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S U S T A I N A B I L I T Y R E P O R T 2 0 2 2 / 2 3



Sun Hung Kai Properties Limited

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Our Reporting Approach

Scope of the Report

Sun Hung Kai Properties Limited (SHKP) is pleased to publish our annual Sustainability Report for 2022/23, which covers the same period as the Annual Report from 1 July 2022 to 30 June 2023. This report highlights our continuous commitment and achievements in creating value for the environment, our people, our customers, our supply chain and the community. This report covers the sustainability performance and initiatives of our head office and wholly-owned subsidiaries of our property-related business in Hong Kong (collectively: the Group).



Property Management:

- Hong Yip Service Company Limited (Hong Yip)
- Kai Shing Management Services Limited (Kai Shing)



Construction:

- Sanfield (Management) Limited (Sanfield)



Royal Brand Hotels:

- ALVA Hotel by Royal
- Royal Park Hotel
- Royal Plaza Hotel
- Royal View Hotel
- The Royal Garden

SHKP continued to operate on the mainland and Singapore during the reporting year, which together constitute an approximate 20% of our portfolio by total assets. Details about our portfolio can be found in our **Annual Report 2022/23**. To improve transparency and completeness of sustainability reporting, we continue to enhance disclosure of our operations on the mainland.

SHKP's other listed subsidiaries in Hong Kong also issue independent reports to meet the requirements of the Environmental, Social and Governance Guide (ESG Guide) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to their websites for respective reports.

Reporting Standards

The Report is prepared in accordance with the ESG Guide, the Global Reporting Initiative (GRI) Standards 2021, and with reference to the 10 principles of the United Nations Global Compact (UNGC) to align our strategies with international sustainability principles.

This report is prepared in accordance with the four Reporting Principles stipulated in the ESG Guide: materiality, quantitative, balance and consistency as well as the eight reporting principles from GRI Standards.

Reporting Principles in the ESG Guide

Materiality

- Regularly engages with our stakeholders to review the 'materiality' of our ESG topics
- Sustainability Steering Committee is involved throughout the process to review and validate stakeholders' comments

Quantitative

- Quantitative data are presented throughout the report and in the Performance Tables in **Appendix III**

Consistency

- Includes detailed and consistent methodologies for public review and comparison
- Any changes in the reporting scope will be revealed to maintain the report's consistency

Balance

- Discloses both positive and negative aspects of our performance to present a fair and 'balanced' view of SHKP's sustainability performance

GRI Reporting Principles

Accuracy	Balance	Clarity	Comparability
Completeness	Sustainability Context	Timeliness	Verifiability

Report Assurance

SHKP obtains external independent assurance for the content of our sustainability reports. The senior management of the Group is responsible for engaging an external independent assurer and ensuring the information presented in this report is accurate and in accordance with the reporting standards. Senior executives are also engaged by the assurer to discuss the SHKP's approach to stakeholder engagement during the assurance process.

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

We welcome your comments and suggestions on our sustainability performance and disclosure. Please contact us at sustainability@shkp.com



sustainability@shkp.com



Message from the Sustainability Steering Committee

We are delighted to present the SHKP Sustainability Report 2022/23, highlighting our sustainability efforts during the reporting year.

With the lifting of anti-pandemic measures and reopening of the borders, the Group is well placed to seize business opportunities from the resumption of social and economic activities, and to continue our pursuit of sustainable development.

The year 2022/23 made strides in our sustainability journey as we achieved good progress towards our environmental goals and expanded our green portfolio, while refining our sustainability governance and climate-risk management.

By regularly engaging with stakeholders, we are able to identify material ESG issues that matter to our business and communities. During the period under review, we updated our Code of Conduct, Environmental Policy, Group Sustainability Policy, Health and Safety Policy and Supplier Code of Conduct. Two new policies – for Stakeholder Engagement and Cybersecurity – were established to help us stay ahead with best practices in the concerned areas.

The Group supports the national call to achieve carbon neutrality by 2060 as well as the HKSAR Government's Climate Action Plan 2050. To this end, we formulated a Decarbonization Strategy to guide our efforts for low-carbon transition and enhance our climate resilience. We are on track to develop a scope 3 emissions inventory that will enable us to better manage emissions throughout the value chain. We also undertook a detailed climate risk assessment, with scenario analysis, and continued to strengthen our disclosure, based on the Task Force on Climate-related Financial Disclosures (TCFD) framework.

We remain committed to developing green buildings, striving to achieve Leadership in Energy and Environmental Design (LEED) Gold or Platinum certification for all new core commercial projects. For existing buildings, our four flagship projects – including the International Commerce Centre (ICC), Sun Hung Kai Centre, One IFC and Two IFC – were certified with LEED Platinum lately. As at June 2023, the Group has earned 122 green-building-related certificates in Hong Kong.

Integral to our low-carbon transition was our continued progress on the 10-year environmental targets for greenhouse gas emissions, energy, water and construction waste diversion. We also further expanded our solar energy applications at our managed properties. To meet the rising adoption of electric vehicles (EV) in Hong Kong, SHKP launched Hong Kong's first bonus points-redeemable super-fast EV charging service in SHKP shopping malls via the Points by SHKP customer loyalty programme to create convenience for shoppers who need EV charging facilities and promote EV driving as a form of green transport in Hong Kong and lower carbon emissions in the community.

We provide superior property management services for residents, customers and tenants. Apart from an industry-leading three-year warranty for buyers of new residential developments, we have been enhancing our facility management services with new technology and 5G applications. We always keep

close tabs on customer needs by listening and communicating carefully through online and loyalty platforms – including The Point by SHKP, SHKP Club and Go Royal.

Our achievements are driven by a high-calibre team. Placing a strong emphasis on nurturing talent and the younger generation, we undertake internship programmes with education institutions and support the Hong Kong government's Strive and Rise Programme to help underprivileged students. We offer extensive training to management and employees, particularly on environment, social and governance (ESG)-related topics.

Our sustainability standards extend to our supply chain. We closely monitor the ESG performance of our suppliers; in particular, our construction arm's Supply Chain Management Guideline guides the identification and evaluation of critical suppliers. Working with our industrial partners and leveraging technology, we support innovative development in construction. Our subsidiary Sanfield Construction Innovations Limited develops smart construction solutions using robots, Internet of Things (IoT), 5G and artificial intelligence. During the period, the Group launched a R&D partnership with The Hong Kong Polytechnic University for developing the first-ever blockchain-based platform for construction management, and innovative solutions that aim to reduce carbon emissions and increase energy efficiency.

Guided by the spirit of Building Homes with Heart, the Group is committed to creating long-term positive social impact in the community. We continue to promote reading among youths with a focus on STEM education, encourage sports for charity and support the underprivileged and youth development. With the resumption of normalcy, we were able to bring back our signature SHKP Hong Kong Cyclothon during the year. We continue to support social innovation and integration by sponsoring and engaging in community programmes, such as United Court for underprivileged families and a multigenerational residential project in Sai Sha.

Our sustainability initiatives are well recognized by the investment community. We remain a constituent member of the Hang Seng Corporate Sustainability Index and the FTSE4Good Index series of London, and continued to receive a rating of 'A' in the latest MSCI ESG Ratings. This year, the Group was listed for the first time in the *S&P Global Sustainability Yearbook 2023* and *S&P Sustainability Yearbook (China)* for its sustainability performance.

We would like to express our gratitude for the invaluable guidance of our Chairman and the Board of Directors, and for the unwavering support of our stakeholders. Moving forward, we will continue to engage with our stakeholders in the pursuit of a sustainable and mutually prosperous future.

Sustainability Steering Committee

Sustainability Steering Committee
4 October 2023

Our Business

About Sun Hung Kai Properties Limited

Publicly listed in Hong Kong since 1972, SHKP is one of the largest property developers in the territory, offering premium-quality residential properties, offices, shopping malls and industrial buildings.

Our core business, property development for sale and investment, adopts a vertically integrated model from land acquisition, project planning, project management, material sourcing and construction through to sales and marketing and property management. We also have operations in hotels and construction as well as insurance and mortgage services that create synergies with our core business. In addition, we invest in telecommunications, information technology, infrastructure and other businesses to diversify our business risk and contribute to the Group's long-term recurrent income streams. More details of our business can be found on our [website](#).

Please see the **Review of Operations** section of our Annual Report 2022/23 for details about the performance results and economic value distribution of our property and other businesses.

Core Values

Committed to our long-standing belief in Building Homes with Heart, SHKP creates sustainable value via developing premium properties, offering first-class service, and catering to the diverse needs of all our stakeholders. Our core values serve as the foundation of our sustainable development and strategy, guiding us every step of the way to build a better and more sustainable home for everyone.

Building Homes with Heart

Producing premium premises and offering quality services for an ideal living environment; delivering sustainable value to the communities in which the Group operates

Speed, Quality, Efficiency

Earning the support and trust of all stakeholders through a commitment to speed, quality and efficiency

Teamwork

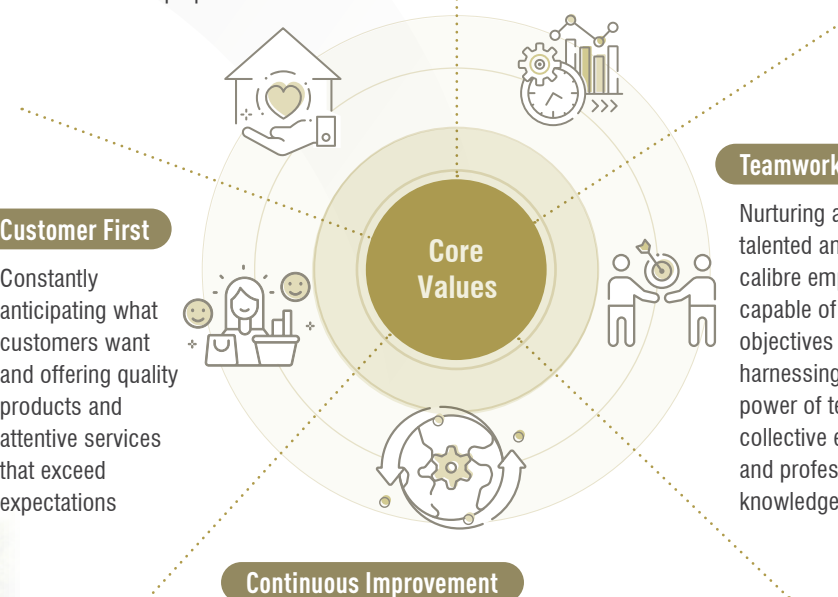
Nurturing a pool of talented and high-calibre employees capable of achieving objectives through harnessing the power of teamwork, collective experience and professional knowledge

Customer First

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

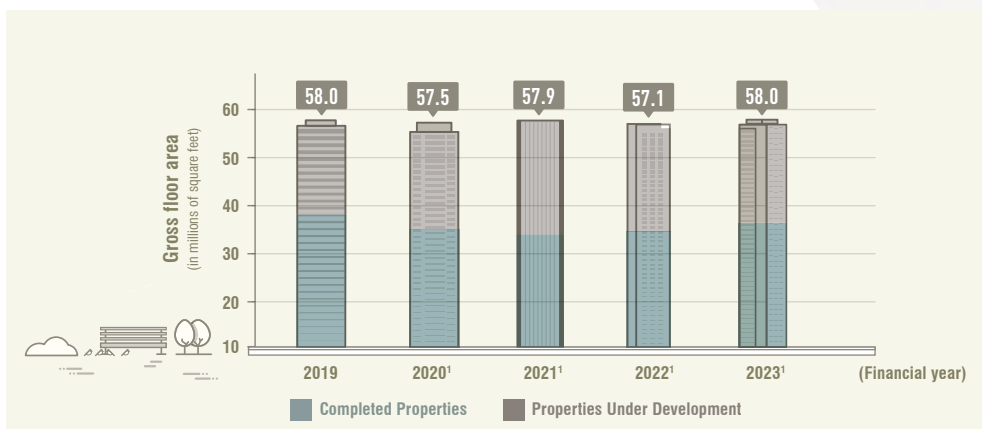
Continuous Improvement

Keeping up with the market and setting high standards, along with lifelong learning for greater adaptability and constant exploration for new ideas



Hong Kong Land Bank Composition

SHKP recognizes the pressing need for affordable housing in Hong Kong. Responding to this demand, and as one of the largest property developers in the territory, we actively seek opportunities to replenish our land banks through different sources. As at 30 June 2023, the Group's attributable land bank in Hong Kong amounted to about 58 million square feet. Of these, around 36.4 million square feet were diversified completed properties, an overwhelming majority of which are for rental and long-term investment purposes. The remaining portions of about 21.6 million square feet were properties under development which are scheduled for completion in phases over the next six to seven years. Details of the land acquired during the reporting period can be found in the **Land Bank section of the Chairman's Statement** of our Annual Report 2022/23.



Land Bank

During the year under review, the Group completed around three million square feet of attributable gross floor area in Hong Kong. Of these, residential properties for sale accounted for about two million square feet of gross floor area. Please refer to the **Property Development section of the Chairman's Statement** of our Annual Report 2022/23 for our commitment to delivering premium products and services.

Over the past 50 years, the Group has weathered many crises and gone through different cycles along with Hong Kong and remains confident in the territory's long-term economic prospects. We will continue to create a better living environment for the community with our unwavering commitment to Building Homes with Heart.

Recognized for Sustainability

The Group has been recognized by various major sustainability benchmarks and indices for its commitment and positive contributions to sustainability.



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

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

³ Please refer to MSCI disclaimer: <https://www.shkp.com/html/sustainable-development/mscidisclaimer.html>

⁴ Copyright ©2023 Morningstar Sustainability. Disclaimer: <https://www.sustainalytics.com/legal-disclaimers>

Our Approach to Sustainability

Guided by the belief in Building Homes with Heart, the Group incorporates Environmental, Social and Governance (ESG) factors into our business decision-making process. We have implemented robust corporate governance strategies and policies to support the sustainable development of the Group. The Sustainability Steering Committee closely monitors the progress of our sustainability strategies and targets while the Group maintains ongoing communications with stakeholders through a variety of channels, aiming to create long-term value for our stakeholders.

Corporate Governance

Our Board of Directors ('the Board') guides the overall direction of the Group's strategies and development, including our sustainability and climate-related strategies and initiatives. The Board, via the Executive Committee, also monitors and reviews the Group's corporate governance practices across business operations to maintain high standards and ensure compliance.

The Audit and Risk Management Committee, chaired by Eric Li and comprising members Dicky Yip, Norman Leung and Richard Wong, assists the Board in monitoring and maintaining the effectiveness of the Group's risk management and internal control systems. The Committee ensures the careful incorporation and evaluation of relevant risks in the decision-making process, including ESG-related risks. The latest terms of reference of the Committee are available on the Group's website and The Stock Exchange of Hong Kong Limited's website.

The Group communicates with all stakeholders actively and regularly and provides timely and accurate disclosure to ensure a high level of transparency. Our ongoing efforts in maintaining robust corporate governance are well-recognized within the industry, winning for us many international and regional awards, including Hong Kong's Best Overall Company 2023 by *FinanceAsia* as well as Asia's Best CEO and Best Investor Relations Company in the Asian Excellence Awards of 2022 and 2023 from *Corporate Governance Asia*. For the full list of awards, please refer to our **Corporate Website** or **Appendix I** of this report.

Further details of our corporate governance structure and practices are detailed in the **Corporate Governance** section of our Annual Report 2022/23.

Sustainability Governance

The Board is responsible for leading and overseeing the Group's ESG issues. The Board, via the Executive Committee, is engaged in developing and integrating ESG strategies into the Group's long-term development plan, overseeing ethics issues and ensuring effective ESG risk management and internal control systems are in place, in which ESG risk elements, are taken into consideration during the decision-making process.

The Executive Committee is responsible for implementing ESG strategies, evaluating and prioritizing material ESG issues, including ESG-related risks. The committee monitors and reviews corporate governance practices, including policies and reports, to maintain high standards and ensure compliance. The committee also tracks the progress towards the Group's ESG performance and targets as well as reviews ESG programmes with their impacts on the economy, environment and other stakeholders. The committee endorses the annual Sustainability Report, identifies improvement areas on the Group's ESG matters and makes recommendations where appropriate.

The Sustainability Steering Committee ('SSC') is formed by the Group to supervise and oversee the execution of the Group's ESG strategies across business operations. Chaired by an Executive Director of the Group, the SSC is comprised of senior managers from key divisions. The SSC supports management in overseeing global sustainability trends, identifying and managing material ESG issues as well as providing appropriate suggestions for continuous improvement. The SSC is also responsible for formulating, monitoring and reporting on the ESG work plans, performance, goals and targets. It reviews feedback from stakeholders through stakeholder engagement practices and reports to the management annually on stakeholder engagement outcomes. Review of the stakeholder engagement process is conducted every three years to assess its effectiveness and ensure effective communication between the Group and its stakeholders. The SSC also reviews the Group's ESG-related policies regularly and the Sustainability Report annually. The SSC meets on a regular basis and reports to the Executive Committee where necessary.

For details about our climate governance and other disclosure in accordance with the TCFD recommendations, please refer to the **Value Created for the Environment** section of this report.

Other Sustainability-related Committees

To further support our sustainability efforts and manage a spectrum of sustainability-related issues, multiple committees were established with specialists and representatives from diverse backgrounds on board.

Occupational Health and Safety Committee

- To oversee health and safety matters across all of our construction sites and managed properties



Energy Optimization Committee

- To monitor energy consumption of our properties for investment purpose
- To oversee the Group's energy, water and greenhouse gas (GHG) emissions performance, and progress made against respective targets



Corporate Social Responsibility Committee

- To monitor our community investment projects and partnerships



IT Governance Steering Committee

- To manage customer data and information privacy



Human Resources Committee

- To reinforce and refine our human resources policies



Subsidiaries Hong Yip, Kai Shing and Sanfield, have established their own sustainability committees or working groups to implement the Group's sustainability policies and strategies.

Sustainability Policies

This year, the Group reviewed and updated its sustainability policies to cover extensive environmental and social issues, and facilitate the integration of sustainability in our operations. The policies and relevant training allow us to better manage the sustainability efforts in our daily operations and maintain the quality of our products and services. The SSC and other relevant committees review our sustainability policies regularly to ensure they are up-to-date and aligned with the latest industry standards and management needs.

Group

Group Sustainability Policy (updated)

Sustainable Building Policy



Environmental

- **Climate Change Policy**
- **Environmental Policy (updated)**



Social⁵

- **Code of Conduct (updated)**
- **Customer Data (Privacy) Policy**
- **Health and Safety Policy (updated)**
- **Stakeholder Engagement Policy (new)**
- **Supplier Code of Conduct (updated)**



Governance⁵

- **Board Diversity Policy**
- **Cybersecurity Policy (new)**
- **Tax Governance Framework (updated)**

⁵ Human Rights and Equal Opportunities Policy and Whistleblowing Policy are also available internally with easy access.

Our Sustainability Strategy

The Group applies precautionary principles to prevent and mitigate the potential negative impact of our operations and value chain. Our sustainability strategy focuses on five priority pillars: Environment, People, Customers, Supply Chain and Community. We interact with stakeholders and continuously enhance our internal capabilities to pursue the sustainable development of the Group.

We support the United Nations' Sustainable Development Goals (SDGs), joining the universal call by the United Nations Member States to end poverty, protect the planet and ensure that everyone enjoys peace and prosperity by 2030. Eight out of the 17 SDGs, which we believe are the most relevant to our business profile, were mapped onto SHKP's five priority pillars.



Relevant SDG	Example of Our Response and Goal
 Ensure healthy lives and promote well-being for all at all ages	- Promote mental health and well-being to employees by devising trainings as well as offering a free, 24-hour counselling service – the Hearty Hotline - Integrate wellness features in property development and management, monitor well-being metrics and achieve the WELL building standard where feasible - Promote healthy living in the community through Sports for Charity initiatives and various funded projects - Implement ISO 45001 Occupational Health and Safety Management Systems - Establish and monitor health and safety targets for our employees and contractors annually
 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	- Encourage reading, education and holistic development, especially among youths through SHKP Reading Club and other initiatives - Offer SHKP Group Undergraduate Scholarship Scheme to secondary school graduates from low-income households - Partner with education institutions for campus recruitment, including Summer Internship Programmes, Management Trainee Programmes, Graduate Surveyor and Engineer Programmes - Educate colleagues about sustainability and climate change
 Ensure access to affordable, reliable, sustainable, and modern energy for all	- Increase on-site renewable energy generation and consumption - Adopt eco-friendly equipment and technology in operations - Electrify diesel equipment and deploy energy storage systems for equipment in construction sites - Promote green transport by expanding the electric vehicle charging infrastructure and use of electric vehicles in our fleet

Relevant SDG	Example of Our Response and Goal
 Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all	• Offer a decent, safe and healthy work environment to employees with an open feedback culture • Promote gender diversity and advocate a diverse and inclusive workplace through different initiatives • Protect labour rights and prohibit child or forced labour in our supply chain • Support our employees in continuous learning and development through the various learning platforms and sponsorships, including the SHKP Quality Academy
 Build resilient infrastructure, promote sustainable industrialization and foster innovation	• Incorporate green features throughout the life cycle of our properties and obtain sustainable building certificates • Implement smart building management systems, energy optimization systems and other retrofitting measures to improve environmental performance • Explore innovative potentials through collaboration with industrial partners and universities
 Make cities and human settlements inclusive, safe, resilient, and sustainable	• Monitor our established 10-year environmental targets of greenhouse gas emissions, electricity consumption, water use and construction waste diversion rate • Incorporate sustainable features in properties and aim to achieve LEED certification for all new investment properties and LEED Gold or Platinum ratings for core commercial projects under development • Embrace multigenerational living concept by developing the multigenerational housing project • Develop transitional housing for underprivileged families

Relevant SDG	Example of Our Response and Goal
 Ensure sustainable consumption and production patterns	• Expand our green portfolio and fulfil our sustainable building commitments • Promote efficient use of materials and natural resources in project design, construction, operation and maintenance of properties • Practice a multi-tier waste management strategy to prevent, reduce and recover waste • Incorporate sustainable considerations in procurement and supply chain management • Manage environmental and social risks of the supply chain through assessments and rectification • Promote sustainable living to customers and tenants through education centres and urban farms
 Take urgent action to combat climate change and its impacts	• Formulate decarbonization strategies and monitor the progress of our 10-year environmental targets • Incorporate climate-resilient building features in building design and operation • Conduct physical and transition climate risk assessments under various scenarios and disclose climate management in accordance with the TCFD recommendations • Raise awareness of climate change through trainings

To support the HKSAR Government's Climate Action Plan 2050, we participated in the Carbon Neutrality Partnership to pursue a green economy and formulated the Group's Decarbonization Strategy. The strategy covers our decarbonization efforts throughout the value chain, from project planning and construction, to operation and maintenance and management, as well as aspects such as green energy and transport. Please visit **SHKP's Decarbonization Strategy** for more details.

ESG Risk Management

The Group has integrated ESG risks into its risk management to build resilience to ESG risks through sustainability strategies. Below illustrates some of the key ESG risks and our response to such risks.



ESG Risk Factor	Potential Impact	Example of Our Response
Climate Change	• Extreme weather causes operational disruptions, leading to higher maintenance costs and loss of revenue • Strict global and local policies and regulations are expected to increase operating costs	• Incorporate climate-resilient building features and formulate adaptation plans to address physical risks • Formulate decarbonization strategies to transit to low-carbon operations • Disclose climate management in accordance with the TCFD recommendations
Ethics and Integrity	• Integrity breaches and money laundering cause negative impact on reputation and lead to fines and penalties • Cyber-attacks and data breaches cause financial impact in the form of fines or compensation	• Abide by the regulation in the jurisdictions where we operate, and the standards stipulated in the Code of Conduct and Supplier Code of Conduct • Provide training on ethical standards and anti-corruption practices • Formulate Cybersecurity Policy, conduct assessment and provide cybersecurity training
Environmental Compliance	• Non-compliance results in fines and penalties, and reputational damage. Litigation risk may also arise in case of controversies • More stringent environmental regulations may affect business operations and accrue additional costs	• Update environmental policies to meet the latest standards and regulations • Implement ISO 14001 Environmental Management Systems and perform environmental audits
Health and Safety	• Occurrence of work-related injuries or fatalities due to poor health and safety management • Injured employees and workers cause delays in project delivery and negative impact on reputation	• Implement ISO 45001 Occupational Health and Safety Management Systems • Oversee health and safety initiatives, targets and performance • Identify, assess and manage the health and safety risks in the supply chain
Supply Chain	• Supply chain disruptions due to social or environmental factors cause unstable supply and rising prices of raw materials and services • Supply chain risks cause controversies and reputational damage	• Use multiple sourcing strategies to avoid overreliance on any single source • Conduct inspections and assess the sustainability performance of suppliers

For other risk factors, please refer to the **Corporate Governance Report** section of our Annual Report 2022/23.

Sustainable Finance

As part of our decarbonization strategies, we strive to expand our green finance profile where applicable and integrate sustainability performance targets into financing mechanisms. The Group signed two sustainability-linked loans (SLL) with leading international and local banks and received an overwhelming response with oversubscriptions. The two SLLs broke the records for the Hong Kong real estate sector at the respective time, with a total worth of around HK\$29.4 billion. SHKP needs to achieve a set of predetermined sustainability performance goals according to the loan agreement, including:



Electricity
consumption
intensity reduction



Sustainability
benchmarks
and indices
improvement



Green building
certifications
attainment

The proceeds will be used to support ongoing sustainability initiatives or as general working capital. To build long-term value for our stakeholders, we will continue to explore the future possibilities of sustainable finance.

Our Approach to Stakeholder Engagement

The Group recognizes the importance of regular communication with stakeholders, so that we can understand and respond to their expectations and priorities on sustainability strategies. This year, we formulated a new Stakeholder Engagement Policy to guide our stakeholder engagement efforts and promote effective communication with stakeholders. We regularly engage our internal and external stakeholders through various communication channels and facilitate in-depth discussions with them to understand their concerns and interests. We also seek their feedback and recommendations on the design, review and operation of our communication channels and grievance mechanisms. For details about the Stakeholder Engagement Process, please refer to **Appendix II**.

The Group adopts a three-year approach to engage with various stakeholder groups to review material ESG topics. This year, we invited eight sustainability professionals from diverse backgrounds, including employees, tenants, contractors, investors, millennials, representatives from leading corporates in sustainability, academia and industry associations, to participate in a stakeholder review panel discussion. The stakeholders provided insightful feedback that can strengthen SHKP's sustainability strategies, policies and practices through which their thoughts on key sustainability trends, including climate change and scope 3 emissions, have been shared. An independent third-party consultant was commissioned to moderate the panel discussion to ensure a fair and open conversation.

Materiality Analysis

The materiality matrix illustrates the relative importance and significance of selected ESG topics in relation to our stakeholders and business. We review our materiality analysis annually based on the results of our stakeholder engagement exercise. In 2020/21, over 450 internal and external stakeholders were invited to rank the importance of the ESG topics. During the materiality analysis process, 26 ESG topics relevant to our business were considered. The 26 ESG topics in 2021/22 remain relevant to our business in 2022/23. Based on the findings from last year, we modified our materiality matrix based on the top management and stakeholders' feedback. In 2022/23, the significance to business of 'Materials' is moved higher and it is included as a new material topic. 21 material topics fell within the threshold of a 'high' materiality level. Customer Privacy, Anti-Corruption, and Well-being, Health and Safety continued to be the top three material topics in terms of their importance to stakeholders and significance to the business. The assessment result as shown in this report was approved and signed off by the management.

Materiality Matrix



List of Material Topics as well as Corresponding Boundaries and Impacts

	Material Topics Identified	Boundaries and Impacts									GRI Standards	Page Number
		Customers/Tenants	Employees	Government/Regulators	Professional Bodies/ Academia	NGO Partners	Shareholders and Investors	Suppliers	Media Partners and Social Media	Joint Venture Partners		
1	Economic performance		✓				✓	✓	✓	✓	GRI 201	3-4, 62-72
3	Supply chain management	✓	✓					✓		✓	GRI 308, GRI 414	54-61
4	Innovation	✓	✓		✓		✓	✓	✓	✓	N/A	13-34, 43-53, 54-61, 62-72
5	Materials	✓	✓		✓	✓	✓	✓		✓	GRI 301	13-34
6	Energy	✓	✓	✓	✓	✓	✓	✓	✓	✓	GRI 302	13-34
7	Climate change mitigation and adaptation		✓	✓	✓	✓	✓	✓		✓	GRI 305	13-34
8	Water	✓	✓	✓	✓	✓	✓	✓	✓	✓	GRI 303	13-34
10	Waste	✓	✓	✓	✓	✓	✓	✓	✓	✓	GRI 306	13-34
11	Sustainable buildings	✓	✓	✓	✓		✓	✓			N/A	13-34, 62-72
12	Employment practices		✓	✓	✓	✓			✓	✓	GRI 401	35-42
13	Employee engagement		✓	✓	✓					✓	GRI 2	35-42
14	Well-being, health and safety	✓	✓	✓	✓	✓	✓	✓		✓	GRI 403	35-42, 54-61, 62-72
15	Employee development and succession planning		✓	✓		✓	✓				GRI 404	35-42
16	Diversity and equal opportunities		✓	✓	✓	✓	✓	✓	✓		GRI 405	35-42
20	Community investment	✓	✓	✓		✓	✓		✓		GRI 413	62-72
21	Anti-corruption	✓	✓	✓			✓	✓	✓	✓	GRI 205	35-42, 54-61
22	Anti-competitive behaviour	✓	✓	✓		✓		✓	✓	✓	GRI 206	35-42, 54-61
23	Customer satisfaction and responsibility	✓	✓	✓		✓	✓	✓	✓	✓	GRI 2	43-53
24	Customer privacy	✓	✓	✓		✓	✓	✓	✓	✓	GRI 418	43-53
25	Affordable housing in Hong Kong	✓		✓		✓			✓		GRI 203	3-4, 43-53, 62-72
26	Customer health and safety	✓	✓	✓				✓	✓	✓	GRI 416	43-53

Other topics considered

2	Indirect economic impacts
9	Biodiversity
17	Human rights and non-discrimination
18	Freedom of association and collective bargaining
19	Child labour and forced labour



Connecting with our Stakeholders

We continued to receive valuable feedback and suggestions from stakeholders through regular communications and targeted stakeholder engagement exercises during the reporting year. Below are our responses to three major concerns raised by stakeholders.

1 Academia and professional bodies

Question:

As an industry leader, it is crucial for SHKP to take the lead and contribute to sustainable building development. Academia and professional bodies are interested in how will SHKP green its portfolio and promote sustainable buildings for both new and existing buildings.

Answer:

SHKP understands the urgent need to enhance the sustainability performances of our properties to align with market expectations. We strive to incorporate green features throughout the life cycle of our buildings, from design and construction to operations, and seek to strike a balance between development and conservation. Our Sustainable Building Policy guides our efforts to developing low-carbon and climate-resilient properties. For new buildings, we target to obtain LEED Gold or Platinum ratings for core commercial projects under development, including our latest projects The Millennity and the High Speed Rail West Kowloon Terminus Development. For existing buildings, as at June 2023, 122 green-building-related certificates have been awarded in our 105 projects in Hong Kong. Our flagship buildings, such as One IFC, Two IFC, Sun Hung Kai Centre and ICC in Hong Kong as well as Shanghai Central Plaza and One ITC on the mainland, all received LEED Platinum certifications. St Michel, NOVO LAND and The Millennity also received WELL Building Standard™ certifications, integrating well-being elements into our buildings. For more details, please refer to **Value Created for the Environment** section.

2 Investors and shareholders

Question:

Low-carbon construction materials application and scope 3 emissions disclosure are growing trends in the real estate industry. Investors and shareholders would like to know SHKP's approach on adopting construction materials with low-carbon footprint and the progress of scope 3 emissions calculations.

Answer:

SHKP is aware of the growing expectation on decarbonization and the increasingly stringent requirements on scope 3 emissions disclosure. We are working progressively to decarbonize our operations and the value chain. This year, we developed a multi-pronged decarbonization strategy that outlines our transition to low-carbon operations. It addresses climate-related risks to our business and covers areas, such as innovation, renewable energy and tenant engagement to drive decarbonization. We closely work with industrial partners to advance innovation. We also collaborated with The Hong Kong Polytechnic University to develop green building materials and innovative carbon capture technology to inject carbon dioxide into concrete more efficiently. In addition, the Group is continuously enhancing our carbon management. We are in the progress of developing a comprehensive scope 3 emissions inventory to better reflect our emissions along the value chain. We will also consider disclosing the detailed scope 3 emissions when the data is available. For more details, please refer to **Value Created for the Environment** section.

3 Employees and tenants

Question:

Since the pandemic, companies are increasingly expected to act in the best interests of stakeholders and cater to the well-being of employees and customers. Employees and tenants are interested in SHKP's well-being policies and programmes both physically and mentally.

