement
CRE7	Number of persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project		n/a	The Group acquires land directly from the government. We do not engage in any resettlement process, and thus we do not know the number of persons affected if any

CUSTOMER SATISFACTION AND RESPONSIBILITY				
DMA			21-27	
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-B6	46	There is no non-compliance incident during the reporting period
G4-PR5	Results of surveys measuring customer satisfaction	KPI B6.4	26	
G4-PR6	Sale of banned or disputed products		n/a	SHKP does not sell any banned or disputed products
CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		6, 13, 24, 39, 42, 46	
CUSTOMER PRIVACY				
DMA		KPI B6.5	27	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data		46	There were no substantiated complaints regarding breaches of customer privacy or losses of customer data during the reporting period
GRIEVANCE MECHANISMS				
DMA			7, 26-27	
COMPLIANCE				
DMA		UNGC's Principle 7	n/a	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations		44	There is no non-compliance incident during the reporting period

# Verification Statement

## Scope and Objective

Hong Kong Quality Assurance Agency ('HKQAA') was commissioned by the Sun Hung Kai Properties Ltd ('SHKP') to provide an independent verification of its Sustainability Report 2014/15 ('the Report') which was prepared in accordance with the Core option of the G4 Sustainability Reporting Guidelines and the associated Construction and Real Estate Sector Disclosures requirements of the Guidelines issued by the Global Reporting Initiative ('GRI'). Reference was also made to the latest Environmental, Social and Governance Reporting Guide ('ESG Reporting Guide') addressed in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ('SEHK'), and the ten principles of the United Nations Global Compact ('UNGC').

The aim of this verification activity is to assess the Report's adherence to GRI's principles of Stakeholder Inclusivity, Materiality and Responsiveness; the UNGC and the SEHK's ESG Reporting Guide.

The Report states SHKP's major activities and achievements on sustainable development from 1 July 2014 to 30 June 2015.

## Assurance Methodology

The assurance process used in this verification exercise was based on current best practices and our management procedures, and was carried out with reference to the following criteria:

- ▶ GRI's G4 Sustainability Reporting Guidelines, and the associated Construction and Real Estate Sector Disclosures
- ▶ The ten principles of the UNGC
- ▶ SEHK's ESG Reporting Guide

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" issued by the International Auditing and Assurance Standards Board for a reasonable level of assurance.

The assurance process consisted of:

- ▶ reviewing sampled documents
- ▶ 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

The verification team confirmed that the Report which was prepared based on factual statements and the data contained within the Report are accurate and reliable.

Based on the evidence sampled, the verification team observed that the information presented in the Report has provided a material and complete representation of the performance of SHKP in the context of sustainable development. It is also a fair and true representation of commitment, 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 and the associated Construction and Real Estate Sector Disclosures as well as the SEHK's ESG Reporting Guide. The Report also demonstrates a gradual progress to fulfill the ten principles of the UNGC.

Signed on behalf of Hong Kong Quality Assurance Agency



**Ronnie Ng**  
Assistant General Manager  
30 March, 2016



**Thomas Ma**  
Verification Team Representative  
30 March, 2016

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