Answer:

SHKP realizes the importance of employee and customer well-being especially after the pandemic. The Group has implemented a variety of employee support programmes to help our employees achieve better work-life balance and provide them with all the necessary support, including working-from-home arrangements, part-time working option and childcare support. To improve employees' well-being and help them relieve stress, our Internal Affairs Department offers training, workshops, and distributes health advice to all our employees. We also offer a free 24-hour counselling hotline (Hearty Hotline) and face-to-face counselling to employees in need. In terms of customer well-being, SHKP strives to promote wellness by incorporating well-being elements into our buildings and pursuing WELL building standard at our properties. Most of our properties have held 'Excellent' or 'Good' certifications from the Indoor Air Quality Information Centre since 2006. Our hotels also provide healthy food options, sports facilities, air purifiers and natural aromatherapy to hotel guests. For more details, please refer to **Value Created for People** and **Value Created for Customer** sections.



Value Created for the Environment



Beyond compliance, the Group aims to continually improve the environmental performance of our properties and operations. Through optimizing resource efficiency, acting on climate change and leveraging innovative solutions, the Group seeks to contribute to building sustainable cities and communities.

Material topics addressed in this section:

- Climate change mitigation and adaptation
- Energy
- Innovation
- Materials
- Sustainable buildings
- Waste
- Water



Strategies and Management

SHKP is committed to upholding its Building Homes with Heart philosophy and making Hong Kong a more sustainable city. To that end, our efforts to address global sustainability challenges are aligned with the United Nations' Sustainable Development Goals.

We are dedicated to promoting sustainable practices and minimizing our environmental impact. Our operations comply with international standards and applicable laws and regulations of the Hong Kong Special Administrative Region, including Air Pollution Control, Waste Disposal and Environmental Impact Assessment Ordinances.

In recognition of the climate emergency, we have taken major steps to strengthen our climate-change management and disclosures in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

This year, we conducted an in-depth climate risk assessment. By analyzing different scenarios, we identified climate risks, opportunities and potential impacts across our operations. We are now able to better mitigate risks and adapt to climate change.

Governance

Specialized committees have been established to monitor specific areas of environmental concern. This ensures that our operations align with our sustainability goals and that we conform with the best practices. The Energy Optimization Committee (EOC) consists of 20 experts in building engineering and management, and is chaired by a representative from the Internal Audit Department. The committee oversees the energy, water and greenhouse gas emissions performance of buildings under its purview and identifies areas for improvement. The EOC also encourages the Group to adopt best practices by proposing improvement plans and fostering company-wide communication. Environmental committees at our property management and construction subsidiaries oversee the implementation of relevant policies, targets and strategies.

Climate Change Policy, Environmental Policy and Sustainable Building Policy

 Climate Change Policy	Details our strategy and efforts regarding climate change mitigation, adaptation and resilience
 Environmental Policy	- Reviewed and updated during the reporting year to strengthen our governance and enhance provisions in areas, such as sustainable buildings and operations, energy and water consumption, waste management, biodiversity, climate change, carbon management and engagement with stakeholders - Conveys to stakeholders our commitment to protecting the environment and reducing the environmental impact of our operations
 Sustainable Building Policy	Guides us to develop low-carbon, climate-resilient properties, and to focus on users' wellness

Our Sustainability Steering Committee – which oversees our strategy and risk management – periodically reviews these policies for effectiveness. Please visit our **website** for the full versions of the policies.

Sustainable Building and Environmental Targets

To go beyond compliance alone, we adopt best practices for existing buildings and integrate sustainable features into new developments. Sustainable building and environmental targets are established via a detailed process, including historical data review and peer benchmarking. We seek to progressively improve our sustainability performance.

Sustainable Building Targets

Achieve **Leadership in Energy and Environmental Design (LEED) certification** for all new investment properties



Obtain **LEED Gold or Platinum** ratings for core commercial projects under development



10-year Targets for 2029/30 (Base Year: 2019/20)

Aspect	Target	Progress in 2022/23
Emissions	Reduce scope 1 and 2 greenhouse gas (GHG) emissions intensity of EOC-monitored buildings ¹ by 25%	~27.1%
Energy	Reduce the electricity consumption intensity of EOC-monitored buildings ¹ by 13%	~8.9%
Water	Reduce the water use intensity of EOC-monitored buildings ¹ by 5%	~2.8%
Waste	Divert at least 70% of construction waste per year in Hong Kong construction projects within the reporting scope	~91.8% diversion rate

Environmental Management System and Smart Management

We take environmental considerations into account in our operations, and conduct regular internal and external reviews to assess the effectiveness of our management systems. Demonstrating our commitment to responsible business, our property management and construction subsidiaries are audited by internal and external parties annually and certified to international environmental and energy management standards. Corrective actions are in place for continual improvement. We have operating manuals and procedures to communicate on environmental management issues internally. Regular training for employees is also provided.

During the reporting year,

- **~83%** of our managed properties within the reporting scope align with **ISO 14001** and **ISO 50001** management system standards
- **91 buildings and sites** hold **ISO 14001** certifications and **12 buildings** hold **ISO 50001** certifications



Our property management subsidiaries Hong Yip and Kai Shing received the Hong Kong Green Mark Certification, which is awarded by the Hong Kong Q-Mark Council for recognizing our environmental management system.

We invest in smart technologies – such as the Internet of Things (IoT), virtual reality (VR) and artificial intelligence (AI) to optimize data collection, data analysis and operations. This ultimately enhances the efficiency and effectiveness of our environmental management.

Sustainability Data Management System

Our web-based sustainability data management system has been the foundation of our data collection and monitoring since 2014. Business units submit data that is processed and consolidated, allowing

the sustainability team to monitor our sustainability performance across all operations. Through regular reviews and upgrades, we align our efforts with market trends and fulfil the latest disclosure requirements.

Smart and Sustainable Development

SHKP is committed to promoting sustainability and incorporating green features at every stage of a building's life cycle, from design and construction to operation. As a property developer, we recognize our role and responsibility for protecting the environment and conserving biodiversity, and make every effort to foster environmental sustainability. Please refer to our Sustainable Building Policy and the **Sustainable Building and Environmental Targets** sections for more details on our commitment.

We carefully manage our impact on the environment and ecosystem. The Group applies a mitigation hierarchy to avoid, minimize, restore and offset any adverse impact on the environment. To understand and minimize our impact, we engage environmental and ecological consultants to study and survey sites before development proposals are submitted and feasibility studies are undertaken. We prioritize those where we will have a lower impact on the environment, biodiversity and the ecosystem.

During planning and construction, we work with third-party professionals, seek government approval and work with business partners. We appoint external consultants to conduct environmental and biodiversity assessments, and evaluate the potential impact of construction on local biodiversity and the environment. During the reporting year, we did not identify any significant biodiversity-related risks in our operations.

For projects, such as the Wetland Seasons Park, PARK YOHO, Sai Sha and Tung Shing Lei, we conducted biodiversity assessments and developed management plans. For Wetland Seasons Park, we worked closely with external consultants and partners to ensure compliance with both local legislation and the Hong Kong Wetland Park's requirements regarding noise, sewage, waste and emissions during construction. We engaged an ecology consultant to monitor biodiversity during the wetland restoration and operation at PARK YOHO.

For the project at Tung Shing Lei, we enhanced the ecological and aesthetic value of the surrounding habitat by including a building-free area that preserved water birds' flight lines, a buffer between the development and the adjacent land, and a water feature that serves as a natural habitat. In addition to a biodiversity impact assessment, we funded a three-year ecological study at Tung Shing Lei to explore practical ways to optimize the ecological functions of abandoned fishponds. We hope to contribute to the long-term conservation and management of other abandoned ponds in wetlands, to support biodiversity.

Where feasible, we conserve trees at sites with horticultural maintenance and management plans. In general, the total number of newly planted trees in a project is equal to or more than the number of trees approved to be removed in the Tree Preservation and Removal Proposal agreed with the government. In addition to this general practice, we spared no effort at our St Michel project to conserve the Incense Tree (*Aquilaria sinensis*). Categorized as 'Vulnerable' in the International Union for Conservation of Nature (IUCN)'s Red List of Threatened Plants, the tree was accommodated in our planning, and integrated into the landscape design. During construction, we treated the tree for fungal infection.

¹ SHKP's major investment properties in Hong Kong, managed by the Energy Optimization Committee.

Our skilled and innovative team responds to market demands and maintains our sustainability performance. During the reporting year, a total of 65 accredited Hong Kong Building Environmental Assessment Method (BEAM) professionals contributed to our sustainable development. We use green and smart technology to optimize energy efficiency, material use and waste management. Careful oversight means potential environmental issues are identified and addressed in a timely manner.

Key Sustainable Building Performance Highlights as at June 2023



Our 105 projects in Hong Kong have earned

122 green-building-related certificates²

54%

by total gross floor area, of our managed properties (within the reporting scope) have obtained green-building-related certificates



99%

of our ongoing construction sites (by total gross floor area) are **BEAM Plus-registered**

13

of our commercial, industrial and residential buildings were rated **'Excellent'** in Management in the Selective Scheme of **BEAM Plus** Existing Buildings V2.0 while **73** achieved **'Good'** ratings

79%

(in total attributable gross floor area) of our core completed office buildings³ for long-term rental in Hong Kong and Shanghai have attained **LEED Gold or Platinum ratings**, including pre-certification



Four flagship commercial buildings – ICC, Sun Hung Kai Centre, One IFC and Two IFC – earned **LEED Platinum certifications** under v4.1 Operations and Maintenance: Existing Buildings



Among our ongoing projects, The Millennity and the High Speed Rail West Kowloon Terminus Development achieved **LEED Platinum pre-certifications**



On the mainland, Shanghai Central Plaza and One ITC received **LEED Platinum certifications** under v4 Operations and Maintenance: Existing Buildings. Beijing APM office tower received **LEED Gold certification** under v4 Interior Design and Construction: Commercial Interiors. For new building, Three ITC in Shanghai also achieved **LEED Platinum pre-certification**



² Includes BEAM Plus new and existing buildings (comprehensive and selective schemes), LEED or BREEAM certificates received by projects under development and properties owned or managed by SHKP in Hong Kong.

³ Target to achieve 87% by end of FY 2025/26. Core office buildings are offices with at least 50% ownership by SHKP, and at least 400,000 square feet on a total GFA basis.

Hong Yip signed a **Memorandum of Understanding with the Hong Kong Green Building Council and BEAM Society** to demonstrate its commitment to green buildings



Our subsidiaries in the reporting scope earned a total of

415
Energywi\$e
certificates

392
Wastewi\$e
certificates

43
IAQwi\$e
certificates

10
Carbon Reduction
certificates

CASE STUDY

Urban Redevelopment

98 How Ming Street Commercial Development

Our signature urban redevelopment project at 98 How Ming Street, Kwun Tong, was formerly a bus depot. The depot has been transformed into two commercial buildings and a shopping centre, to benefit the community and the economy.



From design and construction to facility management, the project uses green and smart technologies. These include smart building management, AI energy monitoring and predictive maintenance systems, Multi-trade Integrated Mechanical, Electrical and Plumbing (MiMEP), Design for Manufacture and Assembly (DfMA), Building Information Modelling (BIM) and the IoT. In addition, around 20,000 square feet of gardening space is open to regular occupants during building opening hours.

In the heart of Kwun Tong, the project is close to two MTR stations and 70 bus routes, offering easy access to all parts of Hong Kong. It is directly connected to Millennium City 6 via a covered footbridge, enhancing the region's cohesiveness, connectivity and pedestrian accessibility.

Thanks to its environmentally-friendly and people-oriented design, construction, facility management and building operation, the commercial buildings, The Millennity, obtained Platinum pre-certification for BEAM Plus, LEED and WELL.

For more details about its well-being features, please refer to the **case study in Value Created for Customer** section.

CASE STUDY

Wetland Seasons Bay



Wetland Seasons Park and Wetland Seasons Bay are large-scale residential projects adjacent to the Hong Kong Wetland Park which were completed in 2021 and 2022/23 respectively. Environmental considerations are prioritized throughout the building life cycle. Notwithstanding the compliance with statutory and planning requirements, we worked closely with consultants and other stakeholders to avoid the impact of noise, sewage, waste and emissions during construction on the Wetland Park and the surrounding environment.

Planning, Design and Landscape

- A stepped height layout design with a lower building height near the Wetland Park. A 40m-wide primary breezeway was introduced in the centre of each development supplemented by secondary breezeways to enhance prevailing wind flow from the Wetland Park to Tin Shui Wai Town Centre
- Landscape buffer zone along the perimeter between the developments and the Wetland Park functioned as natural buffers to soften the transition between the developments and the Wetland Park. The building facades are in earth tones, while building glazing with low reflectivity to prevent birds from colliding with the glass panels. Lighting in public areas is carefully selected to avoid causing nuisance to the Wetland Park
- External landscape area comprised 31% of the site area. 89 existing trees are preserved, and more than 1,500 trees and 250,000 bushes of native species were planted

- To promote environmental awareness among residents, the development also features a wetland-themed gallery showcasing paintings and sculptures, such as migratory birds, that highlight the beauty and importance of the surrounding ecosystem

Construction

During construction, we implemented measures to minimize our environmental impact:



- Implemented waste management plan and monitored noise, water-quality, air-quality and ecological-impact during the entire construction process



- No noisy foundation works were conducted during dry seasons when migratory birds were in Hong Kong and during the time when the Wetland Park was open to the public



- Precast concrete paving slabs were used on haul roads during construction to reduce dust emissions



- Six-metre high noise barriers were erected along the boundary of the developments to the Wetland Park to further reduce noise pollution

In the Quality Building Awards 2022, Wetland Seasons Park earned the Grand Award, the highest honour in the Hong Kong Residential (Multiple Buildings) category. For more details of green features in Wetland Season Park, please visit [here](#).

Upgrading Existing Buildings to Pursue Sustainability

SHKP promotes sustainability in its flagship buildings, via retrofitting, upgrades and innovation. Focusing on energy performance, resource and material management, biodiversity conservation and indoor air quality, we strive to upgrade existing buildings to create a green, comfortable and healthy environment for customers and tenants.

Highlights of our buildings upgrading include:

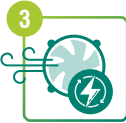
One IFC and Two IFC



1 Deployed chiller plant computer software to optimize energy efficiency and, via the IoT, collect data for analysis



2 Applied solar-reflective painting on the rooftop to reduce the heat island effect



3 Upgraded electrically commutated plug fans to enhance the reliability, system capacity and energy efficiency of the air-handling system



4 Received LEED Platinum certifications, with scores of 84 (One IFC) and 83 (Two IFC). Two IFC was the first building in Hong Kong to attain LEED Platinum certification under v4.1 Operations and Maintenance: Existing Buildings

ICC



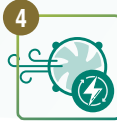
1 Used BIM with digital twin model to facilitate daily operations and optimize energy efficiency



2 Used DfMA or MiMEP to improve the installation process



3 Adopted double-deck lifts and destination control systems, IoT-based energy-monitoring, and smart lighting to enhance energy efficiency



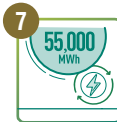
4 Upgraded electrically commutated plug fans to enhance the reliability and efficiency



5 Conducted annual energy audits and implemented energy-saving measures such as the refurbishment of central air conditioners



6 Saved 17 million kWh of electricity over the past 10 years, with a 29% reduction in energy intensity



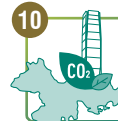
7 Purchased 55,000 MWh International Renewable Energy Certificates to offset around 21,450 tonnes of carbon emissions



8 Installed smart wireless sensors to monitor indoor air quality and noise in renovation areas in real time



9 Received LEED Platinum certification, with a score of 87 – the highest among Platinum-rated projects under v4.1 Operations and Maintenance: Existing Buildings in Hong Kong

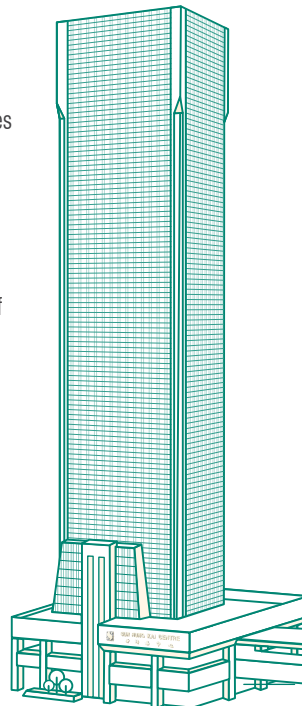


10 Rated among the Greater Bay Area's top 100 low-carbon buildings by the GBA Carbon Neutrality Association

For more green features, please visit [here](#).

Sun Hung Kai Centre

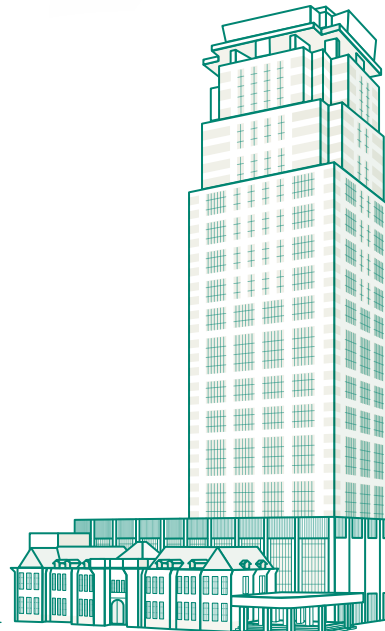
- 1  Introduced smart building energy management system, upgraded the HVAC system to achieve more precise temperature control and reduce energy consumption
- 2  Undertook retro-commissioning and optimized chiller systems to enhance energy efficiency
- 3  Installed power meters to monitor electricity use and identify abnormalities for prompt repair
- 4  Installed rooftop solar panels
- 5  Saved 60 million kWh of electricity and 42,000 tonnes of carbon emissions since 2005, via energy-saving measures
- 6  Received LEED Platinum certification, with a score of 82, making it Hong Kong's longest-standing Platinum-rated commercial building under v4.1 Operations and Maintenance: Existing Buildings



For more green features, please watch the video [here](#).

Shanghai Central Plaza

- 1  Adopted smart building management system using AI and data analytics
- 2  Reduced carbon emissions by around 5,000 tonnes per year, achieving an energy intensity 58% lower than the global building benchmark
- 3  Received LEED Platinum certification under v4 Operations and Maintenance: Existing Buildings, and attained full scores in four criteria: location and transportation, sustainable sites, innovation and regional priority



Beijing APM Office Tower

- 1  Implemented a green building concept, covering electricity, water supply and drainage, heating, ventilation and air conditioning
- 2  Selected environmentally-friendly equipment and materials, and set up zones to minimize the impact of renovation
- 3  Implemented green construction strategies to reduce indoor air pollution during construction
- 4  Received LEED Gold certification under v4 Interior Design and Construction: Commercial Interiors



We work with universities and scientific research institutions to develop innovative green building technologies. With The Hong Kong Polytechnic University (PolyU), we sponsored research into green applications, green materials and green construction processes, and piloted a smart energy management system at the High Speed Rail West Kowloon Terminus Development project. Going forward, we will use AI, IoT and digital twins to develop energy-saving systems, and optimize carbon activation to produce more environmentally-friendly concrete. This will save energy and reduce embodied carbon. We also plan to build the first blockchain platform that records BIM for our projects, thus contributing to smart building development.

Our property management subsidiaries work with universities and technology companies to develop innovative solutions. Hong Yip worked with Hong Kong Metropolitan University to develop an IoT solution for preventive maintenance and environmental monitoring of water pumps, enabling the early detection of issues and risks. This enhances operational efficiency and the lifespan of the equipment. Kai Shing collaborated with technology start-ups to develop a digital twin project for optimizing ICC's building performance and efficiency. This won the BIM projects category at the Celebration of BIM Achievement 2022, co-hosted by the Development Bureau and the Construction Industry Council. In June 2023, Kai Shing announced a collaboration with PolyU, CLPe Solutions, Jardine Engineering Corporation Limited and Trane Service Hong Kong to formulate a charter on Smart Energy Optimization and AI Control. The charter covers eight of Kai Shing's managed properties, including ICC, New Town Plaza and Kowloon Commerce Centre. By promoting the use of AI controls in air-conditioning systems, the charter aims to save three million kWh of electricity from July 2023 to June 2025.

Decarbonizing our Business

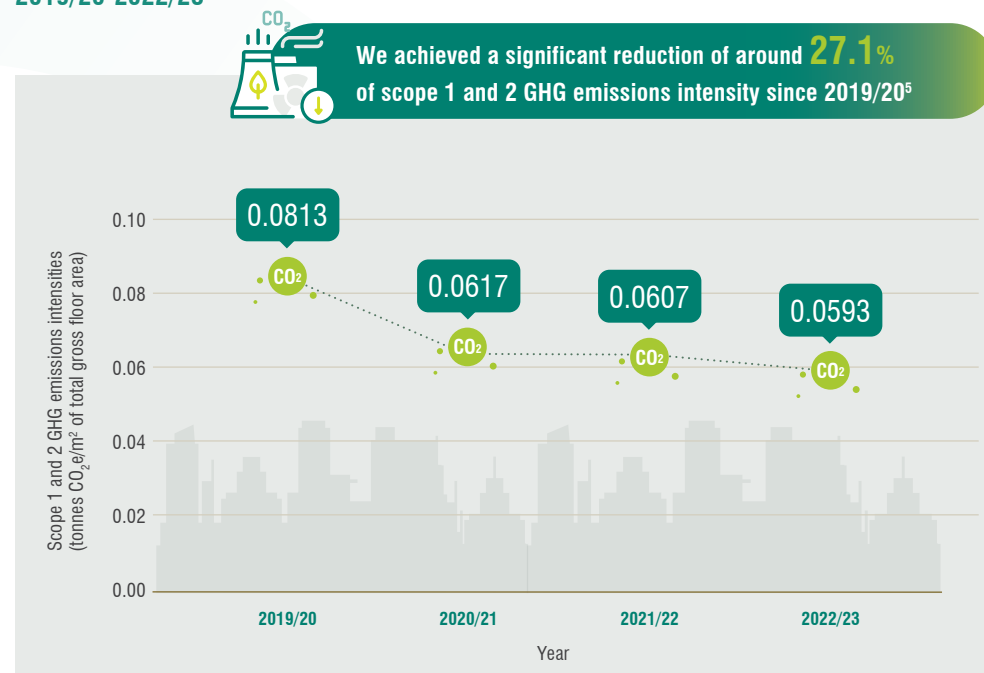
The Group recognizes the risks brought by climate change, and we support the transition to a low-carbon economy by factoring it into our energy management. We support the Climate Action Plan 2050 and the HKSAR government's Energy Saving Plan for Hong Kong's Built Environment 2015-2025+. In alignment with the government's plan for carbon neutrality by 2050, we also participate in the Carbon Neutrality Partnership. A newly developed **Decarbonization Strategy** outlines our action plans to pursue low-carbon operations and enhance climate resilience.

This year, six of our managed properties earned the Commitment to Net-Zero Certificate, accredited by the Hong Kong Quality Assurance Agency (HKQAA). Hong Yip and Kai Shing also purchased Renewable Energy Certificates (RECs) locally and internationally to offset carbon emissions. Hong Yip purchased RECs from CLP and its decarbonization efforts earned three awards from HKQAA: Pioneering Organization in Net Zero Contribution, Management Award for Net-Zero Contribution (Property Management): Visionary Blueprint towards Net-Zero and Leadership Award for Net-Zero Contribution.

We have undertaken carbon audits at most of our properties since 2008, and – as a signatory to the Carbon Reduction Charter – participated in the Carbon Audit • Green Partner programme since 2009. Joining the Business Environment Council's Net-zero Carbon Charter has also put SHKP and our property management subsidiaries on the right path to support Hong Kong's decarbonization pledge. Hong Yip also participated in the CarbonCare Label and CarbonCare Circularity Label, committing to reducing carbon emissions.

The Group has established 10-year targets for GHG emissions and energy consumption reduction. We track our progress towards those targets and, wherever possible, strive to avoid GHG emissions and reduce electricity consumption.

Scope 1 and 2 GHG Emissions Intensities of Major Buildings Monitored by the EOC, 2019/20-2022/23⁴

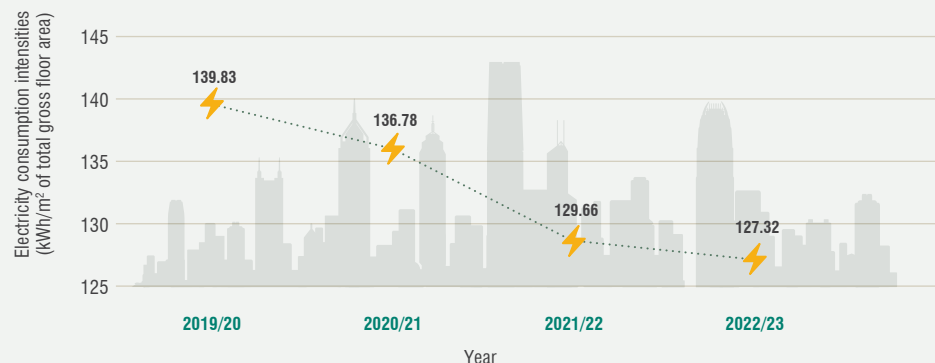


⁴ EOC monitored 53 properties in 2019/20, 60 in 2020/21, 61 in 2021/22 and 62 in 2022/23.

⁵ The reduction was attributable to the continuous reduction of electricity use and the decreasing grid emissions intensities for both power companies in Hong Kong in the past few years. We will continue to closely monitor our progress and reduce GHG emissions across our operations where possible upon recovery from the pandemic.

Electricity Consumption Intensities of Major Buildings Monitored by the EOC, 2019/20-2022/23⁴

We achieved a significant reduction of around **8.9%** of electricity consumption intensity since 2019/20⁶



To progress towards our targets and improve energy efficiency, we have implemented retrofitting across our operations, including chiller sequencing optimization, LED lighting, chiller plant replacement and smart escalator sensors. During the reporting year, we undertook more than 112 energy-saving projects at our shopping malls, residential and commercial buildings. Of these projects, 64 received grants from the CLP Eco Buildings Fund and six from the HKE Smart Power Building Fund. This year, we performed energy audits and carbon audits for 37 and 65 managed properties, respectively.

For our tenants, we have installed around 2,000 smart meters and promoted eco-efficiency programmes. Complimentary energy audits, carbon audits and professional advice on energy-saving have been extended to more than 2,800 tenants at 55 of our managed buildings.

At Harbour North, we retro-commissioned the chillers and cooling towers, and adjusted combinations of the air-conditioning system according to the temperature and relative humidity to achieve an optimal coefficient of performance (COP). This reduced total annual energy consumption by 18.6% compared to 2021. At V city, we retro-commissioned the chiller plants, mechanical ventilation and air conditioning. The resultant energy-saving reduced overall electricity consumption by 30% from 2014 to 2022. V city duly received the Gold Award for Best Green Practice in Malls at the Hong Kong Green Shop Alliance Awards 2022.

At Sun Hung Kai Centre, a new central management system predicts energy use based on past records. It also allows remote monitoring of the entire building's consumption, with easy access from mobile devices. This year, a Building Information Modelling – Facility Management (BIM-FM) platform collected operational data, facilitating the management of energy efficiency and maintenance. At Park Central and MOKO, a cloud-based IoT management platform analyzes energy performance. At V Walk, an automated equipment management system is introduced, along with chiller plant energy optimization technology and IoT applications, the property saves over four million kWh of electricity annually.

We commissioned a third party to design energy solutions for our construction sites and are gradually replacing diesel-powered generators with Enertainers – advanced energy storage systems that provide diesel-free power.



Expanding Our Adoption of Renewable Energy

To support decarbonization, SHKP promotes the use of renewable energy. We are building one of the Hong Kong's largest solar energy networks: as at June 2023, there are a total of 13,800-plus solar panels at 51 of our buildings and two construction sites.

By the end of 2024, we expect to have installed around 16,500 solar panels, covering around 450,000 square feet. These could generate 6.7 million kWh of electricity annually, and reduce carbon emissions by around 3,000 tonnes – equivalent to the CO₂ absorption of around 134,000 trees in one year.

Solar panels at our Shap Sze Heung project are the foundation of the first renewable energy system at a temporary construction site in Hong Kong. We aim to produce 50,000 kWh of electricity in a year, supporting the site office and joining the CLP's Feed-in Tariff (FiT) for the surplus. This has inspired us to install more solar systems at our construction sites. Meanwhile, small wind turbines power lights along the haul road.

Working with joint-venture partners, we are building Hong Kong's first solar farm on a landfill site, the South East New Territories Landfill in Tseung Kwan O. Covering 100,000 square feet, it will be capable of generating 1.1 million kWh of electricity annually upon completion.

To further support renewable energy development, Hong Yip has pledged to purchase RECs from CLP for its own office since 2021/22. This is expected to offset around 240 tonnes of carbon emissions over 10 years. During the reporting year, Hong Yip purchased around 80,000 kWh of RECs. ICC also purchased 55,000 MWh of RECs to finance renewable energy projects, including wind, solar and hydro. These are expected to reduce carbon emissions by around 21,000 tonnes. To support Hong Kong's transition to carbon neutrality, we will stay abreast of market trends and consider purchasing more RECs.

⁶ The reduction was mainly contributed by the extensive implementation of energy-saving measures at our EOC-monitored buildings, and also lower occupancy in our properties during the pandemic in 2022.

Climate Change Management

Enhancing our climate resilience and preparedness to address climate risks is important and urgent. This year, we stepped up our efforts by engaging a third-party consultant to perform a detailed climate risk assessment, with scenario analysis. The results allow us to understand the potential impacts of climate change on our operations and value chain, and enable us to devise mitigation and adaptation strategies.

Going forward, we will continue to review and enhance our climate risk assessment, to better understand the impact of climate change. We have adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework for our climate disclosures. Its four pillars are governance, strategy, risk management, and metrics and targets. We will continually enhance our TCFD reporting to respond to stakeholders' expectations and align with best practices.

Governance

Strategy

Risk management

Metrics and targets

- Our **Board of Directors ('the Board')** is responsible for leading and overseeing the Group's ESG issues. The Board, via the Executive Committee, is engaged in developing and integrating ESG strategies into the Group's long-term development plan, ensuring effective ESG risk management and internal control systems are in place, in which ESG risk elements, including climate-related risks, are taken into consideration during the decision-making process
- The **Executive Committee** is responsible for implementing ESG strategies, evaluating and prioritizing material issues, including climate-related risks. The committee also tracks the progress towards the Group's ESG performance and targets as well as reviews ESG programmes with their impacts on the economy, environment and other stakeholders
- The **Audit and Risk Management Committee** stays abreast of evolving environmental rules and regulations, monitors and reviews transition risks
- The **Sustainability Steering Committee** manages and oversees sustainability issues in our daily operations and regularly reviews related policies, including the Climate Change Policy. It devises, monitors and reports on environmental work plans, performance, goals and short- and long-term targets
- The inter-departmental **Crisis Operation Management Committee** regularly reviews climate-related risks and our resilience to extreme weather. It is led by two Executive Directors, who deal with critical incidents at our business units and subsidiaries

Our Sustainability and Climate-change-related Policies:

- The **Group Sustainability Policy** sets out our commitment and approach to sustainable development, creating long-term value for stakeholders
- The **Climate Change Policy** details our strategy and efforts regarding climate change mitigation, adaptation and resilience
- The **Environmental Policy** outlines our approach to achieve sustainable buildings and operations, and to meet environmental challenges, such as resource use, biodiversity and climate change. It conveys to stakeholders our commitment to protecting the environment and reducing the impact of our operations
- The **Sustainable Building Policy** guides our development of low-carbon, climate-resilient properties, and to focus on users' wellness

These policies are reviewed regularly by the Sustainability Steering Committee. Please refer to our **website** for the full versions and refer to the **Smart and Sustainable Development** and **Expanding Our Adoption of Renewable Energy** sections for further information.



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Climate change poses physical and transition risks as well as opportunities, for our business. Through scenario analysis and risk prioritization, we have identified risks and opportunities that are material to our business and value chain as well as their respective financial and non-financial impacts. Going forward, we will continue to develop corresponding mitigation strategies and plans aligned with the identified risks and opportunities. This will enable us to manage climate risks while leveraging opportunities to enhance our resilience and sustainability. The processes and approach for identifying and assessing climate-related risks and opportunities are outlined in the **Risk Management** section below.

We joined and became the TCFD supporter in 2023. We support the HKSAR government's Climate Action Plan 2050 and the Energy Saving Plan for Hong Kong's Built Environment 2015-2025+. Aligning with the government's plan for carbon neutrality by 2050, we participated in the Carbon Neutrality Partnership. We are also studying a strategy for a long-term net-zero carbon commitment.

To encourage decarbonization in Hong Kong's real estate and construction industries, we support the Business Environment Council's Net-zero Carbon Charter. This year, we formulated a multi-pronged **Decarbonization Strategy** that outlines the directions for our transition to low-carbon operations. It addresses climate-related risks to our business and covers aspects, such as fostering innovation, adopting renewable energy and engaging stakeholders.

We have also established 10-year targets on GHG emissions and energy consumption to accelerate decarbonization. The targets have been conveyed to our subsidiaries and business units, and specific energy-saving targets have been established in most of our residential and commercial buildings, hotels and shopping malls. For more details, please refer to the **Sustainable Building and Environmental Targets** section.

To prepare for the transition to a low-carbon economy, we have incorporated sustainability factors into our financial mechanisms. Last year, we issued two sustainability-linked loan facilities that will fund both our ongoing operations and our sustainability initiatives. For more details, please refer to the **Sustainable Finance** section.

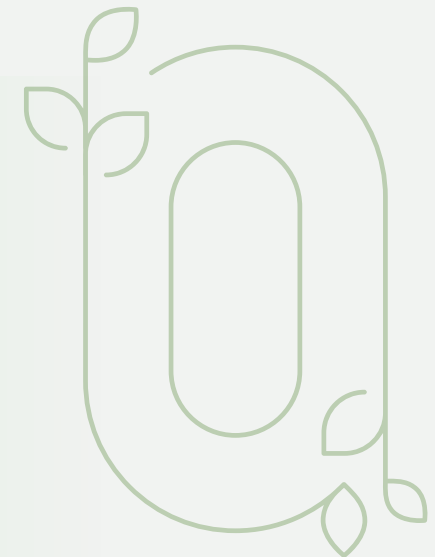
We mitigate climate risks by promoting renewable energy: actively expanding our renewable energy network at managed properties and construction sites; increasing the availability of electric vehicle (EV) charging facilities; and procuring RECs to support our decarbonization efforts. For more details, please refer to the **Expanding Our Adoption of Renewable Energy** section.

To research and pilot green building development and low-carbon products, we collaborated with PolyU. For more details, please refer to the **Smart and Sustainable Development** section.

We actively encourage our tenants to improve their environmental performance and promote low-carbon operations. By initiating eco-efficiency programmes and providing free energy audits, carbon audits and technical advice, we help tenants reduce consumption which in turn will reduce our downstream carbon footprint. For more details, please refer to the **Decarbonizing Our Business** section.

CO₂

Climate Action Plan 2050



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Climate-related issues are complex and require collaborative efforts. We have integrated climate-related risks into our multidisciplinary Enterprise Risk Management (ERM). Climate-related risks are reviewed in our risk register.

As a first step, we identify, assess and manage the risks and opportunities associated with climate change. In line with TCFD recommendations, we conducted a climate scenario analysis. We used Turquoise and Brown Scenarios to evaluate the impact of climate change on our business. The two scenarios are constructed using publicly available scenarios adopted by esteemed organizations, including the Intergovernmental Panel on Climate Change (IPCC), International Energy Agency (IEA) and Network for Greening the Financial System (NGFS). The scenarios incorporate a wide range of factors, including political, environmental, economic and social indicators, and provide data projections that enable us to consider the potential impact of climate change in the short/medium term (2030) and medium/long term (2050). These timeframes align with the global objective of reducing emissions and achieving net zero by 2050. The scenarios are science-based, well balanced and highly contrasting. They serve as a robust foundation for evaluating and comprehending the effects of climate-related risks and opportunities on our business operations and value chain.

	Turquoise Scenario	Brown Scenario
Reference on publicly available scenario	• RCP 2.6 • SSP 1 • IEA SDS⁷ • NGFS Orderly pathways	• RCP 8.5 • SSP 5 • IEA STEPS⁷ • NGFS Hot house world pathways
Global mean temperature rise	• 1.5°C to 2°C by 2100, compared to pre-industrial level	• Above 3°C by 2100, compared to pre-industrial level
Economic and policy development	• Inclusive and respects environmental boundaries, with countries committing to achieving net zero by 2050 and implementing strict climate policies with ease	• Economic growth and technological advancement are driven by fossil fuels, resulting in elevated greenhouse gas emissions, and worsening extreme weather • Absence of new climate policies and insufficient short-term action plans due to institutional, political and economic challenges
Business model	• A swift transition from fossil fuels to renewable energy	• A profit-centric business model that values financial gains over environmental and social impacts
Level of commitment	• Corporations are dedicated to lower-carbon operations and contribute to climate action objectives • Detailed plans, with short-term targets, result in a decarbonized economy	• Lack of public awareness impedes system-wide transformation
Result	• Low physical risk and high transition risk	• High physical risk and low transition risk

With support from consultants, we hosted trainings that introduce key concepts about climate change and the TCFD framework. This enhances the knowledge of senior management in our departments and business units as well as that of the sustainability working group.

⁷ Data up to 2021 was considered in the scenario analysis.

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Physical Risk

We evaluated physical risks by conducting an asset-level quantitative risk assessment on eight projects in our portfolio in Hong Kong and on the mainland. We considered our global portfolio before selecting the eight projects based on their strategic importance, financial materiality and geographical location. Two IPCC-adopted Representative Concentration Pathways (RCP 2.6 and 8.5) were used to assess impacts in two distinct climate futures; one with a global mean temperature rise of below 2°C; the other with a rise above 3°C. In addition to the climate data provided by the IPCC, we have collated historical data and projected climate variables from dynamic climate models to comprehensively assess the physical risks.

Step 1

To evaluate physical risk exposure at asset level, we collect and consolidate climate data from various sources. This includes relevant information from the IPCC RCP 2.6 and 8.5 datasets as well as historical data and projected climate variables from dynamic climate models

Step 2

The collected data is used to evaluate the exposure to climate-related risks of the selected assets in Hong Kong and Shanghai

Step 3

By assessing the severity and likelihood of physical risks to the selected assets, we identify physical risks material to the Group

This science-based approach enhances the accuracy of our assessment. Reliable and precise data enables us to make informed decisions and develop effective mitigation plans.

10 physical climate variables were incorporated into the physical risk assessment:

Risk Type	Climate Variable	Description
Acute (short/medium term)	Rainfall flood	Flooding caused by excessive rainfall, which impacts infrastructure and poses a risk to life
	River flood	Flooding caused by overflowing rivers, which disrupts communities and damages property
	Storm surge	Typhoon-induced flooding, which poses substantial risks to coastal regions
	Typhoon	Tropical cyclones with intense winds and heavy rainfall, which result in widespread devastation, including infrastructure damage and flooding
Chronic (medium/long term)	Drought	Prolonged periods of low precipitation create water scarcity, impacting ecosystems and socioeconomic activities
	Extreme heat	Excessively high temperatures that strain resources and pose health risks
	Landslide	Movement of soil, rocks or debris, which can lead to infrastructure damage, property loss and loss of life
	Sea level rise	Long-term global ocean level increase, which inundates low-lying areas and contributes to coastal flooding
	Snow melt	Rising temperatures cause accumulated snow and ice to transition into water, increasing runoff and the risk of flooding
	Wildfire	Uncontrolled fires spread rapidly, destroying landscapes and homes, and endangering lives

Based on data projections for 2030 and 2050, the analysis identified six negligible risks and four risks with an overall low to medium level for typhoons, rainfall floods, extreme heat and river floods. One project stands as an exception with a high exposure risk to rainfall floods in 2050 under the RCP 8.5 Brown Scenario (i.e., the worst case scenario). Nonetheless, given the Group's proactive adoption of mitigation measures and an emergency support mechanism, the foreseeable impact stemming from these identified risks could be managed effectively.

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Transition risk

We selected two strategically important sectors in Hong Kong and Shanghai – property (retail and office), and hotel and serviced apartments – to assess quantitative transition risks at value chain level.

Step 1

We extract and consolidate relevant data from reputable sources, such as the IPCC, IEA and NGFS. We conduct qualitative research, including analysis of policies and regulations, and gather key business functions' opinions, to ensure the assessment results are relevant and align with our operations

Step 2

The collected data and information is used to assess the exposure risks of the selected operations and their value chains (upstream and downstream activities)

Step 3

By assessing the severity and likelihood of the transition risk exposures encountered by the value chain, we identify transition risks material to the Group

In addition to the above quantitative and qualitative analysis, we organized workshops and surveys for our departments and business units. These aimed to gather perspectives, from across various segments of our value chain, on our resilience to climate change risks. The survey was designed to assess the relevance and actual climate risks to the Group's operations. Based on the responses, we generated climate-related business impact scores.

This year, 21 risk parameters – including political, economic and market indicators – were assessed for the property (retail and office) sector, as were 15 for the hotel and serviced apartments sector, for 2030 and 2050 timeframes, with survey responses received from the key stakeholders to identify the material transition risk at the value chain level.

We have identified material physical and transition risks and opportunities, along with their corresponding business and financial impacts, as well as our resilience strategy. The results were:

Risk Type	Description	Potential Impact	Potential Financial Impact	Example of Our Strategy
Physical Risks				
Acute Physical Risks (short/medium term)	Typhoon	- Higher property damage losses - More typhoon-induced business interruptions - Greater threats to human health and safety, and to the environment	- Increased operating costs for asset repairs, inventory replacement, supply chain disruption and suspended construction - Decreased asset value - Increased property insurance premiums - Decreased revenue owing to business disruption	- Implement a Sustainable Supply Chain Management Guideline to assess environmental and social risks to our supply chain - Incorporate sustainable and climate-resilient features in new and existing buildings - Provide emergency support mechanisms and operational handbooks to guide staff in preparing for and responding to extreme weather events - Activate an emergency support centre during extreme weather to maintain business continuity
	Rainfall flood	More business interruptions due to flood damage to facilities and equipment		
	River flood	More supply chain disruption from flooding and transport issues		
Chronic Physical Risks (medium/long term)	Extreme Heat	- More building and equipment damage from high temperatures and power outages - Reduced productivity owing to extended construction time - Increased occupational health risks (discomfort, exhaustion and heat-related illnesses)	- Increased operating costs for increased cooling demands - Increased expenses owing to impacts on employees' health	

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Risk Type	Description	Potential Impact	Potential Financial Impact	Example of Our Strategy
Transition Risks & Opportunities				
Technology (short/medium/long term)	Growing trend of adopting energy-efficient and low-carbon technology	• More drive to invest in energy-efficient and low-carbon technologies	• Increased capital expenditure on low-carbon product investment • Decreased operating costs owing to energy savings • Increased cost of training for new technology	• Apply smart and green building technologies • Conduct energy and carbon audits, and implement energy-efficient retrofits for lifts, chillers, lighting systems, etc. • Adopt smart building management systems, energy optimization systems and other innovative solutions • Increase on-site renewable energy such as solar energy • Purchase RECs where applicable • Collaborate with companies and universities to develop green technologies
	Rising adoption of renewable energy	• Increased adoption of renewable energy sources such as on-site solar panels		
Policy and Legal (short/medium/long term)	Stricter building regulations	• Increased need for employee knowledge of green building requirements • Increased litigation risks for non-compliance with green building policies	• Increased capital expenditure on low-carbon product investment • Increased capital investment for building retrofitting to meet building regulations • Increased training costs for policy and regulation • Increased fines owing to non-compliance	• Incorporate sustainable features and low-carbon materials in building design • Fulfil green building commitments stipulated in the Sustainable Building Policy • Monitor progress and strive towards targets for GHG emissions, electricity consumption, water use and construction waste diversion • Evaluate carbon pricing mechanisms and explore pathways to carbon neutrality
	Emerging regulations on carbon pricing	• Increased business uncertainty, arising from changing regulations and global trends • Increased pressure to invest in low-carbon technologies and materials		
Reputation and Market (short/medium/long term)	Rising market demand for green buildings	• Influenced the business direction by prioritizing investment in green buildings • Increased need to train staff in green building practices to answer buyer inquiries	• Increased capital expenditure on low-carbon products • Increased revenue from growing sales and growing green building rentals	• Maintain and expand our green-certified building portfolio • Manage our environmental performance – and mitigate risks relating to climate change, energy and carbon emissions – in daily operations with ISO 14001 and ISO 50001 management systems • Collaborate with companies and universities to develop green technologies • Promote green finance by integrating sustainability targets into financing mechanisms
	Rising consumer preference for sustainable living	• Reduced competitiveness if consumer demands are unmet • Increased drive to develop green buildings and sustainable services	• Increased revenue from the expanding green market	

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In our daily operations, our property management and construction subsidiaries actively and carefully manage our environmental performance and the risks associated with climate change, energy use and carbon emissions by implementing ISO 14001 and ISO 50001 management systems. During the reporting year, around 83% of our managed properties in the reporting scope aligned with ISO 14001 and ISO 50001 standards, providing a framework with which we can track our progress. In accordance with ISO 22301 Business Continuity Management Systems, Kai Shing has an adaption plan for ICC.

Our **Sustainable Supply Chain Management Guideline** provides guidance on vendor registration, tender selection, identification of critical suppliers, performance grading and risk exposure. For more details, please refer to **Mitigating Risks along the Supply Chain** section.

Climate-resilient Elements in Our Buildings Mitigate Physical Risks:

- Floodgates at main entrances and carpark entrances in low-lying and flood-prone areas
- Water baffles, typhoon nets, water cut-out sensors and IoT leak detectors in washrooms and machine rooms
- Submersible pumps to remove floodwater at selected shopping malls
- Remote-monitored sensors at important facilities, such as mains switch rooms, to warn staff of flooding
- Intelligent windows to prevent rainwater from entering equipment rooms. These close automatically and seal the ventilation vanes with waterproof plastic strips when water levels reach one inch

Our property management teams maintain close contact with stakeholders regarding extreme weather events. We provide handbooks to our staff to guide their responses to adverse weather, and equip them to deal with emergencies via frequent trainings, such as typhoon and rainstorm drills.

Hong Yip has conducted typhoon preparedness workshops annually before typhoon season since 2018. The workshops provided updates on procedures, guidelines and new technology to frontline staff to refresh and strengthen their handling and responding skills. More than 60 frontline staff attended the workshop this year.

This year, Kai Shing conducted the drill at Grand Central Plaza with a scenario of executing rescue and evacuation procedures under heavy rainstorms and flooding caused by extreme weather. Employees from Kai Shing, Grand Central Plaza and officers from Sha Tin Fire Station participated in the drill. We aimed to strengthen our on-site staff's response and capability to handle emergency incidents under extreme weather, thus preventing financial loss and ensuring customer safety.



Use 660-litre bin and submersible pump to drain water



Install flood barriers and sandbags for flood control

In the event of extreme weather, Hong Yip provides emergency assistance to more than 300 buildings. Kai Shing assists all managed properties via its advanced Emergency Monitoring and Support Centre.

We prioritize the safety of our workers at construction sites. For example, Sanfield has measures to respond to the Heat Stress at Work warning. Sanfield and its subcontractors perform thermal stress assessments, and subcontractors are required to sign the heatstroke prevention charter. We provide heatstroke prevention equipment and supplies to workers during extreme heat conditions. Guidelines familiarize workers with emergency protocols during extreme weather, and we train workers to prevent and deal with heat stress. We also provide drinking water and cooling facilities at our sites.

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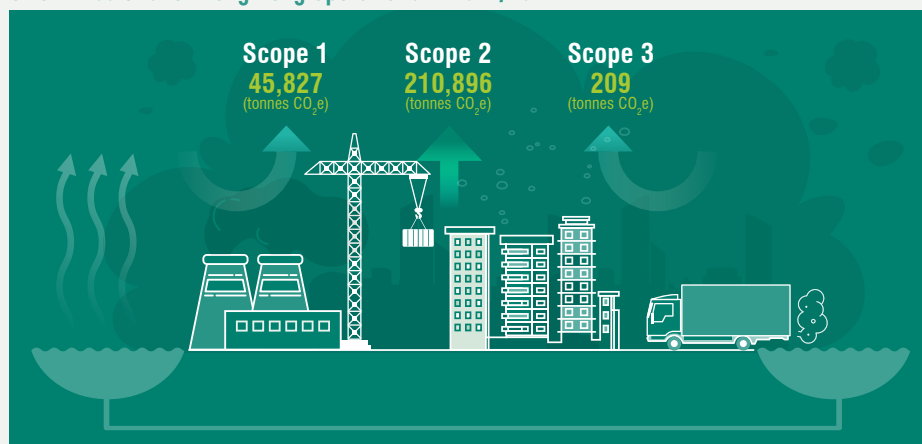
Risk management

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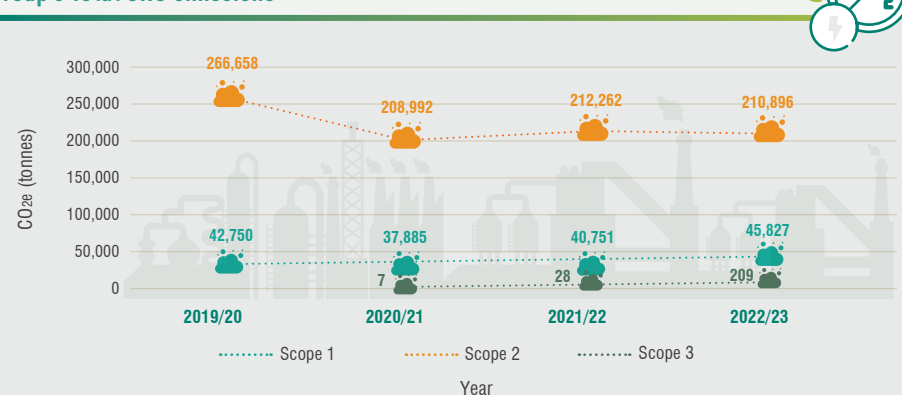
Our climate-related targets cover GHG emissions, energy and water use, construction waste diversion and renewable energy. For more details, please refer to p.15 and 22 of this report. GHG emissions and sustainable building performance are tracked and monitored regularly, for ongoing improvement.

GHG Emissions for Hong Kong Operations in 2022/23



This year, we engaged a third-party consultant to study our scope 3 emissions. Data collection is ongoing; we aim to disclose the results in the near future.

Group's Total GHG emissions



Sustainable Building Achievements in 2022/23



Our efforts to combat climate change led the *Financial Times* and Statista to once again include SHKP in the Climate Leaders Asia-Pacific 2023 list. Meanwhile, Kai Shing has joined the Sustainable Development Goals World Records programme and earned Goal 13: Climate Action certification.

Waste Reduction and Recycling

Our three-tier waste management prioritizes prevention wherever possible, followed by reduction and recovery. We align with governmental strategies such as the Hong Kong Blueprint for Sustainable Use of Resources 2013-2022. Our major waste is from construction and demolition, alongside general waste from our properties. This year, we have made a good result at the 10-year construction waste diversion target. For more details, please refer to the **Strategies and Management** section.

Cutting-edge techniques minimize waste and optimize material use in our projects. Leveraging BIM simulations, precast components and DfMA, we reduce error and unnecessary consumption of raw materials, while increasing productivity. This ultimately improves construction quality and reduces waste.

During design and construction stages, we work with contractors to reduce waste by standardizing the dimensions of materials; establishing recycling facilities; and achieving our waste management goals and targets. To maximize the recovery of materials, deconstruction is prioritized over demolition wherever possible. We implement waste management plans for all our projects and send paper, cardboard, metal, aluminium, plastic and glass to local recycling centres.

To further reduce waste, we purchase materials in suitable amounts and sizes. We repurpose excavated soil and sand for backfilling and reclamation, reuse or recycle scrap steel such as bored piles and I-beams, and use prefabricated steel reinforcement bars. The YOHO Hub showcases our utilization of prefabricated steel reinforcing bars and turntables when installing dual-use bridges. For more details, please visit [here](#).

To promote circular economy, we regularly buy materials from – and provide construction materials to – recycled-products suppliers. These include steel made of recycled content and paving blocks made of recycled glass. Meanwhile, we provide incentives that encourage contractors to recover and recycle building materials. During the reporting year, we diverted around 91.8% of construction waste that needs to be sent to landfills.

With a strong belief in creating synergy with internal and external stakeholders, we place a high priority on promoting a circular economy and reducing waste among our tenants, customers and residents. We advocate for sustainable and responsible consumption by providing accessible recycling bins and reverse vending machines. Smart recycling machines at our shopping malls and residential buildings further facilitate the collection of recyclables. After festivals, we recycle red envelopes and leftover food. At Sun Hung Kai Centre, our tenant handbook outlines waste management procedures.



Wetland Seasons Bay's residents can earn points by reducing and recycling waste using smart recycling machine

We collaborate with external partners to promote waste reduction and recycling. Kai Shing participated in the Hong Kong Environmental Protection Association's Tree Conservation Scheme, to recycle Christmas trees, peach-blossom trees and New Year flowers for use as organic fertilizers. Additionally, in our sixth year of participation in the Umbrella Bags Reduction scheme, organized by Greeners Action, 26 of our properties earned Diamond certificates, 14 earned Gold, and three earned Silver.

In Collaboration with the Environment Protection Department, 2022/23 Waste Reduction Initiatives Include:

- Computer and communication products recycling programme
- Plastic recycling pilot scheme
- Glass container recycling charter (225 of our properties, shopping malls and hotels have signed)
- Green@Community's recycling month
- Green Collect service:
 - Gathered recyclables, such as glass bottles and electrical appliances, and sent them to third-party recyclers
 - 56 housing estates managed by Hong Yip and Kai Shing participated, 12 of them earned Excellent Performance awards

In anticipation of the government's municipal solid waste (MSW) charging scheme, we have proactively reduced waste at our hotels, residential and commercial properties:

- At our Royal Hotels, drinking water machines reduce the use of bottled water. We reduce single-use plastics by using refillable amenity holders for bath and body products in guest bathrooms. Corn starch food containers have replaced plastic containers for takeaway food
- To ease the adoption of the MSW scheme among tenants and residents, we piloted food waste reduction and recycling at Oscar By the Sea by joining the Environmental Protection Department food waste scheme. More than 10% of households (200 households) participated in the scheme

Food waste in Hong Kong is excessive. Since 2018, we have supported the government's A Food Waste & Yard Waste Plan for Hong Kong 2014-2022. To tackle the issue in our operations, we:

- Encourage customers, residents and tenants to separate and recycle food waste
- Encourage food-and-beverage tenants to divert food waste from landfills to the Organic Resources Recovery Centre for treatment
- Host courses that raise awareness about responsible waste management among food-and-beverage tenants
- Have installed food waste machines at 43 of our commercial and residential properties, collecting a total of 2,500 kg every day
- Collaborate with NGOs to upcycle food waste from our tenants. The waste is recycled into animal feed
- Participate in the Recycling Fund's 'Solicitation Theme: Supporting Residential Buildings in Adopting Smart Bins Technology' to enhance the efficiency of food waste collection
- Participate in the Environmental Protection Department's Pilot Scheme on Food Waste Collection



Food Angel's Food Smart Buddy machines collect food waste at 17 of our residential properties

Efficient Resource Management

To promote responsible resource consumption, our procurement processes involve sustainable sourcing, careful decision-making and close monitoring of our operational processes.

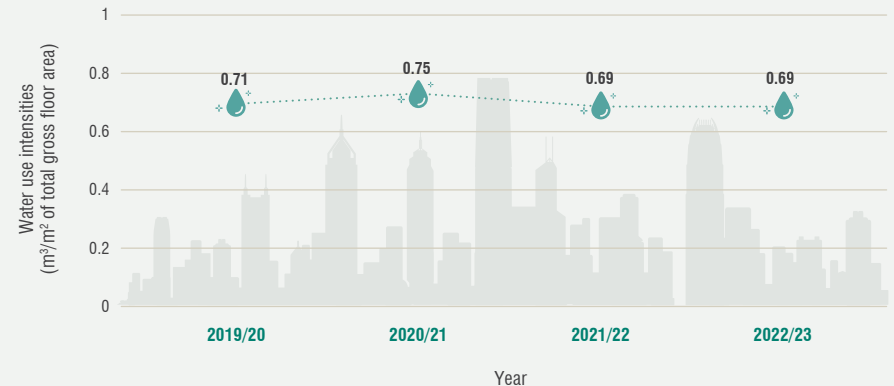
Efficient Water Consumption

To demonstrate our unwavering commitment to resource optimization, we have a 10-year target for water use reduction.

Water Use Intensities of Major Buildings Monitored by the EOC, 2019/20-2022/23⁸



We achieved a reduction of around **2.8%** of water consumption intensity since 2019/20⁸



⁸ The reduction was mainly contributed by the implementation of water-saving measures at our EOC-monitored buildings, and also lower occupancy in our properties during the pandemic in 2022.

Water risk is among the ESG issues that we face. Our property management business is our biggest consumer of water, followed by construction and hotels. All water is purchased from the municipal supply; we do not draw from other water sources. Despite a low baseline water stress or risks posed by water scarcity in our portfolio⁹, we still emphasize water stewardship and have taken steps to reduce our water consumption and optimize use across our operations. As a participant in the Let's Save 10L Water 2.0 campaign, we strive to promote conservation:

- We upgraded water-related facilities, including installing sensors for water taps, collecting rainwater for irrigation, and using air-conditioner condensate for flushing
- At V city, cleaning robots reuse wastewater, saving around 100,000 litres of water per year
- V Walk introduced IoT sensors in pump rooms to detect water leaks and prevent wastage
- Landmark North installed an automatic water cut-off system, and a thermal imaging camera to inspect water pipes. As at 2022, Landmark North had reduced water consumption by 15% compared to 2017, and won the Outstanding ECH₂O Manager – Gold award at the ECH₂O Awards 2022
- Mikiki team developed a smart watering system I-Gardening for monitoring soil humidity and controlling water valves, saving over 50% of water use
- At our construction sites, grey water from offices is used for cleaning and washing, and treated before discharge. We have also installed dual-flush toilets to reduce water consumption
- Our subsidiary Superpower utilizes smart technology to monitor and analyze its water use. Engineers inspect pumps, perform maintenance, record and analyze data by computer

We discharge sewage in strict compliance with local government regulations, including the Hong Kong Water Pollution Control Ordinance. Residential and commercial effluent is discharged into the government drainage systems. We treat wastewater produced by our construction sites and discharge in accordance with relevant regulations. We will continue to track our water performance and implement advanced conservation measures.



Introduced water conservation measures at more than **69** managed properties



As part of the Enterprises Cherish Water Campaign, **71** of our managed properties signed the ECH₂O charter with water management plans



8 commercial buildings and shopping malls won at the ECH₂O Awards 2022

Consider the Environment in Procurement

SHKP's Environmental Policy, Sustainable Building Policy, **Supplier Code of Conduct**, Sustainable Supply Chain Management Guideline and procurement guidelines emphasize sustainable sourcing. We prioritize environmentally-friendly products and services, and mandate our property management subsidiaries to include environmental considerations in procurement decisions.

In our construction activities, we encourage Sanfield to adopt materials, such as precast facades, aluminium formwork and green bricks to optimize resource efficiency. The use of pre-finished and smooth blocks, instead of plaster, can also reduce waste and enhance efficiency.

As per BEAM Plus standards, we guarantee that timber used for all temporary works (falsework, formworks and hoarding works) are originated from sustainable forestry. Forest Stewardship Council (FSC) or similar certified timber is prioritized, reusing old timber where feasible. Our timber suppliers submit certificates, and delivery records on a monthly basis, as proof of their compliance.

We strive to reduce embodied carbon emissions and aim to undertake carbon assessments at our construction sites. These will cover emissions, energy use, water use and transport. We consider sustainable and green building materials for development projects, such as environmental and health product declarations which cover locally extracted or recovered materials; low embodied carbon material; low-emitting VOC materials; and materials and packaging that can easily be recycled. Low-carbon materials for construction include FSC-certified timber, low-carbon concrete bricks, concrete with pulverized fuel ash and recycled steel. We encourage our concrete providers to achieve Construction Industry Council Green Product Certification, to reduce the embodied carbon in our buildings. For more details about our sustainable sourcing, please refer to **Value Created for Supply Chain** section.

⁹ To understand the impact of water risk and water availability of our portfolio and integrate water risk management into our business strategy, a water stress testing and analysis was conducted with the WRI's Aqueduct Water Risk Atlas tool. According to the tool, we have a low to medium overall water risk and all of our operations in Hong Kong have low (<10%) baseline water stress.

Engaging the Community in Green Lifestyles

SHKP is committed to promoting sustainability, environmental and climate change awareness to our internal and external stakeholders. At education centres at HomeSquare and Landmark North, we offer workshops and seminars with a focus on environmental protection.

SHKP and Green Power together launched the SHKP Love Nature Campaign in 2011, and then jointly developed Nature Rescue, the first free terrestrial and coastal clean-up mobile app in Hong Kong. This year, we enhanced our Nature Rescue app – a collaboration with Green Power – with The Point. This incentivizes users to participate in terrestrial and coastal clean-ups by awarding points that can be redeemed at more than 2,000 merchants across 25 of our shopping malls. We also reached out to NGOs, schools and the public. Since the launch of these campaigns, more than 200 clean-ups have been organized, with nearly 10,000 participants collecting a total of around 60 tonnes of waste.

To encourage green living, we supported the WWF's Earth Hour for the 15th consecutive year. More than 400 of our owned or managed residential, commercial and industrial buildings turned their lights off for an hour.

As part of our commitment to green living, we have urban farms at 37 of our managed properties. And, since 2018, Metroplaza has held the Metro Green campaign. This year, it was enhanced with programmes that promoted green living and consumption. These included farmers' markets, guided tours to farms, microgreens plantation experiences and green workshops.

To promote biodiversity conservation to the public, we partnered with the Hong Kong Wetlands Conservation Association to host the Fairyland Wetland Expo at Park YOHO. Visitors learned about the benefits of conserving our wetland ecosystem and biodiversity through guided tours, interactive games, workshops and exhibitions. We hosted the Guided Birding and Planting Mangroves Workshop to promote wetland conservation.



Our Fairyland Wetland Expo at Park YOHO promoted wetland conservation

We also provided colleagues and their families with an opportunity to join an ecological tour organized by the World Wide Fund for Nature to the Mai Po Nature Reserve and Hoi Ha Marine Life Centre, learning facts about nature as well as environmental conservation.

Green transport is among the strategies in the Hong Kong government's Climate Action Plan 2050. New Town Plaza, YOHO Mall, V city, V Walk, Ocean PopWalk and Tai Po Mega Mall provide free bicycle parking to encourage low-carbon transport among customers and tenants. At Sanfield, we replaced diesel vehicles with EV and employed hybrid cars on-site.

We introduced Hong Kong's first rewards-redeemable, super-fast EV charging service with The Point membership programme, providing The Point members with greater convenience when shopping at our malls while promoting the use of EVs. To date, we have installed nearly 1,000 EV charging facilities at properties managed by our property management subsidiaries. We will increase our low-carbon transport facilities and hence contribute to reducing GHG emissions in Hong Kong.

We promote sustainable living to customers and tenants:

- We provide tips for tenants on **conserving resources and minimizing waste**. For example, new tenants are encouraged to reuse decorations and equipment left by their predecessors. And in new shopping malls such as Harbour North, we encourage flower shop tenants to reuse baskets and stands for all the new shops
- We encouraged tenants, customers and schools to join our programme to **refurbish mobile hoarding with recycled materials** at Tsuen Wan Plaza
- At University Hill, a dedicated resource-sharing platform is set up for the estate, making it easy for residents to reserve and borrow various household goods, electrical appliances, etc., and **promoting a circular economy**



Awards and certifications confirm the effort we have put into creating green spaces at our commercial and residential projects. Six of our managed properties were cited by the Hong Kong Awards for Environmental Excellence's Outstanding Promotional Partners Commendation Scheme. For more details, please refer to the **Appendix I**.

Value Created for People



The Group aims to create a people-centred working environment by embracing diversity and prioritizing wellness and safety. We are dedicated to investing in our people and providing fair opportunities and ample support for them to thrive as a high-performing team.

Material topics addressed in this section:

- Anti-corruption
- Diversity and equal opportunities
- Employee development and succession planning
- Employee engagement
- Employment practices
- Well-being, health and safety



Strategies and Management

Our people-centred and harmonious workplace culture attracts and retains top talent. We provide competitive benefits and a safe and healthy work environment, enabling employees to become a high-calibre team that delivers outstanding products and services to our customers.

Individual business units support our objectives regarding employment, diversity and inclusion, well-being, health and safety, and labour standards. We comply with – or exceed – all relevant laws and regulations in the jurisdictions in which we operate, including the Employment Ordinance and Occupational Health and Safety Ordinance in Hong Kong.

Dedicated committees ensure our smooth operation. The Human Resources Committee implements, reviews and refines our human resources policies. The Occupational Health and Safety Committees in our property management and construction arms monitor the health and safety performance and mitigate risks in operations. Our Internal Affairs Department takes care of employee well-being and develops training in accordance with business needs and employees' feedback.

We communicate our expectations and standards for employees through policies and guidelines, including our Staff Handbook, **Code of Conduct** and **Health and Safety Policy**. We updated our Code of Conduct during the reporting year to enhance our governance and practices regarding business ethics. Our Health and Safety Policy was also updated, to ensure the effective management and mitigation of occupational risks throughout our operations.

Our commitment to human rights is set out in our Code of Conduct, and Human Rights and Equal Opportunities Policy, guided by internationally recognized standards. We embrace the principles and guidance of the United Nations Global Compact, Universal Declaration of Human Rights and SDGs.

We strictly prohibit child and forced labour and have adopted an employment system that prevents human rights violations. We carefully screen our candidates during hiring procedures to ensure no human rights issues will arise during employment. These prevent any kind of human trafficking, forced labour or child labour in our operations. During the reporting year, there were no incidents of child or forced labour. In the event of unlawful employment, we investigate and handle cases in accordance with the abovementioned policies. Those policies ensure that our ethics and integrity meet or exceed common standards.

All our employees and directors are invited to partake in anti-corruption training on our e-learning platform, and attend live webinars on business ethics offered by the Independent Commission Against Corruption (ICAC). All new employees are required to attend integrity training as part of their orientation. An annual anti-corruption seminar refreshes employees' understanding of our code of conduct and emphasizes the importance of ethical behaviour in the workplace.

Employees are welcome to consult with the Internal Affairs Department on ethical issues. In addition, a whistleblowing mechanism enables our people to report suspected misconduct, malpractice, impropriety, fraud, harassment, discrimination and safety issues without fear of retaliation. Our whistleblowing mechanism and internal procedures ensure that we handle reported cases confidentially and make every effort to protect whistleblowers' identities. Anonymous reporting is also accepted, and reports are treated as strictly confidential.

If, after an initial review, an investigation is warranted and undertaken, the outcome and recommendations are reported to the Chairman and Managing Director. Major issues are also reported to the Audit and Risk Management Committee for review. Persons found to be involved in inappropriate behaviour or organizational malpractice are subject to disciplinary action, including verbal or written warnings, performance improvement reviews or termination of employment.

Similar practices extend to our supply chain. For more details, please refer to the **Value Created for Supply Chain** section.

Building and Maintaining a Strong Workforce

Employee packages are linked to performance and reviewed regularly to ensure we remain competitive. To attract and retain talent, we provide our employees with rewarding remuneration for outstanding performance and attractive benefits that are aligned with best practices of the market. Our full-time employees are entitled to comprehensive benefits, such as medical, various kinds of leave and other retirement benefits. In addition, the remuneration and welfare policy for Sanfield includes a five-day workweek for engineers, and three additional days of paid leave per month for those on the frontlines.

To nurture our talent pipeline through campus recruitment, we have established longstanding partnerships with local educational institutions. Through Summer Internship Programmes and various graduate employment programmes, local and diverse young talent is recruited and provided with on-the-job training, external learning opportunities, mentorship and professional qualification sponsorships to equip them with essential skills and knowledge.

This year, Hong Yip signed a Memorandum of Understanding (MoU) with Hong Kong Metropolitan University to strengthen partnership and collaboration via curriculum design, internships and mentorship programmes. Meanwhile, Kai Shing introduced the KS 100 Summer Internship Programme: an opportunity for young talent to acquire practical work experience and comprehensive training. Outstanding participants will receive the Best Intern Award and job offers from Kai Shing when they graduate.

Our hotels signed a MoU with The Hong Kong Polytechnic University's College of Professional and Continuing Education (CPCE), for a two-year practical learning programme. More than 200 internship opportunities, at nine SHKP hotels, are available for CPCE students.



Students interact with hotel staff to learn about the culture of SHKP hotels, job opportunities and industry developments



Internships and mentorship programmes are available via Hong Yip's collaboration with Hong Kong Metropolitan University

Internship opportunities – akin to graduate positions – are offered to final-year engineering students from higher diploma programmes, thanks to our partnership with the Vocational Training Council. We also support the government's Greater Bay Area Youth Employment Scheme, which provides young talent with job opportunities in the area. During the reporting year, we selected six graduates from more than 70 applicants at leading local, mainland and overseas universities.

To enhance the hiring process, Hong Yip has incorporated artificial intelligence (AI) tools in its talent selection, which is a pioneer in the property management industry. This enables better matching of candidates' competencies with job requirements, reducing recruitment costs and optimizing staff efficiency.

We show our appreciation for outstanding performance via appraisals, career advancements and annual awards. Presented by our Deputy Managing Directors, these awards motivate and help retain top talent.

Acknowledging Our People's Achievements with Annual Awards

Quality - Raising
Suggestion
Scheme



Work Safety
Suggestion
Scheme



Best
Handover
Quality Award



Safety
Award
Scheme



Long
Service
Award



Annual individual appraisals formally and effectively evaluate our people's performance and developmental needs. These appraisals look at how staff have achieved objectives set by management and their performance as part of a team. In regular conversations and discussions with supervisors, employees receive feedback, agree goals and identify developmental areas for enhancement.

Maintaining an open feedback culture, in which employees feel comfortable to express their opinions and concerns, is important. Our people can communicate with us via our whistleblowing mechanism, employee suggestion boxes and opinion surveys. To enhance job satisfaction and the overall workplace experience, periodic employee opinion surveys cover areas, such as purpose, job satisfaction, training and development, and well-being.

The SHKP staff app and a new intranet, set up this year, facilitate better access to company information and the lodging of payments at our head office. To streamline and enhance workflows, our e-appraisal system has been extended to frontline staff of our property management arm.

To promote ongoing communication between employees and management, Kai Shing arranged Live Town Hall Meeting with all employees every year and Hong Yip also arranged a meeting during the reporting year. This enabled our people to convey their needs and concerns directly to the management. Meanwhile, our internal KS CONNECT and WeCOM apps keep employees of Kai Shing and Hong Yip, respectively, up-to-date with company news.

Incorporating Diversity and Inclusivity in the Workplace

We promote a diverse and inclusive workplace that encourages people from all backgrounds to thrive together. Our commitments to human rights, equal opportunities and inclusive excellence in a discrimination-free workplace are guided by our Staff Handbook, Code of Conduct, and Human Rights and Equal Opportunities Policy. Most of the human rights issues are covered by laws in Hong Kong, and we abide by all such laws and regulations. During the reporting year, we identified no potential human rights risks in our operations. We strictly prohibit harassment and discrimination on the grounds of age, gender, marital status, pregnancy, disability, family status, race, colour, nationality and religion. We educate employees about discrimination and harassment via regular training, including live webinars on anti-discrimination ordinances in Hong Kong, and company culture workshops.

Our whistleblowing mechanism enables internal and external stakeholders to raise concerns about suspected discrimination or harassment. Employees may also raise their concerns through suggestion boxes. Employees found to have engaged in unlawful discrimination or harassment may be disciplined or, in severe cases, dismissed. During the reporting year, we received no substantiated whistleblowing reports.

We actively promote the empowerment of women and we have achieved 32.2% female representation at management level. And we understand the importance of gender pay equality; our gender pay ratio is monitored and disclosed. We provide fair and inclusive opportunities for individuals from all backgrounds, including those from ethnic minorities and those with disabilities. We also provide awareness-raising training on diversity, inclusion and anti-discrimination to foster mutual understanding and respect in the workplace.

During the reporting year, we hired:



309¹

people with physical or mental disabilities



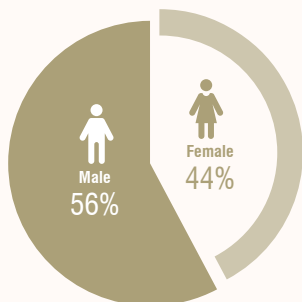
567¹

people from ethnic minorities

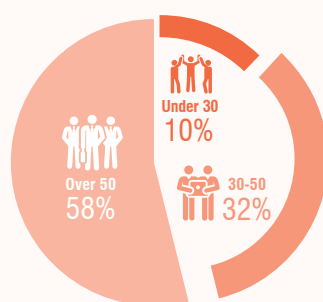


Workforce Distribution

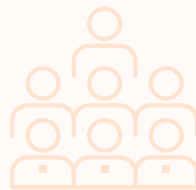
Gender



Age



Total full-time
employees
in Hong Kong:
26,425
(as at 30 June 2023)



To promote inclusiveness in the workplace, Hong Yip launched a Building Up Sustainable Mutual Support Network for New-Arrival Women and Single Mothers, in partnership with the Hong Kong Federation of Women's Centres. This aims to provide female-friendly job opportunities for those in need. Reinforcing our belief in equality, participants are trained in repair and maintenance skills by Hong Yip's engineering experts.

Family-friendly Arrangement and Support Programmes



14 weeks of fully paid
maternity leave and up to
five days of fully paid
paternity leave



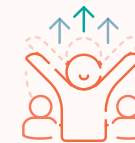
**Flexible working
hours** and
working-from-home
arrangements for employees
with special needs



**Part-time working
options available**,
subject to the approval of
management



**Childcare
amenities**, such as
breastfeeding rooms and
exclusive-use fridge



**Regular social,
recreational
activities** and
interest classes
for employees
and families



Care leave to encourage
staff participation in health-related
activities from our property
management arms, enhancing
employees' **work-life
balance** and **well-being**

We extend our comprehensive, family-friendly welfare and benefits to the families of our employees. Since 2003, we have been offering full scholarships to employees' children participating in the non-profit AFS's overseas exchange programmes. We also provide financial assistance to enable secondary school students from low-income households to pursue their undergraduate studies. To date, our SHKP Group Undergraduate Scholarship Scheme has supported 114 children.

¹ This year, we enhance our data disclosure to collect data on the mainland. There are total three people with physical or mental disabilities but no ethnic minorities among workforce on the mainland.

Enabling Our Employees to Thrive

We promote and encourage continuous learning, via structured training, a training library, job rotations, secondments and self-learning. Our Internal Affairs Department's annual talent development plans further refine employees' professionalism, experience and performance. To encourage engagement, we regularly share and update training information via our intranet and newsletters. We also support continuous learning by sponsoring our employees to attend seminars, short courses and degree programmes.

Our SHKP Quality Academy knowledge development platform provides personalized training and learning based on employees' individual and team-specific goals. To keep our people up-to-date with industry trends and developments, the academy's resources are focused on four areas: business and people management, construction, property management and personal development.

Since 2016, our e-training platform has been giving employees the flexibility to learn at their own pace – anytime and anywhere. At our headquarters, the SHKP training library contains over a thousand printed books and hundreds of e-books, providing the means to expand knowledge and skills in multiple areas.

During the reporting year, we offered more than 8,500 classes, seminars, webinars and online programmes, amounting to more than 322,500 training hours. Topics included ESG, climate change, project management, quality control and assurance, cybersecurity, crisis communication, data literacy and technology, well-being and compliance. To enhance ESG knowledge among employees, Hong Yip has established the Sustainability/ESG Training Centre under its People Development Academy and they have invited the Hong Kong Employment Development Service to host a talk on ESG in the property management and security industries.

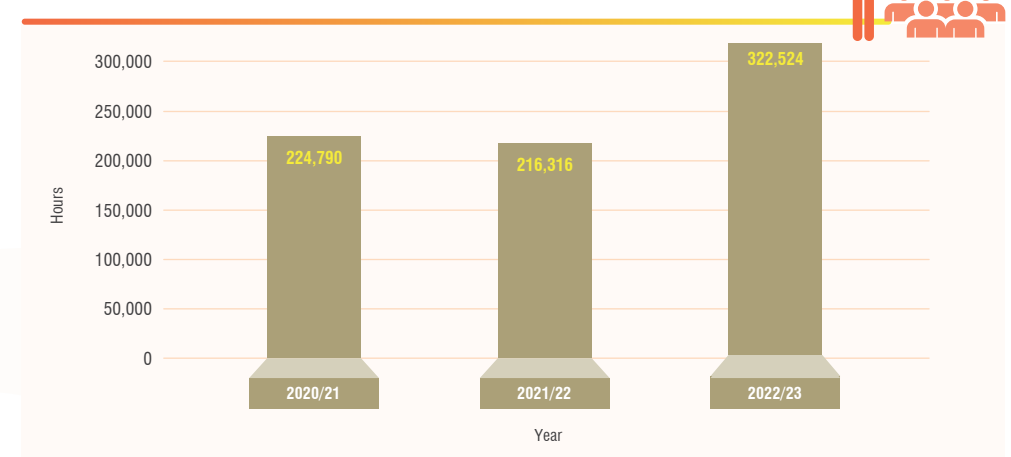


The meteorologist Mr. Leung Wing Mo shared the topic of climate change and extreme weather with our colleagues



All new recruits were invited to attend the employee orientation to learn SHKP corporate culture

Employees' Total Training Hours



To enhance employees' knowledge and advance their professional growth, Kai Shing facilitates academies and mentorship programmes. The KS Service Excellence Academy provides professional training to all levels, from frontline employees to directors. Its curriculum focuses on four dimensions: corporate culture, work competence, professional development and personal effectiveness. To build a sustainable talent pipeline, Kai Shing introduced KS NOVA Management Development in 2021. This two-year programme provides comprehensive training for around 30 high-potential managerial staff.

Hong Yip's People Development Academy was established in 2007 to cultivate talent for the industry. The Academy has, since 2010, been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualification as an award-granting body authorized to organize Hong Kong Qualifications Framework (HKQF) -recognized training programmes from levels 1 to 4. To date, the Academy has issued more than 6,200 HKQF qualifications to its employees, and we are proud to say that the number of HKQF credits available through our in-house programmes accounts for around 90% of the total in the property management industry. Our Advanced Diploma in Integrated Property Services Management (HKQF Level 4) is approved by the Property Management Services Authority as a specific diploma in property management for the property management practitioner (PMP) (Tier 2) licence, which is the first and the only organizer among property management companies.

In recognition of its commitments to people development, Hong Yip earned the Employees Retraining Board Manpower Developer Award Scheme's Excellence Award for Employers for the 13th consecutive year. Hong Yip and Kai Shing also received Best HR Awards 2022 from CTgoodjobs, and several awards from Job Market, including the Employer of Choice, ESG HR Strategy Excellence, etc. For more details, please refer to **Appendix I**.



Classes, seminars,
webinars and
online programmes offered:

> 8,500

CASE STUDY

Equipping Talents with Skills and Knowledge in Smart Technology

Smart technologies have become increasingly important in the real estate industry. They improve operational efficiency, reduce costs and enhance customer experience. We stay up-to-date and remain competitive by equipping employees with essential skills and knowledge in smart technologies, and enhancing their data literacy, via training in technology development and application.

The training covers virtual reality (VR), property technology, the metaverse, video production, photography, cybersecurity, Modular Integrated Construction (MiC), Design for Manufacture and Assembly (DfMA) and Multi-trade Integrated Mechanical Electrical and Plumbing (MiMEP).



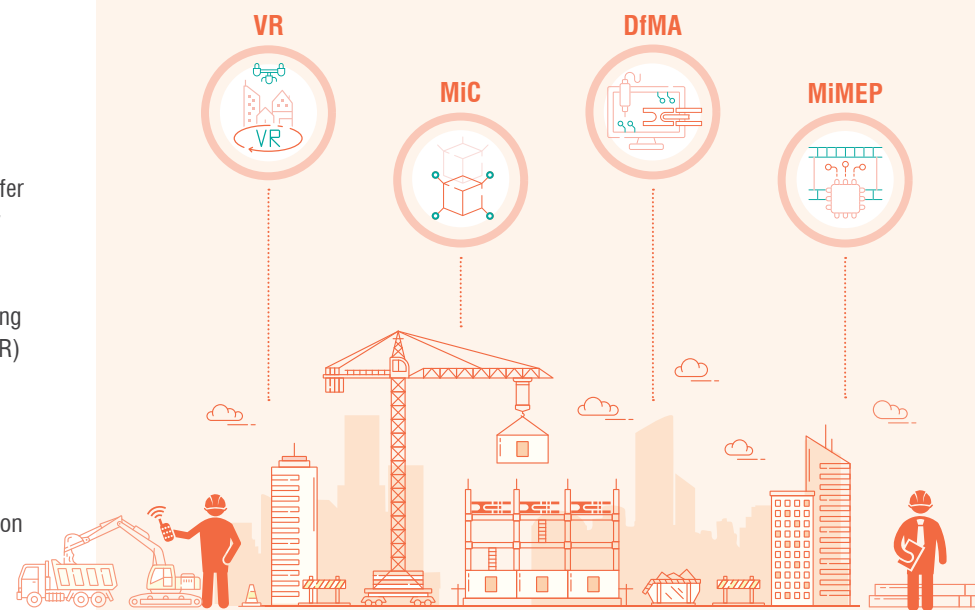
Hong Yip was the first property management company in Hong Kong to implement VR and AR technologies in training

Sanfield's Summer Internship nurtures talents for the construction industry. During the reporting year, 82 undergraduates mostly majoring in engineering-related subjects participated in the programme, which includes innovation and technology elements. Sanfield invited interns to its new research centre at the Hong Kong Science Park to gain insights into the implementation of smart technologies such as robots transporting large preassembled parts on construction sites. Meanwhile, a week-long Building Information Modelling (BIM) course taught students how BIM is applied in daily operations. For instance, students used drones to collect data, uploaded it to BIM, and experienced the BIM model in VR.

Hong Yip was the first property management company in Hong Kong to incorporate VR and augmented reality (AR) technologies in training. Its training centre, equipped with VR and AR devices, delivers 14 sets of advanced modules and has completed nearly 1,000 training sessions. These offer premises setups, props, characters and emergency scenarios to evaluate employees' capabilities for handling fire, traffic accidents, unidentified objects, injuries, waterlogging and electrical issues. In coming years, Hong Yip plans to introduce mixed reality (MR) to encourage more innovative and diverse learning.

Going forward, SHKP and its subsidiaries will continue to incorporate technological elements into their training. Alongside our investment in our employees, this will keep us ahead of our competition and hence provide the best experience for our customers.

Sanfield's interns learn about the latest construction-related technology at Sanfield's new innovation and technology centre



Prioritizing Our People's Health, Safety and Well-being

We are dedicated to protecting the health, safety and well-being of our people. Health and safety systems and policies manage and mitigate risks throughout our operations and subsidiaries.

We adhere to all applicable laws and regulations in the jurisdictions in which we operate. Our property management and construction arms comply with internationally recognized ISO 45001-certified Occupational Health and Safety Management Systems, which exceed statutory requirements.



~12.5%

of sites under our construction and property management subsidiaries hold ISO 45001²

ISO
45001

Occupational Health and Safety Committees, manned by senior executives, oversee health-and-safety risks, initiatives, targets and performance in our business. The Board, via the Executive Committee, directs our group-wide sustainability strategy and development relating to occupational health and safety, and oversees our health-and-safety performance. Health-and-safety audits and incident investigations are conducted regularly at all our operations to identify, mitigate and reduce risks. We also undertake regular inspections and drills and provide training on emergency response procedures. Fire-safety training further enhances our workplace safety and security.

Our Work Safety Suggestion Scheme encourages employees to share innovative ideas and solutions that enhance health and safety. The scheme fosters employee participation and raises awareness of risks.

The 14th scheme's Gold Award went to Sanfield's project 'Working safely on gondolas'. To prevent derailment on the gondola, Sanfield installed six pulley blocks: four supporting the gondola and two anchoring workers' lifelines and buckles. The design passed safety tests by an independent, registered engineer and was recognized by the Labour Department for protecting workers. It has enhanced work-at-height safety, raised productivity by 36% and reduced labour costs and examination time by 36% and 96%, respectively.



14th Work Safety Suggestion Scheme Gold Award winner – Sanfield's project 'Working safely on gondolas'

Health, safety and well-being remain priorities across our business units. Risks, such as manual-lifting, hand-tool injuries, and slips, trips and falls on the same level, are identified and analyzed by our hotel teams. To mitigate those risks, we conduct weekly safety inspections and submit reports to the hotel group safety manager.

Regular training is also provided for employees in different business units, equipping them with the essential knowledge and skills to maintain a secure work environment. This year, our hotels invited the Labour Department to provide health and safety training, and the Fire Services Department to deliver defibrillator and CPR training.

Our record of 3.94³ accidents per 1,000 employees is attributable to our ongoing health-and-safety efforts in our construction arm. There have been no fatalities in the Group over the past three reporting years, which is a testament to our success in maintaining a safe workplace. In the event of any work-related injuries, ill health, diseases and incidents, our senior management will immediately conduct a review meeting and accident investigation. We will also perform comprehensive safety checks and maintenance of appliances. Work resumes only after safety enhancements have satisfied Labour Department's requirements in appropriate cases.

² OHSAS 18001 has been replaced by ISO 45001 as the new international standard for occupational health and safety management and we obtain ISO 45001 certifications for our operations.

³ The calculation uses methodology adopted by the Hong Kong Construction Association.

Our Internal Affairs Department provides training and workshops to enhance employees' well-being, productivity and work-life balance. This year, we hosted a Mother's Day floral arrangement workshop and an Easter cookie chocolate cake workshop, etc. Kai Shing's KS Wellness Festival featured Cheerful Mondays, Fruity Tuesdays, Inspiring Wednesdays, Thankful Thursdays, Healthy Fridays and Fitness Saturdays.

We also organized workshops, such as disease prevention and eye care, to raise staff's health awareness. Our medical check-up plan was enhanced and, to make employees aware of heart disease risks, we introduced a cardiovascular screening plan. We also offered free flu vaccinations to our colleagues.

Sports programmes promote healthy lifestyles. We carry out daily morning exercise at our construction sites, creating healthier and more productive work environments. Employees are encouraged to participate in events, such as the Sun Hung Kai Properties Hong Kong Cyclothon and Sun Hung Kai Properties Hong Kong 10K Championships. Priority and free registration are offered to all employees, and subsidies are given to family members.

Hong Yip invited a trainer from the NGO Happy Inspire Healthy FUN to host a lunchtime stretching exercise workshop for office staff. To help our people cope with stress and to enhance their mental health awareness, Hong Yip launched the Employee Assistance Programme and organized stress management workshops. Kai Shing also launched a two-month KS Wellness Festival to enhance the holistic wellness of employees, which included fitness classes, health talks by registered medical practitioners, fruit delivery, family outings and wellness video clips.

A free 24-hour counselling hotline – Hearty Hotline – and face-to-face counselling are available for employees and their families with specific needs. The sessions are facilitated by qualified social workers, clinical psychologists and experienced counsellors who specialize in providing tailored support to people facing personal, family and work-related challenges.

In recognition of the valuable contributions of our retired employees, the SHKP Evergreen Club hosts events for them throughout the year, especially during festival seasons.



Participants learned to create a gift box decorated with beautiful preserved roses to give to their beloved super-mothers



Sanfield came second in the Construction Industry Basketball League 2022



Our employees participated in a rice dumpling making workshop during the Dragon Boat Festival



Kai Shing's KS Wellness Festival

Value Created for Customers



By putting customers first, the Group is able to deliver premium properties and attentive services that exceed expectations. We anticipate our customers' needs, protect their rights, safeguard their health and safety, and we seek innovative technologies and ideas for continuous improvement.

Material topics addressed in this section:

- Affordable housing in Hong Kong
- Customer health and safety
- Customer privacy
- Customer satisfaction and responsibility
- Innovation



Strategies and Management

We recognize the potential impact of our products and services, and are committed to maintaining our customers' satisfaction, defending their rights, and promoting health and well-being. We strive to build sustainable homes and workplaces that align with SDGs. We actively engage with our customers and collect their feedback through channels, such as the SHKP Club as well as via loyalty programmes. The latter include our integrated loyalty programme The Point by SHKP for shopping malls, and our mobile-based Go Royal by SHKP for hotels.

By offering privileges and rewards, we enhance customer experience and seek to embed sustainability in our programmes. To enhance efficiency and deliver smart homes of superior quality, we invest in technology and innovative solutions for our construction and property management arms.

Creating Top-Notch Properties with Technology

A vertically integrated development model maintains the highest level of quality control and sustainability throughout the life cycle of our projects, from land acquisition, project planning and management, material sourcing and construction to marketing, sales and property management. Quality, speed and efficiency are core values and considerations during procurement, the building of our premium properties, and conducting professional handover inspections. Our efforts are guided by the **Group Sustainability Policy**, **Sustainable Building Policy**, **Climate Change Policy** and **Environmental Policy**. This year, the Group Sustainability Policy was updated to strengthen our management of responsible marketing and customer well-being.

We have offered a three-year warranty for new residential developments since 2013 – making us the first developer in Hong Kong to offer such a warranty. This has been highly acclaimed and the quality of our buildings has been fully recognized by our customers.

Design and Construction



- Address customer needs and potential environmental impacts at project design stage
- Keep up-to-date with technological developments, and use innovative solutions to improve efficiency and quality, including Building Information Modelling (BIM), Design for Manufacturing and Assembly (DfMA), hybrid reality platforms and 5G-enabled construction equipment
- Carefully source and select materials, and strictly supervise construction to maintain a high level of safety and quality

Pre-sale



- Inspect building quality by using the Group's standards from in-house experts
- Undertake quality audits by our project-monitoring team to verify that finished projects meet our standards and have minimal defects
- Establish policies and internal controls for responsible marketing
- Adopt a systematic and regular audit system for marketing and communication, in which external professionals and our internal expert committee regularly review materials such as sales brochures to ensure compliance with relevant regulations and industry guidelines, including the Residential Properties (First-hand Sales) Ordinance
- Provide regular training on responsible marketing, advertising and sales at our subsidiaries
- Organize webinars covering competition laws, intellectual property rights, copyrights and the use of trademarks

Handover



- Plan property handovers six months in advance
- Conduct at least three full-scale inspections – covering over 120 items – in every unit, to ensure quality and safety standards are met
- Train sales, customer service and handover teams to deliver complete, accurate and comprehensible information

After-sale



- Offer a three-year warranty to buyers of new residential units
- Use qualified safety officers to monitor and review sold properties
- Provide homebuyers with mobile apps, via which they can sign documents, report issues during handover, and monitor repairs and maintenance during the warranty period
- Collect homebuyers' feedback via a handover survey

Control measures and regular training ensure product and service safety for our employees. Where there are issues regarding product and service safety, investigations will be conducted and corrective action will be implemented. No incidents of non-compliance with regulations, resulting in a fine or penalty, and/or voluntary codes concerning the health and safety of products and services were recorded during the reporting year.

We are committed to developing flexible and mixed properties that meet the needs of different customers. This year, TODTOWN, a large-scale transit-oriented superstructure development project in Shanghai, began construction. The project comprises a vast complex of residential buildings, office units, apartment-style offices, hotels and shopping malls. A newly constructed podium, also used as a commercial area, maximizes land resources through connecting the south and north ends of Xinzhuang.

The project is expected to alleviate the shortage of high-end commercial projects in the area – hence becoming a hub for local communities.

We are among the first developers in Hong Kong to seek WiredScore and SmartScore certifications, which assess digital connectivity and smart building respectively. The High Speed Rail West Kowloon Terminus Development will be our first project to strive for both certifications. Meanwhile, The Millennity was our first building to earn WiredScore Platinum certification.

Our buildings have earned us *Euromoney's* Best Overall Developer in Hong Kong for the ninth time, and *Asiamoney's* Most Outstanding Company (real estate sector) in Hong Kong for the fourth time.

Pursuing Excellence in Property Management

On the frontlines of our customer-first philosophy are our property management subsidiaries. To ensure the needs of customers are met, we maintain robust management, comply with international standards and continually pursue improvement.

**ISO
22301**

Business Continuity

- Kai Shing's ICC has an ISO 22301-certified Business Continuity Management Systems
- Regular drills ensure the team responds promptly to business disruptions
- Risk assessments are undertaken to identify significant issues

**ISO
10002**

Customer Satisfaction and Complaint-handling

- Hong Yip's ISO 10002-certified complaints-handling guidelines classify complaints, analyze causes, and devise improvement plans
- A formal review process for each complaint is followed by a prompt response

**ISO
27001**

Information Security

- Hong Yip was the first property and facility management company in Hong Kong to obtain ISO 27001 Information Security Management Systems certification
- Training and regular reviews ensure staff who handle sensitive customer and company information maintain a high level of data privacy

**ISO
41001**

Facilities Management

- Kai Shing attained ISO 41001 certification for its facilities management at the ICC – a first in Hong Kong
- To better manage facilities, we use technology, such as BIM, digital twin modelling, the Internet of Things (IoT) and smart lighting

**ISO
45001**

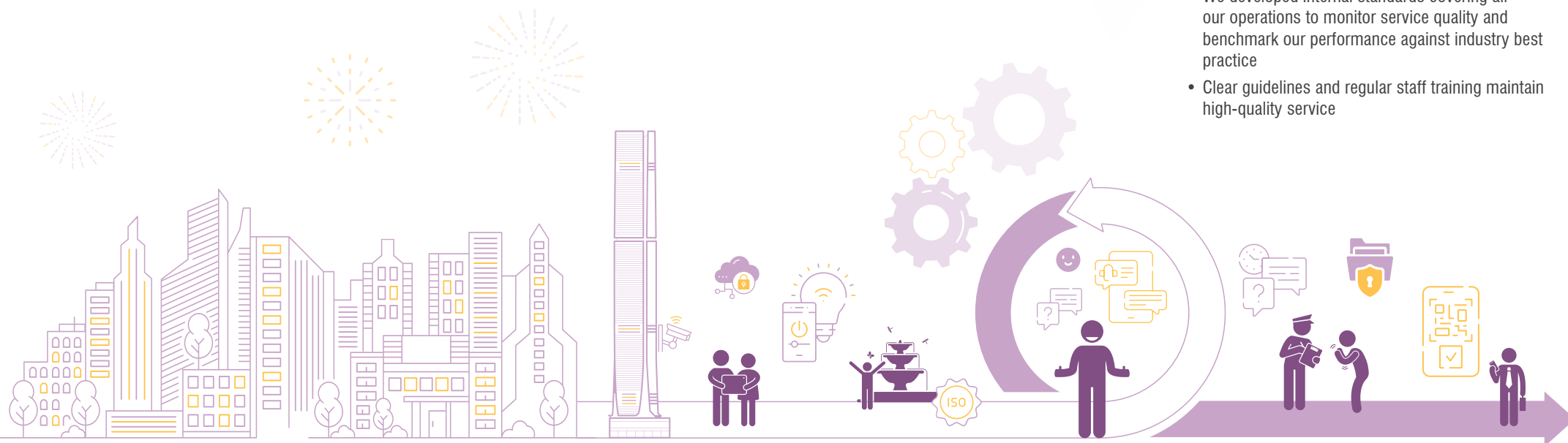
Health and Safety

- We implement ISO 45001-certified Occupational Health and Safety Management Systems and go beyond statutory requirements
- Regular audits and reviews ensure the effective operation of those systems

**ISO
9001**

Service Quality

- All our property management and construction subsidiaries implement ISO 9001-certified Quality Management Systems, which enhances customer satisfaction via ongoing improvement and adherence to statutory and regulatory requirements
- We developed internal standards covering all our operations to monitor service quality and benchmark our performance against industry best practice
- Clear guidelines and regular staff training maintain high-quality service



To cater to the needs of residents – regarding housing, living and community integration – property management brand WeSpire Living was introduced by Kai Shing during the reporting year. Staffed by a new team, it aims to provide services to young and dynamic estates and residents. The WeSpire team brings in the latest and most advanced ideas and technology to promote healthy and smart living, while maintaining Kai Shing's professionalism and high-quality service. It prioritizes the physical and mental well-being of residents, and the sustainability of the properties and surrounding communities.

Our property management has earned multiple awards. 12 of our shopping malls' promotional campaigns were recognized at the 2022 MAXI Awards; one Gold and three Silver Awards made us the only winners from Hong Kong among the global entrants. In addition, at the Elite Brand Awards 2022, Kai Shing won the Elite Property Management Award and Hong Yip won the Elite Innovative Smart Property Management Award.

Leveraging Smart Technology for Management

Innovation is the key to our capacity to capture business opportunities. It also enhances customer experience: we use smart technologies to provide exceptional services.

Enhancing Customers' Shopping Experience

The Point by SHKP – our largest shopping mall customer loyalty programme with over two million members – was introduced in 2019, and has offered exclusive services to customers ever since. Now we seek to enhance customers' experience with 5G. Real-time occupancy information through 5G from smart restrooms, nursery rooms and customer service centres can also be accessed via the mobile app.

Apart from offering Hong Kong's first and largest contactless parking service, SHKP this year launched the Electric Vehicle (EV) Super Charging service, exclusive for The Point members at its shopping malls. This service aims to support the government's initiative to promote the use of EVs and carbon neutrality. We offer The Point members 60 kW fast charging solutions, which can either be redeemed by Point Dollar or settled by bound credit card, along with the convenience of using the all-in-one The Point app. To date, the EV Super Charging service is available in 10 of our shopping malls, with a total number of 37 super-fast EV chargers. Moving forward, the Group intends to expand this service to 18 SHKP shopping malls, including the aforementioned shopping malls, by the second quarter of 2024. With the partnership of our subsidiary, Wilson Parking, our plan would



The EV Super Charging service, exclusive for The Point members, is available in 10 of our shopping malls

eventually covers all 18 districts and all major locations in Hong Kong with 120 charging bays in 38 participating car parks.

Multifunctional smart robots conduct extra cleaning and disinfection at our shopping malls, enhancing our service quality and hygiene. Nanotechnology is used to disinfect escalators and lifts, and touch-free devices and 5G smart utilities have been installed to enhance customers' shopping experience.

Improving Convenience for Residents

We are digitalizing our property management services. IoT and mobile apps facilitate smart living at our residential developments. Those mobile apps – Live e-asY for Kai Shing, and SoProp for Hong Yip – enable virtual key, smart-card access, visitor registration, management fee payments, facility reservations and remote control of smart home systems.

Exclusive mobile apps are also developed for specific projects, such as Wetland Seasons Bay and Wetland Seasons Park. Virtual reality (VR) guided tours and a 3-D map indicate the best spots for taking pictures in the property. Meanwhile, artificial intelligence (AI) analyzes traffic at the Park's clubhouse – the first for clubhouses in Hong Kong – and indicates the occupancy of facilities in real time. For serviced apartments, our leasing brand Signature Homes uses cloud technology for booking flat visits, and for residential leasing management and tenant services in their mobile app TOWNPLACE. Virtual tours allow guests to experience show flats remotely and to access comprehensive information. We also take care of residents' well-being by building a community with this app. Tenants can connect with one another via online activities, such as yoga and fitness.



Wetland Seasons Bay's mobile app offers resident services and shows the occupancy of different facilities in real time

Confirming our position at the forefront of integrating technology with services, Kai Shing became Hong Kong's first property management company to collaborate with UnionPay for management fees payment. Meanwhile, Hong Yip also collaborated with Visa on its mobile app. In total, over 200,000 residents at more than 200 residential complexes managed by these two companies can pay their management fees via credit cards.

Newly added robots – connected via the cloud – will take our property management to the next level, in areas such as concierge services, delivery, catering, security patrols and disinfection. Smart facilities are also deployed. A recycle reward programme, rolled out at Wetland Seasons Bay, enables residents to earn points that can be redeemed for estate services by reducing waste and using the smart recycling machine.



The smart recycling machine enables residents to earn points that can be redeemed for estate services

Elevating Convenience to Tenants

We manage our commercial buildings with the aid of smart technology. For office tenants in Hong Kong and on the mainland, Kai Shing's Work e-as-y app offers easy access to maintenance, additional air conditioning, cargo lift booking and visitor registration. The app now covers 98% of our office tenants in eastern China. To ensure the best user experience, we communicate closely with tenants and upgrade the platform regularly. Meanwhile, via the app, tenants and visitors can access property notices, SHKP shopping mall announcements, exclusive offers, restaurant reservations and real-time indoor air quality levels, monitored in collaboration with experts from The Hong Kong Polytechnic University (PolyU).



The mobile app Work e-as-y provides tenants with professional and interactive services



Visitors scan a QR code on the Work e-as-y app to enter an office

Enhancing Efficiency for Building Management

Innovative technology enhances our service quality and work efficiency. At ICC, we have integrated the 'metaverse' concept into equipment and tools used daily by frontline staff:

- Augmented reality is used in security patrols, facilities management and training
- A laser scanner and 3-D camera are used by the management team to scan the entire building, obtaining information about its virtual environment
- Via smart glasses and intelligent installations, team members report information, such as patrol times, irregularities and inspection records

This streamlined process saves labour costs and enhances operational efficiency.



Smart glasses combine virtual information and facilities data with real world views



Augmented reality enhances management quality

Integrating IoT and facilities enables us to respond to environmental changes in real time. That makes for more efficient use of resources and improves property management. We have invested in a state-of-the-art smart system at our landmark commercial project The Millennity. This uses IoT technology to gather data on air conditioning, electromechanical devices, air quality and environmental conditions. Engineers can easily monitor the location and operational status of each device via 3-D VR technology. A visual dashboard displays data in the form of images, allowing managers to understand information at a glance – and hence to promptly and accurately identify areas that need attention.

Our subsidiary Superpower maintains and repairs more than 1,000 water supply systems at housing estates, shopping malls, and industrial and commercial buildings. Smart management boosts its efficiency; for example, engineers use tablets for inspections and maintenance of water pumps. This intelligent system facilitates data integration and analysis, and enables engineers to give the best advice to customers.

Recognition

Our dedication to using technology to enhance efficiency and services earned awards for both of our property management subsidiaries at the Hong Kong Institute of Facility Management's Excellence in Facility Management Awards 2022. These included the Grand Award for the YOHO Mall and our Aegean Coast in the Retail and Medium-scale Residential categories, respectively. Meanwhile, Kowloon Commerce Centre earned a Gold Award in the Office Building category for its use of smart technology.

Assuring Quality Hospitality Services

We endeavour to provide exceptional service to guests in our managed hotels. Our staff training and standards are in line with the industry. Training topics range from meet-and-greet services and telephone courtesy to party-room handling. We review departmental procedures regularly to maintain service quality, and monitor guest satisfaction via online platforms. Travel agents, including Trip.com, Booking.com, Agoda and Tripadvisor, plus Forbes Travel Guide, have recognized our outstanding hospitality.

Attractive award schemes motivate our hotel staff. These include the Guest Compliment Award at The Royal Garden, Royal Park Hotel and Royal Plaza Hotel; the Honesty Award, Employee of the Quarter and Employer of the Year at Royal Park Hotel; and the Excellent Service Award at The Royal Garden and Royal View Hotel.

Our mobile-based hotel loyalty programme, Go Royal by SHKP, in combination with The Point by SHKP, has become Hong Kong's largest programme of its kind, integrating dining, leisure and shopping rewards with hotel stays. Our guests can enjoy these services and a consistent set of bonus points by registering for one account. To date, there are over 90,000 members in Go Royal.

Safeguarding Customers and Tenant's Health, Safety and Well-being

We are committed to protecting the health and safety of guests and tenants at our hotels, shopping malls, properties and operations. Around 12.5% of our construction and property management subsidiaries' sites hold ISO 45001 Occupational Health and Safety Management Systems certification. Our hotel uses the ISO 22000-certified Food Safety Management Systems, which includes regular audits and staff training in food hygiene. We verify food quality with health certificates and test reports. Microbial laboratory tests are conducted monthly on food and beverages, drinking water, ice and swimming-pool water.

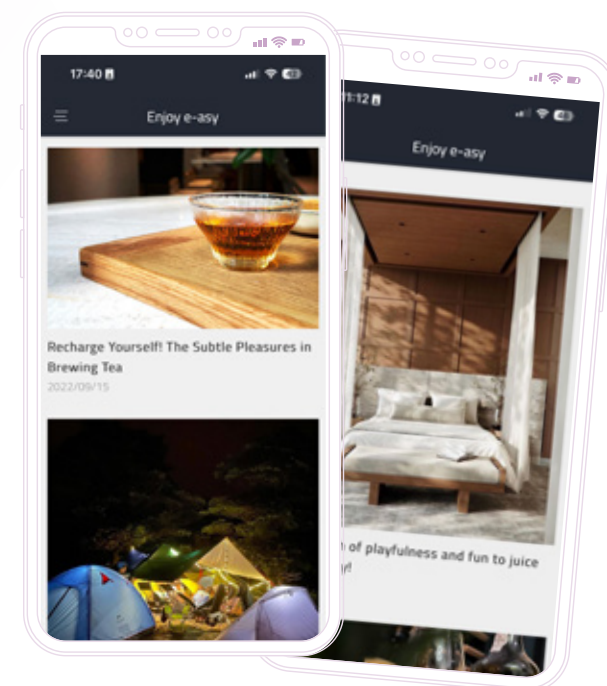
To safeguard our customers and tenants, employees are trained to respond to emergencies and our properties are equipped with first aid resources such as automated external defibrillators. We employ professional pest control contractors to maintain a clean, hygienic and safe environment for our customers. We conduct annual fire system inspections, fire drills and safety talks at our buildings. IoT technology contributes to our smart fire safety management. High-risk areas are monitored and tenants receive emergency notifications via our SoProp and SoPropBiz apps. An AI visual analysis system at Hong Yip's properties monitors high-risk areas and sends alerts to control room. During the reporting year, we did not have any incidents of non-compliance with regulation or voluntary codes concerning the health and safety impacts of products and services.

Air quality at our properties is important to our users' well-being. We have established an internal target on air quality to promote the health and well-being of tenants and we monitor the target progress on Indoor Air Quality (IAQ) certifications. Since 2006, most of our properties have earned 'Excellent' or 'Good' certifications from the IAQ Information Centre. Hong Yip attained IAQ certificates and published a regular circular that promotes a non-smoking environment for tenants. Meanwhile, Kai Shing has partnered with PolyU to establish the largest real-time IAQ monitoring programme. In the first phase, IoT-empowered monitoring devices have been installed at 20 office buildings to track real-time IAQ. Through ongoing data analysis, the filtration systems can be adjusted to maintain high-quality indoor air. Indicators are also available for tenants on our Work e-as-y mobile app.

Awareness programmes promote health and well-being. Kai Shing's Enjoy e-as-y is an in-app lifestyle blog that supports tenants' mental well-being. The blog's themes include tea-brewing, dress-up tips, acrylic-pouring and minimalist interior design.

To promote the well-being of our hotel guests, we provide green, vegetarian and sugar-free options in restaurants,

Our Enjoy e-as-y lifestyle blog promotes well-being



bike services for in-room guests, smart in-room fitness equipment, healthy grab-and-go food, air purifiers with High-Efficiency Particulate Air (HEPA) filters, green terraces for outdoor walks, natural aromatherapy and UV-C disinfecting lights in air-handling units.

We strive to make our properties accessible for all customers and residents:

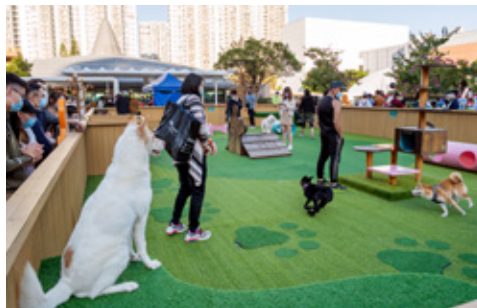
- Barrier-free facilities for customers with special needs include ramps for wheelchair users, accessible toilets and lift control panels with Braille
- On the mainland, facilities such as voice announcement systems in lift lobbies and ramps for wheelchair users have been introduced
- E-directories at APM and the Parc Central shopping mall in Guangzhou adjust to the eye level of a wheelchair user at the touch of a button
- Our staff learn sign language and other techniques to guide the visually and hearing-impaired

To further enhance customers' well-being and promote healthy lifestyles, we beautify our shopping malls. APM's outdoor area features a garden with a Slow Living theme. The outdoor area at Tsuen Wan Plaza was renovated and it features a play garden with facilities for children, helping the property to earn the InnoESG Award 2022. We also renovated New Town Plaza, adding around 80,000 square feet of entertainment zones for pet lovers and children. The pets' park was upgraded with 10 new dog-training facilities. Landscape designs at 18 properties earned us the Best Landscape Award for Private Property Development 2022, presented by the Leisure and Cultural Services Department.

We organize events and workshops to celebrate festivals, such as Chinese Lunar New Year, Easter, the Mid-Autumn Festival and Christmas. This enables residents to enjoy time with their families.



The APM Garden with Slow Living theme



Renovation in New Town Plaza for pet lovers and children

Bike-parking facilities have been introduced at New Town Plaza, Ocean PopWalk, Tai Po Mega Mall, Park Central, V city, V Walk and YOHO Mall. Some of these properties also offer self-service repair stations and cycling guides. This adds convenience for cycling enthusiasts and residents shopping by bike, and promotes healthy exercise.



Users can experience the self-service repair station in V city



We emphasize wellness at our projects and work to implement WELL building standards at our managed properties to ensure the health and well-being of our customers.

- Our residential project St Michel has obtained SHKP's first WELL pre-certification in 2021
- NOVO LAND received the WELL Community Standard™, WELL Building Standard™ version 2 pre-certification and the Fitwel two-star rating last year, being the first large-scale residential development in Hong Kong certified with all three qualifications
- This year, both of our upcoming key projects, The Millennity and the High Speed Rail West Kowloon Terminus Development, also received WELL pre-certifications
- Our properties on the mainland also received WELL certifications, including the Shanghai ITC, which obtained Platinum pre-certification during the reporting year



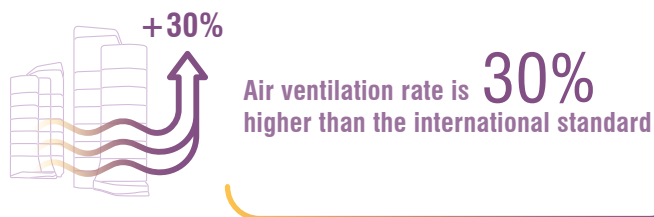
CASE STUDY

Maintaining Tenant's Good Health and Well-being at The Millennity

The Millennity showcases our commitment to sustainable development and tenant well-being

Our commitment to tenants' health and well-being is showcased by The Millennity. This project in Kowloon East, directly connected to Millennium City 6 via a covered footbridge and only a five-minute walk from the Ngau Tau Kok MTR station, received Platinum pre-certification from the International WELL Building Institute. It features multiple well-being elements.

Indoor air quality: To create a comfortable environment for tenants, the air ventilation rate is 30% higher than the international standard requirement, and we aim to achieve an 'Excellent' rating from the IAQ Certification Scheme. The air-conditioning is equipped with MERV 14 filters, and UV-C lights on the ventilation ducts kill bacteria and viruses. Products and materials used in the project, such as carpets, furniture and cleaning products, must not contain harmful substances.



Water quality: We monitor the water quality and ensure the requirements of the WELL building standard are met.

Nourishment and health: We encourage healthy habits through the provision of healthy and diversified food choices. Around 20,000 square feet of gardening space is open to regular building occupants to grow their own plants. They can even take the crops home.

Visual comfort and adequate daylight: The window area is 10% larger than the floor area, allowing adequate sunlight to enter.

Physical activity: We promote exercise by providing facilities for physical exercise. Aesthetically designed staircases and other active paths between floors – with natural design elements, such as plants and images of nature – are open to regular building occupants.

Thermal comfort: An AI system analyzes energy usage and recommends parameters for the air-conditioning system, to achieve effective savings without compromising occupants' comfort. Humidity in working spaces is regulated at below 60% for most business hours, an optimal level for thermal comfort.

Acoustical comfort: The office floors have sound-absorbing false ceilings with a noise reduction coefficient (NRC)¹ value of more than 0.7. Noise pollution is therefore minimized.

Mental health: In addition to the garden space mentioned above, stress management training and fitness programmes are provided. Gardening workshops, harvesting guidelines and planting supplies – including plants and gardening tools – are made available.

Accessibility: Barrier-free facilities accommodate the needs of customers and tenants.

Biophilic design: The project incorporates natural design elements, such as plants and images of nature as part of its biophilic design. Additionally, a gardening space is provided and is accessible to regular building occupants.



Indoor air quality



Water quality



Nourishment and health



Visual comfort and adequate daylight



Physical activity



Thermal comfort



Acoustical comfort



Mental health



Accessibility



Biophilic design

¹ NRC is measured from zero to one. Zero means that the product absorbs no sound.

Encouraging Product and Service Improvement

Comprehensive audits ensure that management services provided by our employees meet the company's standards. Hong Yip, for example, uses mystery shopper evaluations, a VIP and Complaint Audit, a Mentorship Scheme Audit and a District Instructors Audit to promote ongoing improvement.

Our employees contribute greatly to enhancements of our products and services. Their efforts are recognized with salary adjustments, promotions and team awards. Alongside internal competitions and awards, we nominate our frontline shopping mall teams for external awards.

Quality-Raising Suggestion Scheme

The 29th edition of our Quality-Raising Suggestion Scheme inspired innovative ideas for efficiency and service quality from our people. The Gold Award went to a VR application for customers. Using Matterport photography software developed by our subsidiary Lik On Technology, it provides 3-D panoramic scanning, online or voice navigation, synchronous navigation, online promotions and shopping carts based on customers' locations, interactive games and more. For more details, please refer to the **Value Created for Supply Chain** section.

Best Handover Quality Award

The handover of a property is crucial, because it provides the initial impression to a customer of our product and service quality. The Best Handover Award is given to teams that demonstrate exceptional performance in this area. This year, Wetland Seasons Bay was awarded.

Service Talent Award

Our shopping malls are renowned for exceptional customer service. Service Talent Awards – the Oscars of the retail trade, awarded by the Hong Kong Retail Management Association – have been presented to our shopping malls and Customer Care Ambassador teams. During the reporting year, our shopping malls received more than 20 awards. For more details, please refer to **Appendix I – Awards, Memberships and Charters**.

Hong Yip Innovative Suggestion Scheme Competition

The Hong Yip Innovative Suggestion Scheme Competition encourages our staff to make bold and creative proposals that will drive our improvement. Star of Service Excellence Election and Appreciation from Customers with Heart encourage staff to continue providing quality service through innovation.

Other External Awards

We are dedicated to ensuring a safe and healthy environment for all stakeholders, including customers and tenants. Our efforts in effective management and occupational health and safety have earned several awards in The 10th Best Property Safety Management Award by the Occupational Safety and Health Council. Chelsea Court took Bronze in the Best Property Management Award - Residents' RMAA Works Safety Enhancement category. Aegean Coast and Greenfield Garden won Bronze and Merit, respectively, for Best Promotion Award for Light-Duty Working Platforms. In the same category, the two also won Special Mention for Creativity in Promotion. For other external awards recognizing our excellent products and services, please refer to **Appendix I – Awards, Memberships and Charters**.

Keeping Our Customers' Needs in Mind

We aim to continually improve our products and services via regular engagement with our customers. To address and prioritize their concerns, we collect suggestions and feedback regularly, via channels such as customer satisfaction surveys.



Annual Customer Satisfaction Survey Results



We meticulously adhere to our customer service procedures and protocols. All feedback received from shopping malls, offices and residential properties is addressed by relevant divisions within a reasonable timeframe. A resolution system addresses customer complaints. We train our staff to handle customer complaints and challenging situations.

² Hong Yip and Kai Shing have set satisfaction measurement targets for homebuyers, office tenants and shopping mall tenants for 2022/23. The average satisfaction measurement target is to achieve at least 95% 'Good' or 'Excellent' rating for all three categories.

Hotels

All complaints

Response within **48 hours** 

Property Management

Emergency complaints

Immediate response 

Verbal complaints

Verbal response within **10 minutes** 

Written complaints

Written response within **10 working days** 

We study feedback from hotel guests, customers and tenants to identify training needs and room for improvement:

- Alva Hotel by Royal and The Royal Garden obtain feedback via loyalty programmes, birthday programmes, daily courtesy calls and guest engagement
- We generate monthly, quarterly and annual reports based on online comments
- For residential properties, Management Service Brainstorming Sessions collect opinions from residents. We hold monthly tea time meetings with owners' committees to communicate with owners' representatives, discuss estate issues and negotiate estate policies and external issues

We treat every customer with equal care and aim to provide all customers with quality services.

Securing Customers' Data Privacy

To maintain the integrity of our business, we adhere to strict cybersecurity policies and protect the privacy of our customers. The Board, via the Executive Committee, oversees our cybersecurity strategy: identifying, monitoring, mitigating and managing risks. Our IT Governance Steering Committee, led by executive management, assists the Executive Committee in overseeing our information security, including that of our IT infrastructure. The committee also supports the Executive Committee in overseeing the implementation of our cybersecurity strategy, and works closely with the IT department to embed security into the daily operations of every business unit.

This year, we published a new **Cybersecurity Policy**, to manage risks and define responsibilities. To protect the data of our customers, and to ensure compliance with the Personal Data (Privacy) Ordinance and other relevant laws and regulations, we have adopted several policies along with relevant measures. Our policies and procedures are reviewed and revised regularly. Our **Customer Data (Privacy) Policy** informs customers how their information is collected, handled and used. Prior to purchasing our properties, all homebuyers must sign a Personal Information Collection Statement that specifies the purposes of data collection and handling.

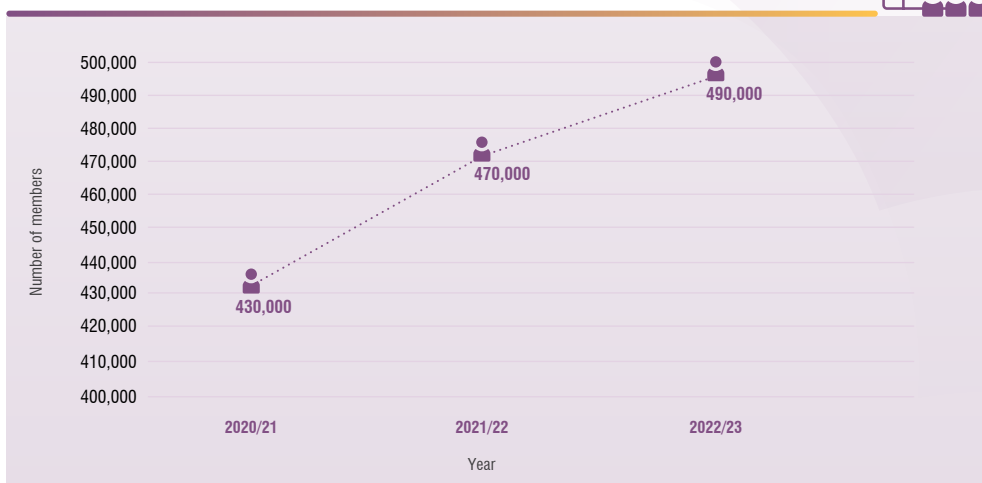
As a precautionary measure for data breaching, all staff are required to adhere to the latest data-handling procedures. We regularly train frontline staff on privacy, cybersecurity and customer data-handling developments. During the reporting year, our online training covered cybersecurity trends, policies and tools, the Personal Data (Privacy) Ordinance, our data security measures and case-sharing. To raise awareness among staff, our intranet features cybersecurity alerts and tips. Staff are reminded to use only endorsed and registered removable drives and to be alert to fraudulent emails.

Business units must follow our detailed internet guidelines that cover website design, footers, language usage, content and data collection. Specific obligations for data collection are highlighted in the guidelines. Webpages that collect customer data must include the Customer Data (Privacy) Policy. We also formulated the Data Backup, Restore, and DRILL test policy as well as password change and management policy.

SHKP Club

SHKP Club – established in 1996 – is a bridge for effective two-way communication between SHKP and the community as well as a means of building long-term relationships with members. The first exclusive club for interested homebuyers in Hong Kong's property sector, it now has more than 490,000 members, making it the largest of its kind.

The Number of Members in SHKP Club



SHKP Club members enjoy property-related privileges, information, exclusive activities, and benefits at SHKP's hotels, shopping malls and other businesses. The Club actively collects feedback from customers via online and offline surveys and social media. Engagement activities with a Loving Home theme are organized to bring families together with love, care and happiness.

During the reporting year:

- SHKP Club newly staged two property-themed seminars at show flats, inviting professionals to share knowledge and information related to properties with members
- Members were offered exclusive activities and privileges at show flat while their property-related opinions were collected via digital devices and surveys. Interviews with member-buyers were also conducted to collect more in-depth insights, and part of their testimonials were promptly shared online to reach a wider audience

- Brand-new move-in privileges – including a SmarTone Home 5G broadband free trial with a router, vouchers for HomeSquare and SHKP shopping malls, dining and accommodation offers at designated SHKP hotels and sky100 admission tickets – were offered to members who are homeowners at designated SHKP estates
- Popular member workshops with high satisfaction rate were held, such as The Terrarium for Home Greenery Online Workshop which helped members boost the vitality of their homes, while an art jamming workshop promoted a joyful Loving Home life and residential project's advantages
- A new territory-wide Most Heartfelt Home Moments competition held in 2023 – encouraging members and the public to share touching and memorable family stories – drew more than 11,000 entries



SHKP Club's newly launched property-themed seminar at a show flat received an overwhelming response, and a timely post-event update was shared online to foster more comprehensive communication with members



SHKP Club digitalized members' communications and engagement by incorporating membership QR code, touchscreen technology and electronic kiosk to its member-exclusive show flat activities and privileges



A parent-child KMB Bus Depot Tour let members and their families experience bus business and operations



In 2022, SHKP Club broadcasted its prize presentation ceremony to share winners' secrets and tips for establishing a fruitful Loving Home family life. Participants could capture the memorable moment of receiving their award on film

Value Created for Supply Chain



The Group aims to promote a sustainable supply chain in environmental, social and governance dimensions. We focus on building long-term, mutually beneficial relationships with our suppliers and contractors through active engagement and management.

Material topics addressed in this section:

- Anti-competitive behaviour
- Anti-corruption
- Innovation
- Supply chain management
- Well-being, health and safety



Strategies and Management

Supporting SHKP's Building Homes with Heart principle, our transparent and resilient supply chain aligns with the SDGs in its fundamental principles. We work with our business partners to promote ethical and sustainable practices and create value for the community.

Our suppliers¹, contractors¹ and subcontractors are governed by our **Supplier Code of Conduct** which sets out our expectations in areas, such as legal compliance, governance, business ethics, environmental protection, health and safety, human rights, equal opportunities as well as labour practices. This year, we updated our Supplier Code of Conduct to enhance our management and strategy in business ethics, environmental protection, occupational health and safety, and labour practices.

Our **Sustainable Building Policy** and green procurement policy ensure sustainability is considered when selecting suppliers and sourcing building materials, equipment and office products.

Suppliers, contractors and subcontractors must comply with all relevant environmental and social laws and regulations, including the Waste Disposal Ordinance, the Employment Ordinance, and the Occupational Safety and Health Ordinance. Our supply chain partners – including suppliers, contractors, subcontractors, joint ventures and other service providers – are encouraged to comply with the business ethics and quality requirements set out in our updated **Environmental Policy**, our **Health and Safety Policy** and our new **Cybersecurity Policy**.

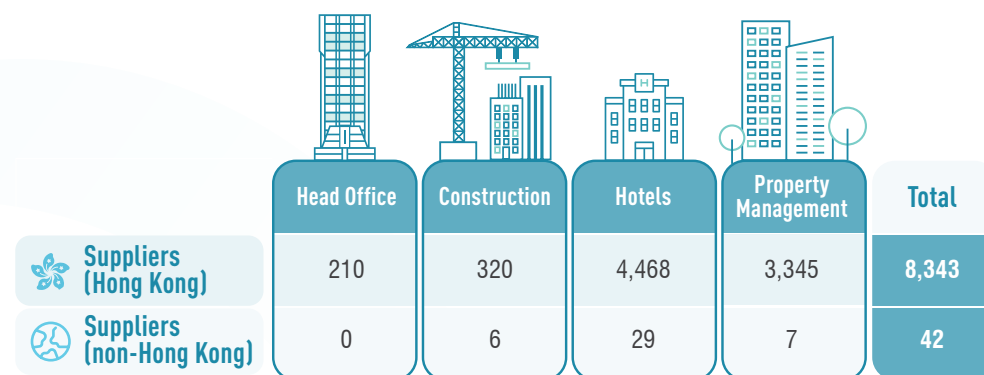
We encourage suppliers and subcontractors to adopt the principles of the United Nations Global Compact and the Universal Declaration of Human Rights. We have zero tolerance for child and forced labour in the supply chain, and actively promote an inclusive, discrimination-free work environment for all.

Our comprehensive supply chain management mechanism ensures that new and existing suppliers perform to our standards and comply with our requirements. With a vertically integrated approach, we standardize the selection and retention of suppliers, regular assessment of their performance, risk management along the supply chain and the development of evaluation systems. We emphasize compliance, labour management and human rights by evaluating suppliers' ability to offer reasonable compensation and a safe working environment. Our tender documents require all business partners, suppliers and contractors to strictly comply with laws and regulations on labour rights.

We engage with our suppliers and contractors via daily communication as well as regular assessments and meetings. Hong Yip regularly updates and disseminates information via their vendor portal. This year, Sanfield hosted a symposium, which provided a platform for our project management team, architects, engineers, suppliers and subcontractors to express their views and share their valuable experiences.

Embedding Sustainability into Procurement Decisions

We work with a diverse supplier base to procure building materials, building services equipment and office equipment for our property businesses, and food for our hotel business. During the reporting year, we collaborated with 8,385 suppliers, spending more than HK\$9.94 billion. Multiple sourcing fosters fair competition and reduces the risk of supply chain disruption that can arise from overreliance on a single supplier. During the reporting year, less than 30% of our total purchases came from our five largest suppliers.



In accordance with our green procurement policy, we consider environmental and social factors when making procurement decisions. We prioritize suppliers and contractors who share our environmental commitments, such as those who adhere to ISO 14001 Environmental Management Systems, comply with the BEAM Plus scheme, practise green procurement, and integrate occupational health and safety and other sustainable measures in their operations. Our offices also procure supplies from sustainable sources, including certified paper. This nurtures sustainability throughout the supply chain.

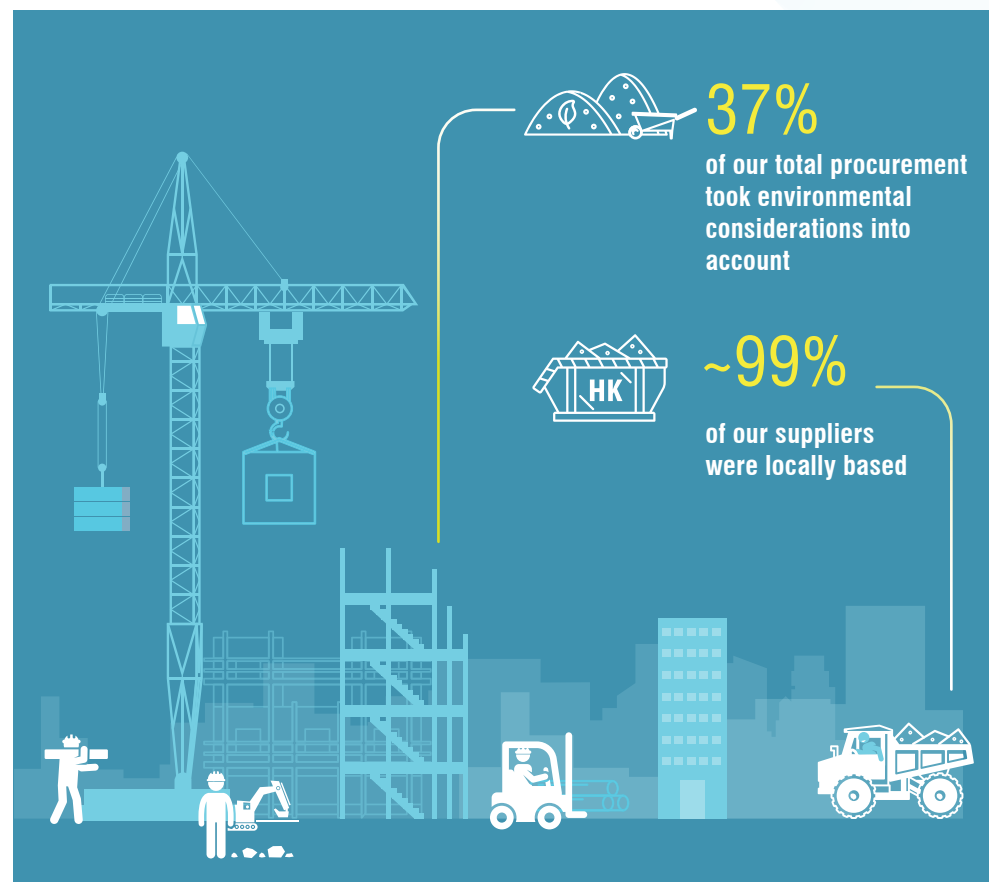
Hong Yip rewards vendors with bonus scores if, during assessments, they can provide certificates for quality, environmental, energy, and occupational health and safety areas. We participate in the Charter on Preferential Appointment of OSH Star Enterprise, which gives preference to providers that have effective safety management systems and pass the Occupational Safety and Health Council's stringent safety audits of repair, maintenance, alteration and addition works. Suppliers who participate in the Environment and Ecology Bureau's Energy Saving Charter and 4T Charter are particularly welcome. Hong Yip also participates in the Green Council's Sustainable Procurement Charter to develop, document and implement sustainable procurement.

¹ Our suppliers and contractors provide cleaning, security, laundry, landscaping, construction activities and E&M services, etc.

Sanfield incorporates environmental considerations into its contract specifications. These include sustainable practices, such as the use of reusable temporary steel platforms, rechargeable power systems for cranes and material hoists and the replacement of wood formwork with aluminium.

In our hotel operations, we give preference to suppliers whose products are biodegradable or recyclable, and certified by the Forest Stewardship Council or Marine Stewardship Council.

We support small, medium and social enterprises and, where possible, strive to partner with them for operations and procurement. We also prioritize local sourcing, which benefits the local economy and employment, and minimizes transport, which help reduce logistics-related emissions.



Mitigating Risks along the Supply Chain

We manage and oversee sustainability issues, including our supply chain management and supplier ESG programme. In particular, Sanfield's executive management is responsible for overseeing the implementation of the **Sustainable Supply Chain Management Guideline** and the suppliers/contractors ESG programme to ensure the supply chain is effectively managed. This year, we updated the Sustainable Supply Chain Management Guideline to enhance our supply chain risk management.

Environmental and social risks along the supply chain are identified and assessed. Social and environmental factors, such as epidemics, safety incidents, labour disputes, natural disasters and extreme weather can destabilize supplies and increase prices of raw materials and services, eventually disrupting our supply chain and operations. We minimize these impacts via two-way and transparent communication with suppliers, and stay abreast of market developments to seek alternative sources that are reliable and reasonably priced.

We communicate our expectations for quality, environmental protection, labour practice, and occupational health and safety to our suppliers and contractors through our Supplier Code of Conduct. We regularly evaluate the performance of suppliers and contractors on our tender list, and closely monitor their compliance. All suppliers and contractors are assessed at least annually for sustainability-related factors. If they breach laws and regulations, fail to meet contract requirements, commit misconducts, or fail to achieve satisfactory results during the contract period, they may be downgraded or delisted.

Training provided to our suppliers, contractors and subcontractors raises awareness of ESG issues, including occupational health and safety, environmental management and anti-corruption. Quality assurance training is also provided for all staff and contractors at least once every year. We also build internal supply chain management capacity with training, such as providing ESG training to the procurement team, to educate them about supplier ESG programmes.

Sanfield updated its Sustainable Supply Chain Management Guideline to enhance its supply chain risk management via the process of vendor registration, tender selection, sustainability performance-scoring and risk exposure assessment to pursue continuous improvement. We identify critical suppliers and contractors according to procurement spending, and implement specific evaluation procedures. The suppliers and contractors are ranked by their awarded contract sum in aggregate in the reporting period. Critical suppliers and contractors are those that account for 50% of the total contract sum awarded. The sustainability and ESG performance of critical suppliers and contractors – including environmental management, pollution control, labour practices, anti-discrimination, human rights protection, occupational health and safety, anti-corruption, code of conduct and whistleblowing mechanism – are evaluated at least once a year via a due diligence questionnaire. In particular, suppliers and contractors are asked if they have incorporated measures to protect labour practices and human rights, such as ensuring worker's statutory basic benefits and providing complaint channels, and to prevent discrimination and harassment. We categorize suppliers and contractors according to their scores, enabling us to identify high-risk suppliers and contractors in relation to sustainability and ESG performance. Where necessary, detailed investigations with corrective action plans can be instigated,

chaired and overseen by senior management. Suppliers and contractors who fail to achieve satisfactory results are removed from the tender list. During the reporting year, Sanfield identified 23 of its 452 suppliers and contractors as Tier-1 critical. No assessed suppliers and contractors were considered to have high sustainability risks².

During the contract period, we undertake regular inspections to identify and assess safety and environmental issues, particularly air pollution, waste and wastewater. All suppliers, contractors and subcontractors are analyzed biannually on their sustainability performance at construction sites, including work quality, environmental awareness and measures, efficiency and site safety. On-site performance scores are recorded and taken into account when assessing upcoming tenders.

We continuously review our purchasing practices to ensure alignment with our Supplier Code of Conduct and Sustainable Supply Chain Management Guideline, and to avoid ESG lapses. Sanfield integrates the use of sustainable materials in the contract specifications. Only contractors who fulfil our requirements and pass a preliminary evaluation are considered for tendering. We apply a minimum weight to ESG criteria in supplier and contractor selection and contract awarding. Suppliers and contractors with better ESG performance are preferred.

All suppliers and contractors of our property management subsidiaries are required to sign an Environmental, Occupational Health and Safety Commitment and comply with our environment and energy-related policies. Hong Yip's tendering system, ePro, enables suppliers to receive invitations and submit their tenders online. To identify and manage ESG risks in its supply chain, Hong Yip requires vendors to complete self-assessment of managerial competency, financial conditions, labour compliance and safety during registration. Vendors' profile and performance are assessed and scored annually, and assessment scores will be adopted in tender analysis as an indicator of vendor's quality. Those who perform poorly may earn verbal or written warnings, or may be subject to removal from the list of approved vendors. A vendor complaint management system has also been set up to monitor performance and ensure quality. For sizeable projects, vendors are required to submit method statements, work programmes and delivery schedules for approval.

Food safety is a top priority for our hotels. To uphold the highest standards in processing and transport, all suppliers are required to sign both the Food Safety Declaration Forms and Health Declaration Forms, and to comply with our safety and quality standards. We also require suppliers to provide business registration documents, food factory licenses, laboratory test reports for products, food health and safety certificates as well as food-grade certificates during preliminary qualification checks. During the contract period, we periodically assess our suppliers' product quality, punctuality of deliveries, and aftersales service via questionnaires, laboratory tests, pre-delivery quality checks and end-product quality surveys. Audits and on-site inspections are conducted annually to ensure suppliers fulfil our standards for personal hygiene, food processing, storage, waste management, site safety, food safety certification, chemical storage, equipment-cleaning and pest control. We take extra precautions with high-risk products, such as ready-to-eat food and fresh seafood. In the event of non-compliance, immediate rectification is required, followed by a re-audit. During the reporting year, 97% of our active suppliers fulfilled our food-audit requirements. We suspended our procurement from the supplier who failed our food audit.

CASE STUDY

Enabling Digital Transformation for Construction

Innovation and technology enhance efficiency and allow us to maintain the highest standards of quality and safety. We incorporate cutting-edge technology into our construction processes and work closely with our business partners to put sustainability into practice and avoid negative impact arising from our operations and value chain.

Adopting the Concept of Central Project Office

Delivering high quality, timely and cost-effective projects requires forward-thinking and innovation. At our new construction site of the High Speed Rail West Kowloon Terminus project, a Central Project Office (CPO) was established to ensure effective project management and communication with the development's international architects and engineering consultants. The CPO is equipped with the latest technology, including Cave Automatic Virtual Environment and digital tools that enable the team to visualize and simulate complex construction scenarios. It enhances productivity and provides a better working environment, thanks to its smart interior design and digital technology.



The CPO provides a digitalized and comfortable working environment

² This year, Sanfield did not identify any non-Tier 1 critical suppliers and the number of critical suppliers (Tier-1 and non-Tier 1) remained 23. 23 suppliers (100%) were assessed via desk assessment/on-site assessment and no suppliers were identified with actual/potential negative impacts. As a result, no suppliers required corrective action/improvement plan, termination or support in corrective action plan implementation. We engaged with all the critical suppliers identified in capacity building programmes.

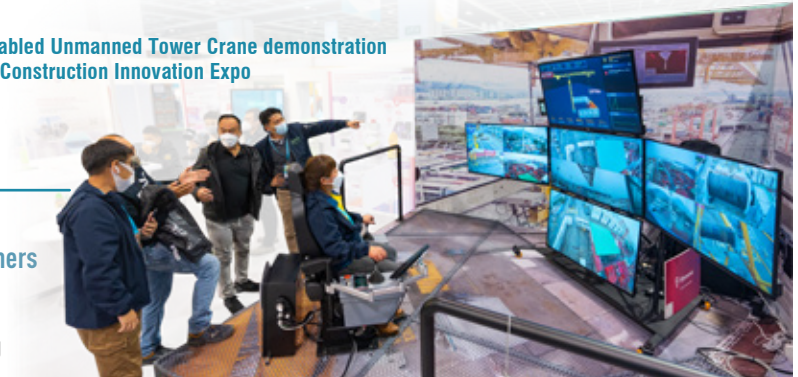


CASE STUDY

Enabling Digital Transformation for Construction



5G-Enabled Unmanned Tower Crane demonstration at the Construction Innovation Expo



Sanfield Shared Innovative Solutions at Construction Innovation Expo

Spearheading innovation, Sanfield Construction Innovations Limited was established in 2021 to create innovative solutions to the construction industry. This year, it participated in a Construction Innovation Expo, organized by the Construction Industry Council (CIC). Sanfield showcased its research and engaged in in-depth communication with construction practitioners from Hong Kong and overseas. The company's solutions included Construction Robots, Artificial Intelligence and the Internet of things (AI-IoT) Hub, Digitalization: Blockchain Enabled Platform, SMART FM Energy Efficiency and Flexibility, and 5G-Enabled Unmanned Tower Crane.

The 5G-Enabled Unmanned Tower Crane, one of the highlighted innovations from Sanfield, uses real-time monitoring and 5G remote control to manage critical data, such as wind speed, internet speed and cargo weight. This enables construction site operators to control the crane remotely in a safe environment. AI tools detect machine malfunctions for immediate correction to enhance project quality and efficiency. This innovative technology demonstrates our commitment to improving construction practices through advanced technology.

The adoption of the IoT Geotechnical Monitoring System in New Life Farm is another highlight. The system utilizes a Global Navigation Satellite System (GNSS) technology, IoT sensors, wireless data transmission and automatic data capture to realize 24-hour remote monitoring from multiple locations. It combines with a set of mechanisms in the form of Alert, Alarm and Action (AAA) to monitor the site in real-time and ensure the safety of works. The system helps monitoring works from manual to automatic, enabling doing more with less.

Supporting Innovative Development with Industry Partners

To promote and support innovation, we work with industry partners. We hosted our first Building Information Modelling (BIM) and Design for Manufacture and Assembly (DfMA) summit last year, where experienced architects, surveyors and engineers shared their insights with stakeholders. A seminar was held again this year, introducing blockchain to our engineers, suppliers and contractors. We partnered with the Hong Kong Blockchain Society to discuss the system's concept, applications and opportunities, to encourage our industry partners to adopt blockchain technology that will enhance the efficiency of their construction and procurement.



Seminar held with the Hong Kong Blockchain Society

This year, SHKP sponsored The Hong Kong Polytechnic University to carry out research on the first blockchain-based platform for the construction industry. Transparent, highly secure, digital and traceable blockchain technology in this platform enhances BIM and, with a paperless workflow,

optimizes the entire property development process. It also facilitates the sharing of data, ensuring all stakeholders can access up-to-date information.



MoUs signing ceremony for blockchain-based platform research with The Hong Kong Polytechnic University

To support the digitalization of construction site monitoring, Sandfield signed the CIC's Construction Digitalization Charter. We are committed to devising a digitalization roadmap for 2026 – incorporating BIM, common data environment and digital tools – and providing relevant training for our employees.



Ensuring Safety on Construction Sites

The health and safety of our construction workers are top priorities. We adhere to all relevant laws and regulations as well as commitments stipulated in our Health and Safety Policy. Annual safety targets cover all employees and contractors, and include:

Safety Targets for FY2022/23

0 fatal accidents

Fewer than
0.5
serious accidents³
per 1,000 workers

Fewer than
7.5
reportable accidents
per 1,000 workers

We keep track of our safety performance and regularly review the above target progress to prevent health and safety issues.

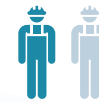
All contractors must comply with our Health and Safety Policy, our protocols and all relevant occupational health and safety (OHS) standards. Contractors must also have ISO 45001-certified OHS systems, or implementing equivalent OHS management system.

We take proactive measures to ensure construction sites are safe and secure. Our construction sites have introduced smart safety mobile apps and systems to monitor and manage on-site health and safety. These apps enable supervisors to submit monthly reports, permits and checklists of construction sites safety and enable workers to receive up-to-date information. In the event that a project fails to meet our safety targets, project managers and site agents must participate in a Safety Executive Committee meeting and propose remedial action. Should an accident occur, we conduct a review meeting promptly, carry out a thorough investigation, and implement measures to prevent similar incidents. We also provide periodic trainings for our contractors and subcontractors, to improve their knowledge and awareness of occupational health and safety. Workers are encouraged to report work-related hazards or hazardous situations to supervisors or site managers, and to leave unsafe work environments without fear of reprisal. Executives and employees' safety performance is reflected in the annual performance bonus.

Accident Rate per 1,000 Workers

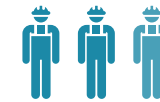
Our contractors:

12.9



Industry average:

29.1⁴



0 fatalities were recorded among our contractors during the reporting year



Accident Rate for Our Contractors at Construction Sites Compared with Industry from 2020/21-2022/23



³ Work-related injuries that result in hospitalization for more than 21 days (loss of 9% or above of permanent total incapacity); and, or fatalities.

⁴ Industry rate is calculated on the calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2023) from the Hong Kong Labour Department.

During the reporting year, we recorded over 1.4 million attendances for health and safety training. Topics included the safe use of lifting equipment, working at height, safety card renewal, manual material-handling, general safety management, on-site housekeeping and hazard identification. Meanwhile, health talks and awareness training – provided to our employees and contractors – covered issues, such as heart disease, mosquito prevention, alcohol, drugs and smoking.

We proactively bolster on-site safety through risk identification, assessment and management. Our internal site-safety professionals perform compliance audits every quarter, and we carry out external audits biannually, as per the Factories and Industrial Undertakings (Safety Management) Regulation. We continued to exempt our contractors from paying standard industry fees levied on claims. This allows us to gather the most reliable information on work-related incidents. We use that information to implement our safety measures and improve our practices to prevent accidents and promote worker safety.

Diverse safety installations and initiatives earned our Property Development at LRT Tin Wing Stop at Tin Shui Wai (Tin Wing Project), a Silver award in New Works Contracts of Considerate Contractors Site Awards (CCSA), jointly organized by the Development Bureau and CIC; a Bronze award in Lighthouse Club Hong Kong's Safe Project Team Award 2023; and the Occupational Safety & Health Council's Best Method Statement at the 23rd Construction Safety Award. These installations and initiatives included:

- Creating an elevated workers' path across the entire construction site
- Implementing the launching method to install the rail system's noise barriers
- Enhancing the air quality of enclosed spaces and metal scaffolding methods
- Installing a tower crane anti-collision system
- Equipping workers with the Group's award-winning SmartWorks smart helmets

Independent consultants review and enhance our safety standards. As an incentive for awareness at construction sites, our Safety Hero scheme commends workers with outstanding safety performance. We are proud to say that the Tin Wing Project achieved high standard of safety performance and safety initiative on teamwork and leadership spirit.



Tin Wing Project won a Silver Award in CCSA



Tin Wing Project won a Bronze Award in Lighthouse Club Hong Kong's Safe Project Team Award

Before Construction

- Provide health and safety training, tailored to the specific conditions at each site, to all workers
- Provide relevant operating guidelines
- Identify potential hazards and risks through early design and planning stages



During Construction

- Conduct toolbox talks weekly or whenever there are changes in procedures
- Host site-specific training for complicated procedures that require technical knowledge
- Maintain health and safety system of work at all construction stages
- Provide information, instruction, training and supervision for work processes



After Construction

- Undertake a safety effectiveness assessment, to identify areas for improvement on future projects



Anti-corruption

We are committed to upholding the highest standards of business ethics and have zero tolerance for corruption and bribery throughout our value chain. The Board oversees our Anti-corruption Policy and manages ethics and corruption issues. The Executive Committee reviews the Anti-corruption Policy where necessary. We adhere to the Prevention of Bribery Ordinance and our Anti-corruption Policy, **Code of Conduct** and Supplier Code of Conduct. We review our ethical standards and relevant performance annually.

As stipulated in our policies, employees are strictly prohibited from soliciting and accepting advantages, gifts or entertainment from business partners, including suppliers and contractors, and offering the same to them. This year, we updated our Code of Conduct to provide more guidance on preventing bribery and corruption. We prohibit charitable contributions that involve bribery and corruption. Contributions should be transparent and in accordance with applicable laws and regulations.

Our anti-corruption policies and guidelines are available on our intranet and website, and are communicated to new employees as part of the induction process. Periodic refresher training on anti-corruption and ethical standards reinforces directors and employees' awareness of industry-specific ethical standards and anti-corruption practices. This year, the Independent Commission Against Corruption (ICAC) was invited to deliver anti-corruption and business ethics training for all of our full-time and part-time employees, and our contractors and subcontractors. Our directors are also provided with additional training materials on anti-corruption and business ethics.



During the reporting year **>6,000 hours**
of **anti-corruption training** was provided to
>13,000 full-time employees.



We have zero tolerance for corruption, bribery, money laundering, extortion, anti-competition, fraud, false declarations and other malpractices throughout the supply chain. The Supplier Code of Conduct – available on our online vendor platform – clearly outlines our business-ethics standards for suppliers and contractors. This year, we updated and enhanced the Supplier Code of Conduct.

Tendering companies must declare any potential or apparent conflict of interest. Vendors involved in actual or suspected corruption may be suspended from tendering or removed from our tender list. We did not knowingly engage with any suppliers or contractors who violated our anti-bribery and anti-corruption policy during the reporting year.

Suppliers, contractors and subcontractors should establish anti-corruption policies and programmes to verify compliance. They are encouraged to report suspicious activity – corruption, anti-competition, fraud, false declarations or other malpractices – to the Group, following our whistleblowing procedure.

Internal and external stakeholders, including customers, can use our whistleblowing mechanism to report misconduct, malpractice, impropriety, and unethical or unfair treatment. Employees may consult or report such concerns via suggestion boxes, our grievance procedure or by informing their supervisors. The Whistleblowing Policy provides examples of impropriety and guarantees the anonymity of whistleblowers during investigations. Employees should not suffer any intimidation and retaliation as a consequence of reporting a concern.

The Audit and Risk Management Committee has overall responsibility for the whistleblowing policy and mechanism, while the Group Head of Internal Affairs and the Head of Internal Audit oversee its implementation. If an investigation is warranted, the investigation outcome and recommendations are reported to the Chairman and Managing Director. Major issues are reported to the Audit and Risk Management Committee for review. If corruption or criminal activity is confirmed, we report promptly to either the Chairman and Managing Director, or the Audit and Risk Management Committee, or law enforcement authorities, to determine an appropriate course of action. During the reporting year, there were no material breaches of our Code of Conduct or laws relating to anti-corruption and competition.

For more details, please refer to the **Corporate Governance Report** section of our Annual Report 2022/23.

Anti-competition

Fair competition is key to building a prudent and just supply chain. We strictly prohibit anti-competitive behaviour and comply with all relevant laws and regulations such as the Competition Ordinance in Hong Kong. As stipulated in our updated Supplier Code of Conduct, all suppliers, contractors and subcontractors are strictly prohibited from engaging in anti-competitive behaviour.

Anti-collusion requirements are clearly stipulated in all of our tender documents. During the procurement process, tenderers must sign an integrity and anti-collusion confirmation letter, declaring that they do not engage in anti-competitive behaviour. To prevent anti-competitive practices such as bid-rigging during tendering, we regularly update and evaluate our list of qualified and approved companies. Only companies on this list are invited for tendering. Competitive tendering is ensured by monitoring the number of tenderers.

Sanfield's e-tendering system enables suppliers and contractors to acquire and submit tender documents via a secure digital platform. All submitted documents are kept secure and confidential. Access is granted to a limited number of responsible staff. To maintain integrity, impartiality, parity and fairness, we require our people to keep tender information confidential.

At our Royal brand hotels, we provide professional training for employees regarding the Competition Ordinance and our anti-competition policies. This year, we organized a seminar on Hong Kong Competition Law for our hotels' suppliers and contractors. Some hotels conducted routine sampling and review of supplier contracts and tender documents to identify potential competition-law issues.

Value Created for Community



The Group puts into practice our long-standing belief in Building Homes with Heart and acts in line with the needs of the communities in which we operate. We invest in promoting reading and holistic development among youths, encouraging sports for charity and supporting the underprivileged to create a long-term positive impact.

Material topics addressed in this section:

- Affordable housing in Hong Kong
- Community investment
- Economic performance
- Sustainable buildings
- Well-being, health and safety



Strategies and Management

SHKP engages with the community to understand and address its needs. Led by senior executives, the Corporate Social Responsibility Committee oversees our community investments and partnerships with charitable organizations. To manage our programmes and drive sustainability in the community, we collaborate with non-governmental organizations (NGOs) and other stakeholders.

Our Three-pronged Approach to Community Outreach

(1) Encouraging reading and holistic development, especially among youths



(2) Promoting sports for charity and healthy living



(3) Providing care for the underprivileged



Our investment in the community and contribution to its well-being, are guided by the following strategies:

- Building close partnerships with NGOs and other stakeholders
- Encouraging direct participation by our staff
- Promoting long-term, sustainable community programmes
- Contributing to the community through strategic use of resources and networks as well as applying the skills of our staff

Our dedication has been well received. During the reporting year, we were named Caring Company for the 21st consecutive year by the Hong Kong Council of Social Service. Meanwhile, 33 business units from our shopping malls, hotels, property management and construction companies were awarded the same honour for over 10th consecutive year.



HK\$ 3,947 million
tax contribution during the
reporting year



HK\$ 39 million
donations via charity and
in-kind sponsorships
during the reporting year



SHKP Volunteer Team

Aiming to create long-term value, the SHKP Volunteer Team has supported the local community since its foundation in 2003. Our staff are determined to fulfil a commitment to our 'ABC caring spirit' philosophy:



This year, we organized numerous activities to help people in need. In partnership with the Caritas Community Centre, Ngau Tau Kok, the SHKP Peer Support Programme provided underprivileged families with opportunities to enjoy time together on visits to museums and other places of interest during the summer holiday. In relieving pressure, and encouraging communication and companionship among families, the team hopes that children in particular can break through their limits, broaden their horizons, open their hearts, and unleash their talent with confidence through various activities. Our volunteer team also invited colleagues and their families to knit scarves and beanies for underprivileged families and the elderly. We distributed around 6,000 such items during visits in the reporting year.

The team also served the elderly and those in need via the Redevelopment of Pak Tin Estate Neighbourhood Support Programme. Over the past three years, we have helped 600 elderly people to relocate: providing home inspections, basic renovations and other caring initiatives to relieve their concerns during relocation and the pandemic. The programme was completed in 2022, when the recipients settled into their new homes.



Knitting warm scarves and beanies for underprivileged families and the elderly



SHKP Volunteer Team sent out Poon Choi to the elderly to celebrate their moving into the new home and the Lunar New Year

To help the elderly build connections in our community, the team collaborated with the Tuen Mun/Yuen Long Rural Village Centre's Neighbourhood Advice-Action Council to launch the Make a Friend, Connect with Suburban initiative. This focused on elderly senior and senior couples living in Hung Shui Kiu village and squatter areas. During the Mid-Autumn Festival, our volunteers distributed goodie bags and created traditional lanterns to bring joy to the community.

Inspiring our staff to participate in philanthropic activities is another way that we contribute to the community. To encourage them, we provide training and insurance that covers volunteering activities. Our efforts earned multiple honours at the first Hong Kong Volunteer Awards, organized by the Home and Youth Affairs Bureau and the Agency for Volunteer Service:

- Top 10 Highest Volunteer Hours (Corporate with 1,000 or more full-time employees)
- The Excellence Gold Award (Corporate and Non-Commercial Organization)
- Outstanding Collaboration Project for the Redevelopment of Pak Tin Estate - Neighbourhood Support Programme

We also received several awards from the Construction Industry Council for the Construction Industry Sports & Volunteering Programme (CISVP) 2022:

- Construction Industry Volunteer Award - Most Supportive Organization
- Annual CISVP Corporate Award for Activeness - Silver Award

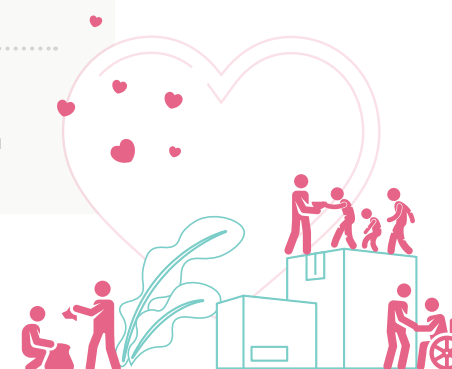


3,100

SHKP Volunteer Team members



Near **63,000** hours of charity work during the reporting year¹



¹ Volunteer hours are calculated by calendar year.

Promoting Youth Literacy and STEM Education

Reading and Holistic Development

Objective

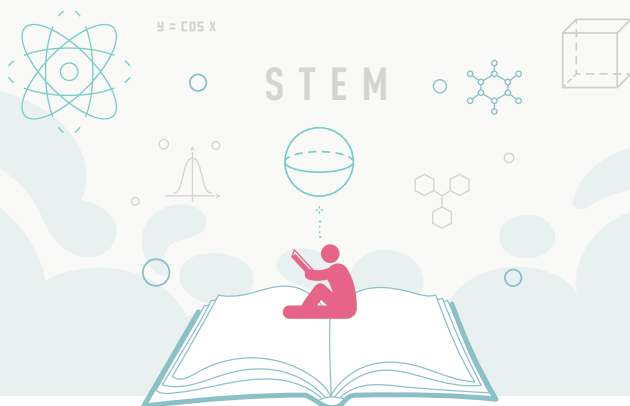
Promote a happy reading and learning culture among youths

Approach

- Spread the joy of reading via SHKP Reading Club programmes and initiatives
- Share experiences and book recommendations via our online Read for More platform
- Promote reading via seamless online-offline experiences



Reading supports the development of both individuals and society as a whole, so we invest heavily in fostering a passion for it among youths. The SHKP Reading Club – an open and complementary hub – organizes activities, programmes and competitions for the community, and currently has over 57,000 members in Hong Kong and on the mainland. The Group is committed to enhancing youths' interest in, and knowledge of, innovation and technology (I&T) and promoting Science, Technology, Engineering and Mathematics (STEM) education via the SHKP Reading Club.



CASE STUDY

Promoting STEM Education via Read to Dream

Read to Dream is one of the SHKP Reading Club's signature programmes. Launched in 2008, it has reached over 30,000 upper primary and junior secondary students from underprivileged families.

This year, we continued our partnership with the welfare facility St. James' Settlement and the Hong Kong Trade Development Council to host SHKP Read to Dream. Among the celebratory activities commemorating the 25th anniversary of Hong Kong's return to the motherland was the Read to Dream x Future Engineer Grand Challenge. Organized in conjunction with the Hong Kong STEM Education Alliance, this encouraged students to design technological applications and tools that would enhance daily life. 110 teams from 51 primary and secondary schools participated.



Mr. Sze Chun Fai, Under Secretary for Education, presents the awards to the primary school group

Meanwhile, we encouraged children to develop an early interest and habit in reading. During the reporting year, Read to Dream sponsored over 1,000 student admissions to the Hong Kong Book Fair 2022, and provided an allowance to buy books. We also hosted the STEM talk Enjoy Reading



I&T professionals and authors shared ideas and insights at the SHKP Reading Club's STEM talk at the Hong Kong Book Fair 2022

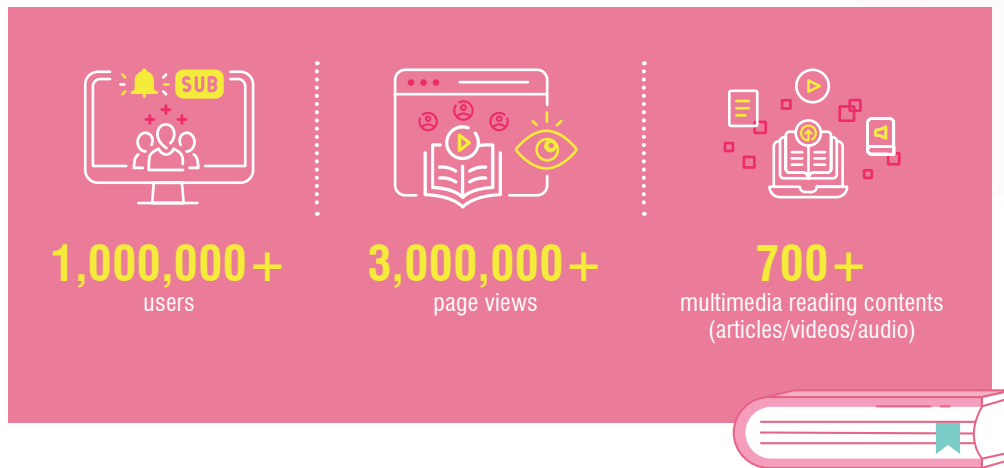
STEM for an Innovative Future at the fair. I&T professionals and authors shared Hong Kong and the mainland's technological achievements over the past 25 years. Over 160 students, parents and book lovers attended. We believe that encouraging students to gain knowledge from reading will ultimately contribute to the innovative future of Hong Kong and the mainland.

Promoting Reading in the Community Through Read for More Online Platform

Our interactive online platform Read for More, launched in 2019, promotes reading and sharing among youths. Offering anytime-anywhere access to the public – especially students and the young – it consistently creates fresh and engaging content that focuses on personal growth, STEM and technology, and Chinese culture and literature.

Please visit the **Read for More** website for details.

As at 30 June 2023, Read for More online platform



Encouraging Reading among Students Through Read & Share Programme

Via the SHKP Reading Club, we sponsored the Hong Kong Local Stories Organization social enterprise to publish *Hong Kong Chronicles for Children: A Treasure Hunt for Hong Kong's Return to the Motherland*. This picture book presents the increasingly prosperous urban landscape, important infrastructure, landmarks with unique commemorative significance, the national flag, the regional flag and STEM knowledge from the districts of Hong Kong since its return to the motherland. In addition to 3,000 free copies being distributed to all primary schools and kindergartens across Hong Kong, talks and activities were also held on campus to promote reading.



The picture book comprised information about Hong Kong history, national education and STEM knowledge



Contributing to Healthy Living and Sports for Charity

Sports for Charity and Healthy Living

Objective

Encourage healthy lifestyles and Sports for Charity

Approach

- Organize and/or sponsor signature charitable sporting events and other initiatives to advocate the spirit of Sports for Charity to help underprivileged families and the needy in the community
- Promote the fun of exercise and the importance of a healthy and sustainable lifestyle to the public



SHKP Sports for Charity Initiatives

SHKP strives to promote healthy lifestyles to individuals and the community through sporting events. The proceeds from the events will be converted into donations to assist underprivileged families and the needy in the community. Projects we support include:

- SHKP Project Gifted Creator: Combining scientific thinking with basic STEM knowledge, this project boosted the creativity and enhanced the problem-solving abilities of 72 gifted primary and secondary students from low-income families
- SHKP – Science & Innovation Project for the Gifted Phase III: We collaborated with The Boys' and Girls' Clubs Association of Hong Kong to provide free STEM courses for gifted primary and secondary students from low-income families. Completed in December 2022, the project equipped 81 gifted children with science-related skills
- Free Medical Services for Grassroots Families – Early Detection of Cardiovascular Diseases and Stomach Cancer²: Organized by Caritas Hong Kong, this project provided free check-ups and medical reports to 192 participants
- I•C•F Community Rehabilitation Programme for Stroke Survivors²: The Hong Kong Society for Rehabilitation promotes the restoration of life and work roles for young stroke survivors by providing one-stop rehabilitation services, courtesy of hospitals and the community. This project benefitted 979 patients and caregivers

- Community Care of Patients with Heart Valve Disease²: Organized by Care For Your Heart, this project aimed to reinforce prompt treatment and effective rehabilitation by educating patients and their caretakers about heart disease and self-care skills. It attracted 3,741 participants

Please visit the **Sports for Charity** website for details.

Sun Hung Kai Properties Hong Kong Cyclothon

Our signature event – the Sun Hung Kai Properties Hong Kong Cyclothon – returned physically for the first time since the pandemic in this reporting year. Sponsored by SHKP and organized by the Hong Kong Tourism Board, it attracted nearly 4,000 cyclists, including hundreds of our employees. Events and races



The Sun Hung Kai Properties Hong Kong Cyclothon returned after a four-year absence

included non-competitive 50km and 30km rides, Men's and Women's Open Races, and the Team Time Trial for the HKSAR 25th Anniversary Trophy. All donations, including voluntary donations and registration fee of designated races/rides, were passed to the Community Chest of Hong Kong to support multiple charitable projects. SHKP further contributed to the needy by making a topping-up donation via the Community Chest of Hong Kong.

SHKP Cycling Academy

We have supported the SHKP Cycling Academy since 2018. Led by the Cycling Association of Hong Kong, China, the academy hosts interschool competitions to encourage exercise and bolster sportsmanship. Over 600 students joined the programme and over 150 received track cycling passes after training. In total, over 6,000 students have participated in our cycling promotion activities.

² Project run by charities under the Community Chest of Hong Kong.

Sponsoring the SHKP Supernova Cycling Team

We have sponsored the SHKP Supernova Cycling Team since 2019, and provided professional training to over 200 underprivileged young people, aged 12 to 18, who are passionate about cycling. The team currently consists of 60 members, of whom seven have been selected to join the Hong Kong Cycling Team and represent Hong Kong in international competitions. Another five have been selected to join the Hong Kong Junior Cycling Team. Two team members are pursuing their dreams of becoming full-time professional cyclists overseas.



SHKP Supernova Cycling Team attained remarkable results, winning 11 medals – two Gold, three Silver and six Bronze at the Hong Kong International Track Cup 2023

Sun Hung Kai Properties Hong Kong 10K Championships

The Sun Hung Kai Properties Hong Kong 10K Championships, which we sponsor, made a comeback in January 2023 after the pandemic. Hosted in Tin Shui Wai, it attracted around 2,000 participants, including around 140 SHKP colleagues.



The return of the Sun Hung Kai Properties Hong Kong 10K Championships after the pandemic

Hong Chi Climathon

To raise funds for the Hong Chi Association – which provides support services to people with learning difficulties and their families – we co-hosted the Hong Chi Climathon this year. SHKP colleagues were among those who participated. In the wake of its success, awards were presented at a Hong Chi Climathon 2022/23 Fun Day at Central Plaza. This featured on-site charity booths and a virtual reality (VR) zone to promote sports and charity.



The Hong Chi Climathon 2022/23 Fun Day was held at Central Plaza



Caring for the Community

Caring for the Underprivileged

Objective

Support the needy

Approach

- Sponsor charitable and educational programmes in Hong Kong and on the mainland
- Provide timely and critical support to families in need, via our Building Homes with Heart Caring Initiative
- Encourage employees and their families to volunteer
- Donate and support community development and worthy causes



SHKP collaborates with various organizations to support the underprivileged in our community. We continued our signature events in 2022/23, such as the Building Homes with Heart Caring Initiative, supported by the SHKP Volunteer Team, the SHKP-Kwoks' Foundation and our youth startup platforms.

Building Homes with Heart Caring Initiative

For the Mid-Autumn Festival, SHKP showed its support to the community via the Building Homes with Heart Caring Initiative. Goodie bags – packed with festive food, anti-pandemic kits and stationery – were distributed to underprivileged families in Wan Chai and Sha Tin, to give those families a helping hand and equip children for their return to school. We repeated the initiative during the Lunar New Year, distributing goodies bags to elderly people in Kwun Tong and Southern District. A total of 8,000 goodies bags were delivered to underprivileged families and elderly in need.



The Building Homes with Heart Caring Initiative teams up with social welfare organizations to distribute goodie bags

Social Integration and Community Support from Business Units

To help new arrivals and single mothers to integrate into the community, Hong Yip's Self-enhancement Home Minor Maintenance Volunteer Programme was launched during the reporting year. This teaches basic maintenance skills that women can utilize at home. They also formed community support teams to reach out to more women in need and the elderly at home. In addition, Hong Yip has supported the Youth Upward Mobility Mentorship Program (YUM Program) organized by the Hong Kong Church Network for the Poor since 2017, which provides young people with a platform for on-job training, counselling and education subsidy. Around 10 colleagues from Hong Yip participated in the programme as mentees during the reporting year.

Kai Shing has endeavoured to support social enterprise and social integration. It teamed up with the social enterprise Delicious Express to install a vending machine, filled with homemade and healthy food, at our YOHO Midtown. Proceeds from the food support the operation of the volunteer food delivery team. At ICC, Kai Shing collaborated with a social enterprise, Hello Cocoa: chocolate gifts, handcrafted by teenagers with autism and special educational needs, were distributed to ICC tenants to celebrate Christmas. This gave the teenagers the opportunity to be self-reliant and contributed to creating an inclusive community. Kai Shing also teamed up with Rinato Eco Floral Shop, a social enterprise established by the Tung Wah Group of Hospitals, to prepare flowers for Mother's Day. This equipped hearing-impaired people with flower-arranging skills – a non-verbal form of communication. Over 20 colleagues from Kai Shing helped package 2,500 carnations with blessing messages.



The kick-off ceremony of the YUM Program



YOHO Midtown cooperates with Delicious Express to set up vending machines on the residential site



A Smart Book Sharing Cabinet is provided at Metroplaza for the local community

Meanwhile, to minimize barriers for low-income residents, Metroplaza collaborated with One Pile, a social enterprise known to offer a digital take on bookcrossing, to provide a Smart Book Sharing Cabinet at Metroplaza for the local community. This initiative aims to bridge the gap in learning opportunities between the wealthy and the poor. Furthermore, Kai Shing was awarded the Social Enterprise Supporter Award 2022 – Social Enterprise Supporter Plus honour by the Fullness Social Enterprises Society in recognition of its contribution to promoting ethical consumption and supporting social enterprises.

Supporting Community from Noah's Ark

Actively involved in ESG-related education, Noah's Ark Hong Kong – a park and resort – promotes environmental protection and caring for the underprivileged and elderly. Since its opening in 2009, we have partnered with around 1,700 local charities to organize over 10,500 educational and public welfare activities to benefit over 774,000 people, about 51% of whom were children and youths, and 49% underprivileged, elderly, disabled or chronically ill people.

For three consecutive years, Noah's Ark Hong Kong collaborated with The Boys' Brigade, Hong Kong's service unit Anchor House to host the Three S Project. This provided summer traineeships and opportunities for youths to help them identify potential careers. The Three S stands for 'Self & Society', 'Summer Internship' and 'Step Forward'. With this philosophy, the project first provided workshops to understand students' interests and values. It then arranged internships in different industries for students to adapt to various working cultures. 41 graduates from 15 secondary schools gained valuable experience from the project during the reporting year.



The graduation ceremony of the third edition of the Three S Project witnesses graduates' growth



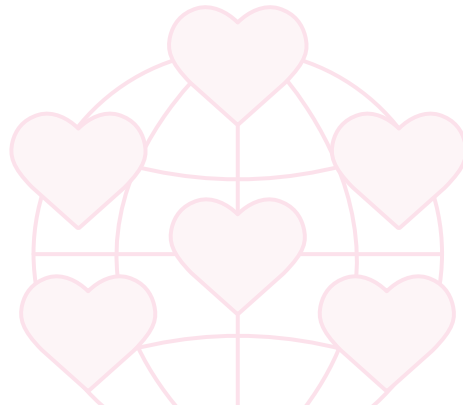
Guided by a professional instructor, the participants enjoyed Special Olympics mini-tennis

This year, Noah's Ark continued its collaboration with the Hong Kong Paralympic Committee to organize the Inclusive Para Sports Day. This encourages people with disabilities and their families to experience sports and enhances public awareness of physically handicapped and able-bodied (PHAB), thus promoting a more equal society. The event was attended by around 150 students from special schools, plus their family members.



CPA Australia and Noah's Ark Hong Kong provided learning opportunities for underprivileged children during the pandemic

Following the pandemic, SHKP sponsored a two-month programme From the Heart – Arts & Games Journey, in which 50 underprivileged students were invited to engage in a series of art creations as well as interactive activities for coping with emotions and stress, thus helping them acquire collaborative communication skills to resume moderate social activities.



Supporting Charitable and Fundraising Events by Social Welfare Organizations

We continue to support our local community via collaborations with social welfare organizations.



Our annual Community Chest Dress Casual Day received enthusiastic support from staff

340 x
20+ departments
and nearly 340 colleagues
from the head office participated

Nearly 80,000
Peaceboxes – with
commodities, dried food,
toys and stationery have
been donated to those in
need since 2014



10,000+ families and
people in Hong Kong received
Peaceboxes during the reporting year



Hong Yip has partnered with external organizations for PeaceBox – a campaign delivering love and blessings around the city – every Easter since 2014

Building a World-class Arts and Cultural Hub in West Kowloon Cultural District

We continue to be at the forefront of supporting Hong Kong's cultural development. Our Artist Square Towers Project – part of the West Kowloon Cultural District Project – aligns with the National 14th

Five-year Plan. It will be a vibrant cultural hub for artists from all over the world: an East-meets-West centre for international cultural exchange at the heart of Hong Kong. The project will complement the nearby ICC and the High Speed Rail West Kowloon Terminus Development. It will boost the area's status as a commercial, cultural, arts, retail, entertainment and transportation hub in Hong Kong and the Greater Bay Area.



A rendering of the National Scheme of the Artist Square Towers provided by the West Kowloon Cultural District Authority

Transitional Social Housing United Court for Underprivileged Families

To improve living conditions for underprivileged families in Hong Kong, SHKP partners with the Hong Kong Sheng Kung Hui Welfare Council, to provide land for the transitional housing project United Court. Opened in 2022, it has a total of 1,800 units that house up to 5,000 families. A people-oriented design includes recreational spaces, social enterprise stores and weekend markets. United Court also offers residents employment assistance and opportunities, with vocational training. This year, the 90-hour United Cut programme saw four trainees graduating as qualified hairdressers.



Providing underprivileged residents with employment opportunities at United Court

Creating Multigenerational Housing for the Youths and the Elderly

SHKP strives to promote multigenerational integration in communities. Our mega residential project at Sai Sha follows the path laid by Tung Shing Lei, SHKP's first multigenerational housing project. It will incorporate adaptable units, flexible layouts and features that cater to elderly residents' needs, including wider corridors and doorways, extra turnaround space, larger washrooms with additional handrails, and extra slip-resistant floor finishes with antibacterial functions.

It will also have a multi-generation hub with elderly-friendly features and an outdoor area with a landscape designed for both young and elderly residents. Caring services – such as housekeeping, meals, health and fitness planning, interest groups, mentoring and activities – will connect seniors and younger generations. We hope to enable elderly residents to live comfortably and happily in the same complex as their children and grandchildren through the use of a mix of age-friendly designs, supportive facilities and caring services.

Revitalizing Ma Wan Park to Promote Heritage and Cultural Development

To foster sustainable development, SHKP is developing and managing Ma Wan Park on Ma Wan Island. The project's first phase focuses on tourism, environmental protection and social welfare. The second focuses on the preservation, restoration and revitalization of buildings in the old Ma Wan village.

The project demonstrates our dedication to conservation and urban revitalization. Ma Wan Public Fong Yuen School (Junior Fong Yuen), which dates from the 1950s, has been transformed into a Heritage Centre that educates visitors on Ma Wan's rich history and promotes cultural preservation. It showcases historical artefacts unearthed in Ma Wan in 1997; recognized as one of the top ten new archaeological discoveries of the year by the National Cultural Heritage Administration.

Phase two began in 2021 and is scheduled for completion in 2024. The old Ma Wan village will be transformed into an arts village, with studios and workshops alongside retail and catering sites. Cultural artefacts – such as the Tin Hau Temple, the Kowloon customs commemorative tablet and stone tablet, and the historical Mui Wai rock inscription – will be restored. The park is expected to be a popular destination for tourists and leisure-seekers.



The Solar Villas were converted from old Ma Wan village houses from the early days to offer guestrooms and provide visitors with a green and tranquil vacation experience



A study hall built in the 1950s has been transformed into the Ma Wan Park's Heritage Centre

Supporting the Community Through SHKP-Kwoks' Foundation

The SHKP-Kwoks' Foundation has committed to the country's call to fight poverty since 2002. To date, it has been involved in more than 85 charity projects in education and training, poverty alleviation, healthcare and social services. It has donated over RMB720 million, with over 70,000 beneficiaries across 29 provinces and cities.

The Foundation provides scholarships and bursaries for tertiary education institutes in Hong Kong, on the mainland and abroad, helping promising youths from Hong Kong and Mainland China's low-income families. During the reporting year, the Foundation has a forward-looking vision to cultivate high-calibre talents for the country and extends its scope to support special projects. The following lists out highlights of our Foundation this year:

- Signed the fifth donation agreement of the Tianjin University scholarship, which was set up in 2009. Total donations exceeded RMB13 million, benefitting nearly 2,500 students
- Organized the Building Homes with Heart Scholarship Programme – a collaboration with The Hong Kong Polytechnic University – providing scholarships to 56 outstanding students pursuing studies in construction, real estate and engineering-related disciplines
- Organized the Chinese Executive Leadership Programme at Cambridge University for senior government officials and professionals on the mainland to acquire professional training, expertise and exposure in management and governance
- Provided scholarships such as Local Students Scholarships and double degree scholarships to renowned universities to support students from disadvantaged families to complete their studies

The Foundation has helped around 11,000 beneficiaries to complete their secondary, undergraduate and postgraduate studies as well as professional training. The Foundation also helps graduates to form alumni groups, to make more effective use of donations, to enhance talent development, to publicize the scholarship brand, and to expand grant beneficiaries from individuals to social groups. This year, the SHKP-Kwoks' Northwest University Student Association hosted the Hunan Red Tourism Summer Event, which encouraged students to learn about the development of historically significant tourism in Changsha, Hunan province, and about the history of China. Meanwhile, the Nanjing University Student Association held a Weekend Voluntary Teaching Event, providing classes for stay-at-home children in Longpao Subdistrict, Nanjing City.



Representatives from Zhejiang University present an illustrated book drawn by beneficiary students to the SHKP Kwoks' Foundation

SHKP Joins the Strive and Rise Programme to Support Underprivileged Young People

Nurturing young people is important. Therefore, SHKP has joined the HKSAR government's Strive and Rise programme, which supports secondary students from underprivileged families, boosts their self-confidence and helps them develop positive outlooks. From our departments and subsidiaries, 250 colleagues have volunteered to be mentors to share their experiences and help students with personal development plans. We also provide opportunities in job shadowing, site visits, charitable and community activities and occupational experience, so students can broaden their horizons and foster their personal development.

Nurturing Innovation and Startups in the Community

SHKP promotes technological advancement by supporting young entrepreneurs. We continued to provide fully equipped office premises for the Hong Kong X-Tech Startup Platform (HKX). Thus far, over 52 businesses have benefited. This year, SHKP and HKX co-hosted student events that focused on the latest technologies. The aim was to link industry experts with our younger generation in Hong Kong, and hence promote entrepreneurship.

Appendix I – Awards, Memberships and Charters

Awards and Recognitions



Organizer	Award	Awarded Unit
Asiamoney	Asiamoney 2022 Asia's Outstanding Companies Poll • Overall Most Outstanding Company in Hong Kong • Most Outstanding Company in Hong Kong – Real Estate Sector	SHKP
BCI Asia	BCI Asia Awards 2022 • Top Ten Hong Kong Developer	SHKP
Bloomberg Businessweek	ESG Leading Enterprise Awards 2022 • ESG Leading Enterprise Award • Leading Environmental Initiative Award • Leading Social Initiative Award	SHKP
CLP	Smart Energy Award 2022	
	• Energy Management Award – Excellence	Kai Shing
	• Joint Energy Saving Award • Sustainable Vision Award	Hong Yip
	Energy Saving Missions • Top Saving in 2022 – Gold Award • Smart Partner Award 2022	Hong Yip & Kai Shing Hong Yip
Corporate Governance Asia	Asian Excellence Award 2022 & 2023 • Asia's Best CSR • Hong Kong's Best Environmental Responsibility	SHKP
Crime Prevention Bureau & VTC	Security Services Best Training Award • Gold Award	Kai Shing • 10 properties
CTgoodjobs	Best HR Awards 2022	
	• Employer of the Year – Grand Award • Excellent HR Professional Award • HR Rising Star of the Year • Learning and Development Team of the Year • Recruitment Team of the Year	Hong Yip & Kai Shing
	• Best Corporate Social Responsibility Award – Gold Award • Best L&D Technology Implementation Award – Grand Award	Hong Yip
	• Best in HR Digitalisation Award – Grand Award • Best Talent Management Strategy Award – Grand Award	Kai Shing
	Manpower Developer Award Scheme • Super MD (Super Manpower Developer)	Hong Yip & Kai Shing
	ERB Annual Award • ERB Excellence Award for Employers • ERB 30 Enterprise Partnership Award	Hong Yip
Environmental Campaign Committee	Hong Kong Awards for Environmental Excellence 2021	
	• Property Management (Residential) – Gold Award	Kai Shing • Metropolis Plaza (Residential)
	• Property Management (Residential) – Silver Award	Kai Shing • Royal Palms
	• Property Management (Commercial & Industrial) – Gold Award	Kai Shing • New Town Plaza and New Town Tower
	• Property Management (Commercial & Industrial) – Silver Award	Kai Shing • V Walk

Environmental Campaign Committee	• Property Management (Commercial & Industrial) – Merit Award	Hong Yip • Mikiki • Tsuen Wan Plaza (Shopping Arcade) Kai Shing • Metropolis Plaza (Commercial) • Tai Po Mega Mall
	• Property Management (Residential) – Merit Award	Kai Shing • East Point City (Residential)
	Hong Kong Green Organization Certification	Hong Yip • 316 properties Kai Shing • 70 properties Sanfield and Royal Plaza Hotel
Euromoney	Euromoney Real Estate Awards 2022 • Best Developer (13 categories)	SHKP
Federation of Hong Kong Industries (FHKI)	BOCHK Corporate Low-Carbon Environmental Leadership Awards 2022 • Gold Award • Bronze Award	Hong Yip • Wonderland Villas Hong Yip • Royal Peninsula • Tsuen Wan Plaza (Shopping Arcade) Kai Shing • MOKO
FinanceAsia	Asia's Best Companies 2023 • Hong Kong Best Overall Company • Hong Kong Best Corporate ESG Strategy	SHKP
Fullness Social Enterprises Society (FSSES)	Social Enterprise Supporter Award 2022 • Social Enterprise Supporter Plus Awardee	Hong Yip & Kai Shing
Green Council	Hong Kong Green Awards 2022 • Green Management Award (Service Provider): Large Corporation and SME	Kai Shing • 13 properties
Hong Kong Association of Property Management Companies and Hong Kong Institute of Surveyors	Quality Property and Facility Management Award 2022 • Grand Award • Excellence Award • Certificate of Merit	Kai Shing • Park YOHO Kai Shing • 5 properties Kai Shing • 9 properties
Hong Kong Green Building Council	Hong Kong Green Shop Alliance Award 2022	
	Best Green Practice in Malls • Gold Award • Bronze Award • Merit Award	Kai Shing • V city Kai Shing • MOKO Hong Yip • Mikiki
	Excellent Green Product Advocate	Hong Yip • 6 properties Kai Shing • 3 properties

Organizer	Award	Awarded Unit
Hong Kong Institute of Construction Managers	Quality Building Award 2022 • Hong Kong Residential (Multiple Buildings) – Grand Award	Wetland Seasons Park
Hong Kong Institute of Housing (HKIH)	HKIH Elite Awards 2022	
	Outstanding Team (Private Housing – Non-residential) • Grand / Excellence Award • Excellence Award • Merit Award	Kai Shing • ICC Hong Yip • Mikiki Kai Shing • V city Kai Shing • Metroplaza
	Outstanding Team (Private Housing – Residential) • Merit Award	Hong Yip • Wonderland Villas Kai Shing • Grand YOHO
	Best Innovative Idea • Excellence Award	Hong Yip • Wonderland Villas Kai Shing • V Walk
	Best Crisis Management Team • Merit Award	Hong Yip • Oscar by the Sea
Hong Kong Quality Assurance Agency (HKQAA)	HKQAA Recognition Awards for Organisations 2022 • Pioneering Organisation in Net-Zero Contribution	Hong Yip • Tsuen Wan Plaza (Shopping Arcade) • Park Central (Shopping Arcade) Kai Shing • ICC • Grand Century Place • Tai Po Mega Mall
	• Management Award for Net-Zero Contribution (Property Management) – Visionary Blueprint towards Net-Zero	Hong Yip • Tsuen Wan Plaza (Shopping Arcade)
	• Management Award for Business Resilience & Community Contribution (Innovation for Excellence)	Kai Shing
	• Gold Seal for Business Resilience & Community Contribution	Hong Yip • 3 properties Kai Shing • 17 properties
	• Management Excellence Award for Outstanding ESG Rating (Property and Construction Development) – Green Contribution Organisation (Mitigate Climate Change) – Social Contribution Organisation (Build up Sustainable Cities and Communities) • Management Award for Business Resilience & Community Contribution (Community Support for Excellence)	SHKP
Hong Kong Retail Management Association	Service Talent Award 2022	
	Retail Excellence Award • Bronze Award • Merit Award	Kai Shing • YOHO Mall Kai Shing • Metroplaza
	Retail Services – Supervisory Level Category • Bronze Award	Hong Yip • Park Central (Shopping Arcade)

Hong Kong Retail Management Association	Excellent Service Stars	Hong Yip • 3 properties Kai Shing • 7 properties	
	Outstanding Flagship Service Brand	Hong Yip • 3 properties Kai Shing • 10 properties	
	Property Management – Junior Frontline Level category • Gold Award • Silver Award • Bronze Award • Outstanding Performance Award	Kai Shing • New Jade Shopping Arcade Kai Shing • New Town Plaza III Kai Shing • Ocean PopWalk Kai Shing • APM • East Point City	
Hong Kong Recreation Management Association	Residential Clubhouse Management Award 2021	Kai Shing • Pacific View	
HR Asia	Best Companies To Work For In Asia 2022 • WeCare HR Asia Most Caring Companies Award	Hong Yip	
JobsDB	The Hong Kong HR Awards 2022/23 • HR Team of the Year • Employer of the Year	Hong Yip	
JobMarket	Employer of Choice Award 2022 • Employer of Choice Award • ESG HR Strategy Excellence	Hong Yip & Kai Shing	
	• Corporate Sustainability Award • Greater Bay Area Outstanding Employer Award	Hong Yip	
	• Leadership Development Award • Wellness Culture Award	Kai Shing	
Occupational Safety & Health Council	The 21st Hong Kong Occupational Safety & Health Award		
	Rookie Safety Performance Award • Excellence Award • Outstanding Award	Kai Shing • Landmark North Hong Yip • Downtown 38 Kai Shing • New Town Plaza • Metropolis Plaza	
	The 10th Best Property Safety Management Award		
	Best Property Management Award – Residents' RMAA Works Safety Enhancement • Bronze Award	Kai Shing • Chelsea Court	
	Best Promotion Award for Light-Duty Working Platforms • Bronze Award • Merit Award • Special Mention for Creativity in Promotion	Kai Shing • Aegean Coast Kai Shing • Greenfield Garden Kai Shing • Aegean Coast • Greenfield Garden	



Organizer	Award	Awarded Unit
Reader's Digest	Trusted Brand 2022 - Platinum Award (Property Developer) - Gold Award (Property Management Company) - Gold Award (Shopping Mall)	SHKP Hong Yip & Kai Shing Kai Shing • APM
Recruit	Extraordinary Employer Awards 2021-2022 - Extraordinary Employer of the Year – Grand Award - Extraordinary Technology Deployment Award - Extraordinary Employer Brand Management Award (Property Management) - Extraordinary HR Digitalization Award - Extraordinary Corporate Social Responsibility (CSR) Award - Extraordinary Employer Brand Management Award (Construction)	Hong Yip & Kai Shing Hong Yip Kai Shing Sanfield
Royal Institution of Chartered Surveyors (RICS)	RICS Awards Hong Kong 2022 - Facilities Management Team of the Year - Property Management Team of the Year	Hong Yip • Tsuen Wan Plaza (Shopping Arcade) Kai Shing • ICC
SocietyNext Foundation	InnoESG Prize	Kai Shing
The Building Services Division of The Hong Kong Institution of Engineers	The Excellent Building Award 2023 Grand Award (Existing Building) - Carbon Neutrality Achievement - Retro-Commissioning Award - Anti-epidemic (COVID-19) Achievement Award	Hong Yip • Sun Hung Kai Centre Kai Shing • ICC • V city Kai Shing • ICC Hong Yip • Sun Hung Kai Centre
The Hong Kong Council of Social Service	20 Year Plus Caring Company logo 15 Year Plus Caring Company logo 10 Year Plus Caring Company logo	SHKP, Hong Yip, Kai Shing, Royal Park Hotel, Royal Plaza Hotel, Tai Po Mega Mall The Royal Garden, Sanfield Kai Shing • 14 properties Royal View Hotel Kai Shing • 14 properties
The Hong Kong General Chamber of Small and Medium Business	2022 Partner Employer Award Partner Employer 10 years Award	Hong Yip
The Hong Kong Institute of Facility Management	Excellence Facility Management Award 2022 Excellence in Facility Management Award - Grand award - Distinction Award - Excellence Award - Merit Award	Kai Shing • Aegean Coast • YOHO Mall Kai Shing • Apec Plaza • Sun Tuen Mun Centre • Lei On Court Kai Shing • 38 properties Kai Shing • 10 properties

The Hong Kong Institute of Facility Management	Theme Award (Smart Technology) - Gold Award FM People Award - Managerial Grade – Gold Award - Managerial Grade – Bronze Award - Supervisory Grade – Silver Award - Supervisory Grade – Bronze Award - Officer Grade – Bronze Award	Kai Shing • Kowloon Commerce Centre Kai Shing • New Town Plaza Kai Shing • Grand Century Place Kai Shing • New Town Plaza Kai Shing • Tai Po Mega Mall Kai Shing • MOKO
TripAdvisor	Travelers' Choice Award 2023 2023 Best of the Best Hotels	ALVA Hotel by Royal and Royal Plaza Hotel The Royal Garden
Trip.com	The Top Producing Hotel in 2022	ALVA Hotel by Royal
Forbes Travel Guide	2023 Star Award Winners	The Royal Garden
World Green Organization	Green Office Awards Labelling Scheme (GOALS)	Hong Yip • 2 properties Kai Shing • 14 properties

Memberships and Charters

Memberships

- Business Environment Council (Founding Member since 2002)
- Employers' Federation of Hong Kong (Corporate Member since 1994)
- Hong Kong General Chamber of Commerce (Member since 1977)
- The Chamber of Hong Kong Listed Companies (Corporate Member since 2004)
- The Hong Kong Council of Social Service of The Caring Company Scheme Patron's Club (Jade Member since 2007)
- The Hong Kong Green Building Council (Gold Patron Member since 2011, Platinum Patron Member since 2023)
- The Real Estate Developers Association of Hong Kong (Corporate Member since 1974)

Charters

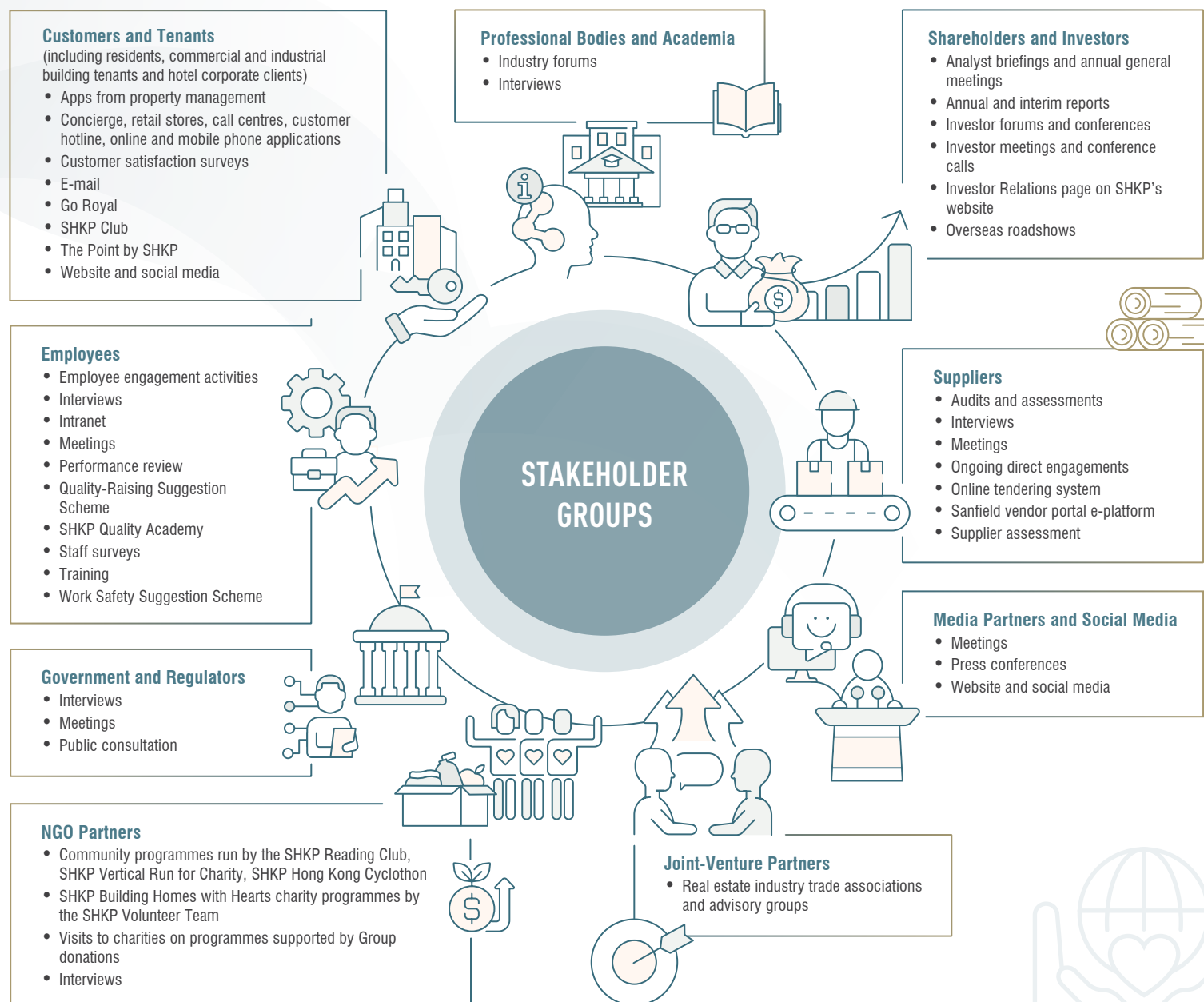
- 4T Charter of Hong Kong Environment and Ecology Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2017)
- BEC Net-zero Carbon Charter (former name as Low Carbon Charter, Signatory since 2021)
- Carbon Neutrality Partnership by Hong Kong Environment and Ecology Bureau (Signatory since 2021)
- Carbon Reduction Charter and Carbon Audit • Green Partner of Hong Kong Environmental Protection Department (Signatory since 2009)
- Charter on External Lighting of Hong Kong Environment and Ecology Bureau (Signatory since 2016)
- Charter on Preferential Appointment of OSH Star Enterprise of Occupational Safety and Health Council (Signatory since 2016)
- Charter on the Sales of First-hand Residential Properties of Estate Agents Authority (Signatory since 2018)
- Energy Saving Charter of Hong Kong Environment and Ecology Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2016)
- Glass Container Recycling Charter of the Environmental Protection Department (Signatory since 2016)
- 'Let's Save 10L Water' 1.0 & 2.0 Campaign of Hong Kong Environment Bureau and Hong Kong Water Supplies Department (Signatory since 2015)
- Organ Donation Promotion Charter of Department of Health (Signatory since 2016)

Appendix II – Stakeholder Engagement Process and Materiality Analysis Methodology

Stakeholder Engagement Process

SHKP acknowledges the importance of stakeholder engagement and strives to maintain a transparent and positive relationship with all our stakeholders. We have a **Stakeholder Engagement Policy** in place to guide our stakeholder engagement efforts and promote effective communication with internal and external stakeholders. We have been engaging stakeholders annually via focus groups and/or surveys since 2013 to gather their feedback on our sustainability strategy and performance. Starting in 2018/19, we adopted a three-year stakeholder engagement approach, whereby a group of stakeholders are invited for in-depth discussions each year, supplemented by a survey every three years. Our stakeholder review panel comprises of sustainability professionals and representatives from different stakeholder groups. Through ongoing and proactive dialogues, we gain valuable insight into our stakeholders' perspectives and the sustainability topics that matter to them. Stakeholders' feedback enables us to make better and more informed decisions when responding to future sustainability challenges.

Stakeholder engagement has been a core part of our daily operations. We engage with our stakeholders to understand how well our sustainability performances meet their needs and expectations through various engagement channels, such as ongoing direct dialogue, meetings and formal surveys. The key methods of engagement with stakeholder groups include:



Materiality Analysis Methodology

We adopt a three-step approach which allows us to identify, prioritize and validate sustainability topics most significant to our business and stakeholders. The approach is guided by the AA1000 Stakeholder Engagement Standard and with reference to the principles of stakeholder inclusivity, materiality, responsiveness and impact of the latest AA1000 AccountAbility Principles and the GRI Standards 2021. An independent consultant is engaged to perform a stakeholder engagement exercise to identify material ESG issues that are relevant to our business. Internal and external stakeholders were invited to assess the importance of sustainability issues and provide their views on the Group's sustainability performance. This enables us to further align our business practices with the latest development.



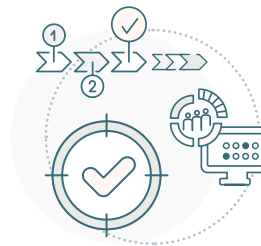
Step 1 Identifying ESG Topics



With reference to previous materiality analysis, we identified and refined the list of sustainability issues related to the Group's economic, environmental and social impacts and performance based on industry research and peer benchmarking. We grouped ESG topics into six key themes:

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

Step 2 Ranking ESG Topics



We engaged our stakeholders, including employees, customers, NGOs, partners, investors, academia, suppliers, industry peers and media partners through online surveys on a regular basis. Stakeholders ranked ESG topics according to their perceived importance to the Group on a scale of 1 to 6, with '1' being not important at all and '6' being very important. Stakeholders were also asked to review the list of material topics from preceding years and determine if topics should remain unchanged and if additional topics should be considered. ESG topics were plotted in a matrix which shows their degree of importance to stakeholders relative to the significance of their impact on the Group's business.

Step 3 Validating the Results



We gathered qualitative feedback from our stakeholder review panel to validate the ranked results. The Sustainability Steering Committee, with the assistance of the independent consultant, reviewed and approved the scope, topic boundaries and completeness of the prioritized material topics.



Appendix III — Performance Tables

Environmental Performance – Operations in Hong Kong

	Unit	2022/23 ¹	2021/22 ²	2020/21 ³
Greenhouse gas (GHG) emissions within the Group				
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	45,827	40,751	37,885
Indirect GHG emissions (scope 2) – market-based	tonnes CO ₂ e	210,896	212,262	208,992
Indirect GHG emissions (scope 2) – location-based	tonnes CO ₂ e	339,829	339,981	346,416
Indirect GHG emissions (scope 3) – Business air travel	tonnes CO ₂ e	209 ⁴	28	7
GHG emission intensity (Scope 1&2) – market-based				
Head office	tonnes CO ₂ e/m ²	0.070	0.074	0.069
Construction	tonnes CO ₂ e/m ²	0.009	0.010	0.008
Property management	tonnes CO ₂ e/m ²	0.042	0.044	0.044
Hotels	tonnes CO ₂ e/room night	0.034	0.033	0.032
Non-hazardous waste disposal within the Group				
General waste	tonnes	102,188	110,634	115,582
Construction and demolition waste ⁵	tonnes	151,099 ⁶	55,273	42,668
Non-hazardous waste recycled within the Group				
Paper	kg	2,453,599	1,806,345	2,362,147
Plastic	kg	96,141	123,800	52,054
Metal	kg	3,440,402 ⁸	35,388	16,915
Used cooking oil	kg	19,536 ⁷	10,855	10,645
Food waste	kg	380,187	302,365	318,327
Glass	kg	79,038	67,905	57,987
Construction and demolition waste	tonnes	946,626 ⁸	407,069	272,069
Hazardous wastes collected and recycled within the Group⁸				
Total hazardous wastes collected and recycled within the group	kg	16,905	11,591	-
Batteries	kg	159	-	-
Chemicals	kg	80	-	-
Electronic and Electrical Waste	kg	7,512	-	-
Fluorescent lamp	kg	4,387	-	-
Toner Cartridge	kg	4,767	-	-
Energy generation within the Group				
Total renewable energy generated and exported - Solar⁹	kWh	405,893	303,329	255,437

	Unit	2022/23 ¹	2021/22 ²	2020/21 ³
Energy consumption within the Group				
Total energy consumption	Gigajoules (GJ)	2,531,698	2,440,866	2,437,070
Head office	GJ	10,498	11,280	9,898
Construction	GJ	266,191 ⁶	186,546	141,063
Property management	GJ	1,984,178	1,970,486	2,013,643
Hotels	GJ	270,831	272,554	272,466
Energy intensity				
Head office	GJ/m ²	0.47	0.51	0.44
Construction	GJ/m ²	0.110	0.112	0.086
Property management	GJ/m ²	0.40	0.42	0.43
Hotels	GJ/room night	0.33	0.33	0.34
Electricity consumption	GJ	1,747,690	1,748,473	1,781,566
	kWh	485,469,570	485,686,943	494,879,342
Head office	GJ	6,824	6,527	6,446
	kWh	1,895,588	1,813,068	1,790,536
Construction	GJ	75,408	58,560	51,214
	kWh	20,946,736	16,266,802	14,226,118
Property management ¹⁰	GJ	1,440,930	1,455,475	1,497,864
	kWh	400,258,401	404,298,543	416,073,375
Hotels	GJ	224,528	227,911	226,042
	kWh	62,368,845	63,308,530	62,789,313
Gas consumption	GJ	585,669	554,909	557,266
Head office	GJ	245	277	259
Construction ¹¹	GJ	-	-	-
Property management	GJ	539,743	511,098	511,866
Hotels	GJ	45,681	43,534	45,141

¹ Environmental data of 2022/23 include head office, 19 construction sites, 87 buildings from property management, and 5 Royal brand hotels.

² Environmental data of 2021/22 include head office, 21 construction sites, 87 buildings from property management, and 5 Royal brand hotels.

³ Environmental data of 2020/21 include head office, 30 construction sites, 87 buildings from property management, and 5 Royal brand hotels.

⁴ The increase in scope 3 emissions was due to more business trips after COVID-19.

⁵ We have enhanced our recycling practice at construction sites and harmonized the calculation methodology recycling data to reflect actual situation since 2019/20. Therefore, figures since 2019/20 cannot be used for direct comparison with historical data.

⁶ Data variance is due to a number of construction sites are in superstructure stage, resulting in increase in energy, fuel, diesel, waste disposal and recycled, brick and steel used.

⁷ The increase in used cooking oil recycled was due to the business resumption of restaurants after COVID-19.

⁸ In 2022/23, we enhanced our data collection and were able to disclose the data breakdown for hazardous waste collected and recycled. Hazardous waste is collected by licensed waste collectors.

⁹ The energy generated by the Group was exported to the Government's Feed-in Tariff Scheme.

¹⁰ The data refers to electricity consumption of common area and air conditioning system in office buildings, shopping malls and residential properties.

¹¹ Gas consumption by construction sites was not significant.

	Unit	2022/23 ¹	2021/22 ²	2020/21 ³
Fuel consumption	GJ	198,339	137,485	98,238
Head office	GJ	3,429	4,476	3,193
Construction	GJ	190,783 ⁶	127,986	89,849
Property management	GJ	3,505	3,913	3,913
Hotels	GJ	622	1,110	1,284
Diesel consumption	L	5,368,377	3,653,137	2,581,939
Head office	L	3,512	5,647	3,628
Construction	L	5,279,475 ⁶	3,538,318	2,464,968
Property management	L	78,925	102,502	102,164
Hotels	L	6,465	6,670	11,179
Petrol consumption	L	171,111	194,781	165,268
Head office	L	94,639	122,362	87,727
Construction	L	65,262	47,783	52,658
Property management	L	437	- ¹²	224
Hotels	L	10,773	24,636	24,660
Water consumption within the Group				
Total water consumption	m³	2,711,134	2,727,755¹³	3,033,605
Head office	m ³	5,409	5,524	5,021
Construction	m ³	638,115	562,790	799,833
Property management	m ³	1,605,337 ¹⁴	1,634,629 ¹³	1,729,332
Hotels	m ³	462,273	524,813	499,419
Water intensity				
Head office	m ³ /m ²	0.24	0.25	0.23
Construction	m ³ /m ²	0.26	0.34	0.49
Property management	m ³ /m ²	0.33 ¹⁴	0.33 ¹³	0.37
Hotels	m ³ /room night	0.57	0.64	0.62
Major construction materials used				
Concrete	m ³	663,575	569,964	449,069
Bricks	piece	3,112,985 ⁶	1,521,856	2,250,297
Steel	tonnes	199,711 ⁶	120,471	143,009

¹² Petrol consumption by property management operation was not significant.¹³ The figure has been restated to reflect the actual situation in that year.¹⁴ Water consumption data of 12 managed properties remains unavailable from the Water Services Department at the time of the Report publication, thus the respective water consumption is estimated. The data shall be updated in the next Sustainability Report.

Social Performance — Operations in Hong Kong

	Unit	2022/23		2021/22		2020/21	
Employment practice		Permanent	Contract	Permanent	Contract	Permanent	Contract
Total workforce		31,014 ¹⁵		27,370		25,964	
Full-time workforce by employment contract ¹⁶		23,422	3,003	24,335	3,035	22,866	3,098
Head office	no. of people	1,696	29	1,656	23	1,634	20
Construction	no. of people	3,537	104	3,328	97	3,048	61
Property management	no. of people	16,698	2,749	17,786	2,814	16,565	2,925
Hotels	no. of people	1,491	121	1,565	101	1,619	92
		Male	Female	Male	Female	Male	Female
Full-time workforce by gender		14,749	11,676	15,068	12,302	14,639	11,325
Head office	no. of people	841	884	843	836	843	811
Construction	no. of people	2,693	948	2,547	878	2,381	728
Property management	no. of people	10,250	9,197	10,707	9,893	10,442	9,048
Hotels	no. of people	965	647	971	695	973	738
Full-time workforce by age group							
Head office							
Under 30	no. of people	226		223		207	
30 - 50	no. of people	943		913		932	
Above 50	no. of people	556		543		515	
Construction							
Under 30	no. of people	561		511		506	
30 - 50	no. of people	1,665		1,597		1,452	
Above 50	no. of people	1,415		1,317		1,151	
Property management							
Under 30	no. of people	1,417		1,592		1,805	
30 - 50	no. of people	5,127		5,324		5,581	
Above 50	no. of people	12,903		13,684		12,104	
Hotels							
Under 30	no. of people	373		389		392	
30 - 50	no. of people	774		826		883	
Above 50	no. of people	465		451		436	
Full-time workforce by employee category							
Managerial	no. of people	1,448		1,399		1,300	
Officer-grade	no. of people	3,171		2,936		2,941	
Operational	no. of people	18,434		19,628		18,304	
Supporting	no. of people	3,372		3,407		3,419	

¹⁵ We expanded our data collection and began to collect part-time employee data in 2022/23.¹⁶ Seasonal employment does not cause significant variations to the total workforce.

	Unit	2022/23	2021/22	2020/21			
Full-time workforce by nationality ¹⁷							
Head office							
Chinese	no. of people	1,667	-	-			
North, Central, and South American	no. of people	19	-	-			
Australian and New Zealander	no. of people	14	-	-			
European	no. of people	20	-	-			
Other Asian countries	no. of people	5	-	-			
African	no. of people	0	-	-			
Construction							
Chinese	no. of people	3,612	-	-			
North, Central, and South American	no. of people	0	-	-			
Australian and New Zealander	no. of people	0	-	-			
European	no. of people	0	-	-			
Other Asian countries	no. of people	29	-	-			
African	no. of people	0	-	-			
Property management							
Chinese	no. of people	18,475	-	-			
North, Central, and South American	no. of people	5	-	-			
Australian and New Zealander	no. of people	5	-	-			
European	no. of people	390	-	-			
Other Asian countries	no. of people	567	-	-			
African	no. of people	5	-	-			
Hotels							
Chinese	no. of people	1,583	-	-			
North, Central, and South American	no. of people	0	-	-			
Australian and New Zealander	no. of people	0	-	-			
European	no. of people	4	-	-			
Other Asian countries	no. of people	25	-	-			
African	no. of people	0	-	-			
Part-time workforce by gender		Male	Female	Male	Female	Male	Female
Head office	no. of people	0	0	-	-	-	-
Construction	no. of people	1	4	-	-	-	-
Property management	no. of people	1,761	2,823	-	-	-	-
Hotels	no. of people	0	0	-	-	-	-
Total number of new hire		10,215		11,187		8,745	
New hire ¹⁸ by gender (number and rate ¹⁹)		Male	Female	Male	Female	Male	Female
Head office	no. of people	125	204	149	198	85	101
	%	14.9	23.1	17.7	23.7	10.1	12.5
Construction	no. of people	664	383	785	363	533	262
	%	24.7	40.4	30.8	41.3	22.4	36.0

	Unit	2022/23		2021/22		2020/21	
Property management	no. of people	4,226	4,082	4,305	4,784	3,717	3,638
	%	41.2	44.4	40.2	48.4	35.6	40.2
Hotels	no. of people	313	218	340	263	249	160
	%	32.4	33.7	35.0	37.8	25.6	21.7
New hire by age group (number and rate ²⁰)							
Head office							
Under 30	no. of people	125		143		84	
	%	55.3		64.1		40.6	
30 – 50	no. of people	192		187		97	
	%	20.4		20.5		10.4	
Above 50	no. of people	12		17		5	
	%	2.2		3.1		1.0	
Construction							
Under 30	no. of people	275		282		269	
	%	49.0		55.2		53.2	
30 – 50	no. of people	431		505		274	
	%	25.9		31.6		18.9	
Above 50	no. of people	341		361		252	
	%	24.1		27.4		21.9	
Property management							
Under 30	no. of people	1,022		1,459		1,014	
	%	72.1		91.6		56.2	
30 – 50	no. of people	2,067		1,837		1,969	
	%	40.3		34.5		35.3	
Above 50	no. of people	5,219		5,793		4,372	
	%	40.4		42.3		36.1	
Hotels							
Under 30	no. of people	133		197		116	
	%	35.7		50.6		29.6	
30 – 50	no. of people	239		276		221	
	%	30.9		33.4		25.0	
Above 50	no. of people	159		130		72	
	%	34.2		28.8		16.5	

¹⁷ North, Central and South American include American and Canadian, Panamanian and Honduran, etc. European includes British, German, Portuguese and Hellenic, etc. Other Asian countries include Indonesian, Japanese, Pakistani, Nepalese, Malaysian, Taiwanese, Filipino, Thai, Vietnamese and Singaporean, etc. In 2022/23, we did not have any employees from nationalities excluded in the table.

¹⁸ The internal transfer rate in 2022/23 is 8%, which is calculated by the number of internal transfer over the total number of new hire and internal transfer.

¹⁹ New hire rate refers to total number of full-time new hire of the gender group per the total number of full-time employees of the corresponding gender group.

²⁰ New hire rate refers to total number of full-time new hire of the age group per the total number of full-time employees of the corresponding age group.

	Unit	2022/23	2021/22	2020/21
New hire by employee category (number and rate²¹)				
Managerial	no. of people	170	-	-
	%	11.7	-	-
Officer-grade	no. of people	883	-	-
	%	27.8	-	-
Operational	no. of people	7,804	-	-
	%	42.3	-	-
Supporting	no. of people	1,358	-	-
	%	40.3	-	-
New hire by nationality²² (number and rate²³)				
Head office				
Chinese	no. of people	325	-	-
	%	19.5	-	-
North, Central, and South American	no. of people	1	-	-
	%	5.3	-	-
Australian and New Zealander	no. of people	1	-	-
	%	7.1	-	-
European	no. of people	1	-	-
	%	5.0	-	-
Other Asian countries	no. of people	1	-	-
	%	20.0	-	-
African	no. of people	0	-	-
	%	0	-	-
Construction				
Chinese	no. of people	1,037	-	-
	%	28.7	-	-
North, Central, and South American	no. of people	0	-	-
	%	0	-	-
Australian and New Zealander	no. of people	0	-	-
	%	0	-	-
European	no. of people	0	-	-
	%	0	-	-
Other Asian countries	no. of people	10	-	-
	%	34.5	-	-
African	no. of people	0	-	-
	%	0	-	-
Property management				
Chinese	no. of people	7,880	-	-
	%	42.7	-	-
North, Central, and South American	no. of people	1	-	-
	%	20.0	-	-
Australian and New Zealander	no. of people	1	-	-
	%	20.0	-	-

	Unit	2022/23	2021/22	2020/21			
European	no. of people	22	-	-			
	%	5.6	-	-			
Other Asian countries	no. of people	400	-	-			
	%	70.5	-	-			
African	no. of people	4	-	-			
	%	80.0	-	-			
Hotels							
Chinese	no. of people	527	-	-			
	%	33.3	-	-			
North, Central, and South American	no. of people	0	-	-			
	%	0	-	-			
Australian and New Zealander	no. of people	0	-	-			
	%	0	-	-			
European	no. of people	0	-	-			
	%	0	-	-			
Other Asian countries	no. of people	4	-	-			
	%	16.0	-	-			
African	no. of people	0	-	-			
	%	0	-	-			
Total employee turnover	no. of people	6,515	5,603	4,881			
Employee turnover ²⁴ by gender (number and rate ²⁵)		Male	Female	Male	Female	Male	Female
Head office	no. of people	95	142	127	155	70	89
	%	11.3	16.1	15.1	18.5	8.3	11.0
Construction	no. of people	296	146	350	117	239	85
	%	11.0	15.4	13.7	13.3	10.0	11.7
Property management	no. of people	2,425	2,816	2,044	2,155	1,897	1,924
	%	23.7	30.6	19.1	21.8	18.2	21.3
Hotels	no. of people	343	252	367	288	334	243
	%	35.5	38.9	37.8	41.4	34.3	32.9
Employee turnover ²⁴ by age group (number and rate ²⁶)							
Head office							
Under 30	no. of people	68		95		52	
	%	30.1		42.6		25.1	

²¹ New hire rate refers to total number of full-time new hire of the employee category per the total number of full-time employees of the corresponding employee category.

²² In 2022/23, there were no new recruits from nationalities excluded in the table.

²³ New hire rate refers to total number of full-time new hire of the nationality per the total number of full-time employees of the corresponding nationality.

²⁴ The definition of employee turnover follows respective industry standards according to business nature. For our hotel business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our head office, construction and property management business, voluntary turnover is included in the calculation. The total voluntary employee turnover rate in 2022/23 is 20.6%.

²⁵ Turnover rate refers to the total number of full-time employee turnover of the gender group per the total number of full-time employees of the corresponding gender group.

²⁶ Turnover rate refers to total number of full-time employee turnover of the age group per the total number of full-time employees of the corresponding age group.

	Unit	2022/23	2021/22	2020/21
30 – 50	no. of people	146	171	97
	%	15.5	18.7	10.4
Above 50	no. of people	23	16	10
	%	4.1	2.9	1.9
Construction				
Under 30	no. of people	99	121	157
	%	17.6	23.7	31.0
30 – 50	no. of people	221	232	111
	%	13.3	14.5	7.6
Above 50	no. of people	122	114	56
	%	8.6	8.7	4.9
Property management				
Under 30	no. of people	639	701	573
	%	45.1	44.0	31.7
30 – 50	no. of people	1,276	1,238	1,152
	%	24.9	23.3	20.6
Above 50	no. of people	3,326	2,260	2,096
	%	25.8	16.5	17.3
Hotels				
Under 30	no. of people	115	182	163
	%	30.8	46.8	41.6
30 – 50	no. of people	302	318	292
	%	39.0	38.5	33.1
Above 50	no. of people	178	155	122
	%	38.3	34.4	28.0
Employee turnover²⁴ by employee category (number and rate²⁷)				
Managerial	no. of people	153	183	124
	%	10.6	13.1	9.6
Officer-grade	no. of people	678	718	483
	%	21.4	24.5	16.4
Operational	no. of people	4,925	3,881	3,671
	%	26.7	19.8	20.1
Supporting	no. of people	759	821	603
	%	22.5	24.1	17.6
Employee turnover²⁴ by nationality²⁸ (number and rate²⁹)				
Head office				
Chinese	no. of people	231	-	-
	%	13.9	-	-
North, Central, and South American	no. of people	1	-	-
	%	5.3	-	-

	Unit	2022/23	2021/22	2020/21
European	no. of people	0	-	-
	%	0	-	-
Other Asian countries	no. of people	5	-	-
	%	100	-	-
Construction				
Chinese	no. of people	437	-	-
	%	12.1	-	-
North, Central, and South American	no. of people	0	-	-
	%	0	-	-
European	no. of people	0	-	-
	%	0	-	-
Other Asian countries	no. of people	5	-	-
	%	17.2	-	-
Property Management				
Chinese	no. of people	4,935	-	-
	%	26.7	-	-
North, Central, and South American	no. of people	2	-	-
	%	40.0	-	-
European	no. of people	27	-	-
	%	6.9	-	-
Other Asian countries	no. of people	277	-	-
	%	48.9	-	-
Hotels				
Chinese	no. of people	594	-	-
	%	37.5	-	-
North, Central, and South American	no. of people	0	-	-
	%	0	-	-
European	no. of people	0	-	-
	%	0	-	-
Other Asian countries	no. of people	1	-	-
	%	4.0	-	-
Regular performance review³⁰				
Full-time employees receiving performance reviews	no. of people	25,260	26,197	22,782
	%	95.6	95.7	87.7

²⁷ Turnover rate refers to total number of full-time employee turnover of the employee category per the total number of full-time employees of the corresponding employee category.

²⁸ We have also collected a breakdown of employee turnover from other nationalities (i.e., Australian and New Zealander, African and Others). In 2022/23, no employees from these nationalities left the company.

²⁹ Turnover rate refers to total number of full-time employee turnover of the nationality per the total number of full-time employees of the corresponding nationality.

³⁰ The performance review is complemented by open feedback channels, such as one to one conversations between employees and supervisors, to allow employees to express opinions and give recommendations. Approaches of management by objectives and team-based performance appraisal are usually adopted. Multidimensional appraisal process is adopted in our property management subsidiary to ensure a more accurate and holistic evaluation of performance, helping them better understanding on their strengths and areas for improvement. On-going performance review will take place and performance appraisals will be conducted at least once a year where applicable.

	Unit	2022/23		2021/22		2020/21	
Regular performance review by gender (number and rate ³¹)		Male	Female	Male	Female	Male	Female
Head office	no. of people	841	884	-	-	-	-
	%	100	100	-	-	-	-
Construction	no. of people	2,077	399	-	-	-	-
	%	77.1	42.1	-	-	-	-
Property management	no. of people	10,250	9,197	-	-	-	-
	%	100	100	-	-	-	-
Hotels	no. of people	965	647	-	-	-	-
	%	100	100	-	-	-	-
Regular performance review by employee category (number and rate ³²)							
Managerial	no. of people	1,448		-		-	
	%	100		-		-	
Officer-grade	no. of people	3,171		-		-	
	%	100		-		-	
Operational	no. of people	17,269		-		-	
	%	93.7		-		-	
Supporting	no. of people	3,372		-		-	
	%	100		-		-	
Gender pay ratio (female to male)							
Mean base salary for total workforce	Ratio	1:1.17		1:1.14		-	
Mean base salary by employee level							
Executive	Ratio	1:1.08		1:1.13		-	
Management	Ratio	1:1.17		1:1.13		-	
Non-management	Ratio	1:1.34		1:1.21		-	
Occupational health and safety							
Total number of work-related fatalities	no. of people	0		0		0	
Work-related fatalities rate	per 1,000 workers	0		0		0	
Lost time injury frequency rate - employees	no. of lost time injury (N) per million hours worked	5.40		6.22		5.99	
Lost time injury frequency rate - contractors	N per million hours worked	4.21		3.38		3.45	
		Male	Female	Male	Female	Male	Female
Injury rate ³³	per 1,000 workers	16.88	22.01	21.04	27.39	23.43	29.49
Lost days ³⁴	days	11,921	17,088	15,714	23,825	16,815	22,577
Lost day rate ³⁵	%	0.18		0.26		0.25	
Absentee rate ³⁶	%	1.35		1.25		0.96	
High-consequence work-related injury (exclude fatality)	no. of cases	63 ³⁷	11 ³⁷	-		-	

	Unit	2022/23		2021/22		2020/21	
Work-related ill health ³⁸	no. of cases	6		-		-	
Fatalities as a result of work-related ill health	no. of cases	0		-		-	
Parental leave		Male	Female	Male	Female	Male	Female
Number of employees who took parental leave	no. of people	65	114	-	-	-	-
Number of employees who returned to work after parental leave	no. of people	63	102	-	-	-	-
Return to work rate ³⁹	%	97	89	-	-	-	-
Number of employee who returned to work after taking parental leave in 2021/22	no. of people	118	75	-	-	-	-
Number of employee still employed for 12 months after returning to work	no. of people	102	55	-	-	-	-
Development and training		Male	Female	Male	Female	Male	Female
Average training hours per employee by gender and employee category							
Managerial	hours	14.8	17.3	16.4	17.1	17.1	20.6
Officer-grade	hours	29.0	55.9	21.8	29.3	20.3	31.5
Operational	hours	9.0	5.2	6.0	3.3	6.6	4.2
Supporting	hours	9.0	17.5	7.5	9.5	7.2	10.4
Total / Average training hours for health and safety at construction sites	hours	601,772 ⁴⁰		434,990		365,773	
	hours per employee	22.8 ⁴⁰		15.9		14.1	
Anti-corruption ⁴¹ and anti-competition							
Reported case of corrupt practices	no. of cases	0		0		0	
Reported case of anti-competitive behaviour	no. of cases	0		0		0	

³¹ Performance review rate refers to total number of full-time employees receiving performance review of the gender group per the total number of full-time employees of the corresponding gender group.

³² Performance review rate refers to total number of full-time employees receiving performance review of the employee category per the total number of full-time employees of the corresponding employee category.

³³ Injury rate refers to work-related injuries with sick leave equal to or greater than three days per the total number of employees of the corresponding gender group.

³⁴ Lost day refers to sick leaves due to all types of work-related injuries.

³⁵ Lost day rate refers to sick leaves due to all types of work-related injuries per the scheduled working days of the total number of employees.

³⁶ Absentee rate refers to all types of work-related injuries and non-work-related sick leaves per the scheduled working days of the total number of employees.

³⁷ The major causes of injury are falls, slips, sprains, strains, bruises, lacerations and contusions. Following the incidents, the injured employees received necessary medical care. To prevent future recurrences, we implemented follow-up actions, such as equipment inspections, health and safety education, and documentation on equipment usage.

³⁸ The major causes of work-related ill health are contusion, bruise, sprain and strain.

³⁹ Return to work rate refers to the total number of employees who returned to work after parental leave per the total number of employees who took parental leave.

⁴⁰ Total / Average training hours for health and safety at construction sites increased significantly due to increasing emphasis on health and safety of employee training at construction sites.

⁴¹ 13,331 of our full-time employees attended internal and external anti-corruption training in 2022/23, totalling 6,089 training hours.

Environmental Performance — Operations on the Mainland

	Unit	2022/23 ¹	2021/22 ²
Greenhouse gas (GHG) emission within the Group			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	2,865 ³	4,451
Indirect GHG emissions (scope 2) ⁴	tonnes CO ₂ e	59,460	51,211
GHG emission intensity (scope 1&2)			
Head office	tonnes CO ₂ e/m ²	0.02 ³	0.10
Property management	tonnes CO ₂ e/m ²	0.10	0.10
Non-hazardous waste disposal within the Group			
General waste	tonnes	18,427	14,552
Non-hazardous waste recycled within the Group			
Paper	kg	222,410	181,178
Plastic	kg	19,045	18,676
Metal	kg	5,095 ⁵	755
Used cooking oil	kg	4,203	3,901 ⁶
Food waste	kg	4,991,165	4,854,133
Glass	kg	18,217	17,296
Hazardous waste collected and recycled within the Group⁷			
Total hazardous wastes collected and recycled within the group	kg	9,689	10,735⁶
Fluorescent lamp	kg	13	-
Toner Cartridge	kg	77	-
Waste Oil	kg	9,600	-
Energy consumption within the Group			
Total energy consumption	Gigajoules (GJ)	392,884	346,129
Head office	GJ	57,121 ⁸	4,360
Property management	GJ	335,763	341,769
Energy intensity			
Head office	GJ/m ²	0.14	0.69
Property management	GJ/m ²	0.63	0.64
Electricity consumption			
	GJ	341,287	302,177
	kWh	94,801,872	83,938,062
Head office	GJ	41,160 ⁸	3,295
	kWh	11,433,376 ⁸	915,228
Property management ⁹	GJ	300,127	298,882
	kWh	83,368,496	83,022,834
Centralized Heating			
Head office	GJ	14,737	1
	kWh	4,093,552	272
Head office	GJ	14,737 ⁸	1
	kWh	4,093,552 ⁸	272

	Unit	2022/23 ¹	2021/22 ²
Property management ⁹	GJ	~ ¹⁰	~ ¹⁰
	kWh	~ ¹⁰	~ ¹⁰
Natural Gas consumption	GJ	35,621	42,848
Head office	GJ	~ ¹⁰	~ ¹⁰
Property management	GJ	35,621	42,848
Fuel consumption	GJ	1,240	1,103
Head office	GJ	1,224	1,064
Property management	GJ	15	39
Diesel consumption	L	740¹¹	1,545
Head office	L	340	545
Property management	L	400 ⁹	1,000
Petrol consumption	L	34,807	29,979
Head office	L	34,807	29,979
Property management	L	~ ¹⁰	~ ¹⁰
Water consumption within the Group			
Total water consumption	m³	1,131,855	935,277
Head office	m ³	80,704 ¹²	9,016
Property management	m ³	1,051,150	926,261
Water intensity			
Head office	m ³ /m ²	0.20	1.43
Property management	m ³ /m ²	1.96	1.73
Water Recycled	m³	1,600	1,000
Head office	m ³	~ ¹⁰	~ ¹⁰
Property management	m ³	1,600	1,000
Rain Water Recycled	m³	125	50
Head office	m ³	~ ¹⁰	~ ¹⁰
Property management	m ³	125	50

¹ Environmental data of 2022/23 for the mainland include our main operations in 8 offices in Beijing, Chengdu, China South and East and 2 key projects from property management – Shanghai IFC / Mall and Shanghai ICC / IAPM.

² Environmental data of 2021/22 for the mainland include our main operations in 7 offices in Beijing, Chengdu, China South and East and 2 key projects from property management – Shanghai IFC / Mall and Shanghai ICC / IAPM.

³ The significant decreases in direct GHG emissions (scope 1) and intensity were due to suspension of certain refrigerant consumption and the maintenance of diesel machinery.

⁴ We use the latest emission factors to calculate our indirect GHG emissions (scope 2). The indirect GHG emissions (scope 2) here is location-based. Since the emissions factors for market-based regional grid are not up to date, we continued to use the national emission factor for electricity to calculate the indirect GHG emissions (scope 2) in mainland China.

⁵ The significant increase in metal recycled was mainly due to the scope expansion in Chengdu office.

⁶ Data of 2021/22 is updated to reflect actual situation.

⁷ In 2022/23, we enhanced our data collection and were able to disclose the data breakdown for hazardous waste collected and recycled. Hazardous waste is collected by licensed waste collectors.

⁸ Due to the scope expansion of Chengdu office, the electricity consumption and usage of centralized heating increased significantly in 2022/23. Hence, the energy consumption also increased in 2022/23.

⁹ The data refers to electricity consumption and centralized heating of common area in office buildings, shopping malls and residential properties.

¹⁰ The data consumed or recycled was not significant.

¹¹ The significant decrease in diesel consumption was due to the maintenance of diesel machinery in a property under property management. We were able to identify level gauge failure and repair accordingly to report more accurate consumption data in 2022/23.

¹² Due to the scope expansion in Chengdu office, the water consumption increased in 2022/23.

Social Performance — Operations on the Mainland

Employment practice	Unit	2022/23 ¹³		2021/22 ¹³	
		Permanent	Contract	Permanent	Contract
Total workforce		4,116		3,829	
Total workforce by employment contract¹⁴		3,523	593	3,040	789
Head office	no. of people	727	588	414	789
Property management	no. of people	2,796	5	2,626	-
		Male	Female	Male	Female
Total workforce by gender		2,477	1,639	2,314	1,515
Head office	no. of people	670	645	600	603
Property management	no. of people	1,807	994	1,714	912
Total workforce by age group					
Head office					
Under 30	no. of people		164		150
30 - 50	no. of people		1,040		948
Above 50	no. of people		111		105
Property management					
Under 30	no. of people		797		744
30 - 50	no. of people		1,649		1,568
Above 50	no. of people		355		314
Total workforce by employee category					
Managerial	no. of people		470		407
Officer-grade ¹⁵	no. of people		1,031		
Operational ¹⁵	no. of people		2,178		3,422
Supporting ¹⁵	no. of people		437		
Total workforce by nationality¹⁶					
Head office					
Chinese	no. of people		1,314		-
Other Asian countries	no. of people		1		-
Property management					
Chinese	no. of people		2,801		-
Other Asian countries	no. of people		0		-
Total number of new hire	no. of people		832		812
New hire by gender (number and rate¹⁷)		Male	Female	Male	Female
Head office	no. of people	121	98	142	81
	%	18.1	15.2	23.7	13.4
Property management	no. of people	408	205	376	213
	%	22.6	20.6	21.9	23.4
New hire by age group (number and rate¹⁸)					
Head office					
Under 30	no. of people		69		66
	%		42.1		44.0
30 - 50	no. of people		139		150
	%		13.4		15.8
Above 50	no. of people		11		7
	%		9.9		6.7

	Unit	2022/23 ¹³		2021/22 ¹³	
Property management					
Under 30	no. of people		315		289
	%		39.5		38.8
30 - 50	no. of people		269		276
	%		16.3		17.6
Above 50	no. of people		29		24
	%		8.2		7.6
New hire by employee category (number and rate¹⁹)					
Managerial	no. of people		51		62
	%		10.9		15.2
Officer-grade ¹⁵	no. of people		162		
	%		15.7		
Operational ¹⁵	no. of people		534		750
	%		24.5		(21.9)
Supporting ¹⁵	no. of people		85		
	%		19.5		
New hire by nationality²⁰ (number and rate²¹)					
Head office					
Chinese	no. of people		219		-
	%		16.7		-
Other Asian countries	no. of people		0		-
	%		0		-
Property management					
Chinese	no. of people		613		-
	%		21.9		-
Other Asian countries	no. of people		0		-
	%		0		-
Total employee turnover	no. of people		659		571
Employee turnover²² by gender (number and rate²³)		Male	Female	Male	Female
Head office	no. of people	29	48	35	35
	%	4.3	7.4	5.8	5.8
Property management	no. of people	383	199	303	198
	%	21.2	20.0	17.7	21.7

¹³ Social data of 2022/23 and 2021/22 include our main operations in offices in Beijing, Chengdu, China South and East and property management of Hong Yip and Kai Shing on the mainland. We will continue to enhance the data disclosure in the future.

¹⁴ Seasonal and part-time employment does not cause significant variations to the total workforce.

¹⁵ In 2022/23, we enhanced our data collection and were able to breakdown the data of non-managerial employee to various employee levels.

¹⁶ We have also collected the breakdown of the total workforce from other nationalities (i.e., North, Central and South American, Australian and New Zealander, European, African, and Others). North, Central and South American include American and Canadian, Panamanian and Honduran, etc. European includes British, German, Portuguese and Hellenic, etc. Other Asian countries include Indonesian, Japanese, Pakistani, Nepalese, Malaysian, Taiwanese, Filipino, Thai, Vietnamese and Singaporean, etc. In 2022/23, we did not have any employees from these nationalities.

¹⁷ New hire rate refers to total number of new hire of the gender group per the total number of employees of the corresponding gender group.

¹⁸ New hire rate refers to total number of new hire of the age group per the total number of employees of the corresponding age group.

¹⁹ New hire rate refers to total number of new hire of the employee category per the total number of employees of the corresponding employee category.

²⁰ We have also collected the breakdown of new hires from other nationalities (i.e., North, Central and South America, Australian and New Zealander, European, African, and Others). In 2022/23, there were no new recruits from these nationalities.

²¹ New hire rate refers to total number of new hire of the nationality per the total number of employees of the corresponding nationality.

²² The definition of employee turnover follows respective industry standards according to business nature. For our head office and property management business on the mainland, voluntary turnover refers to voluntary resignation.

²³ Turnover rate refers to total number of employee turnover of the gender group per the total number of employees of the corresponding gender group.

	Unit	2022/23 ¹³	2021/22 ¹³		
Employee turnover ²² by age group (number and rate ²⁴)					
Head office					
Under 30	no. of people	30	17		
	%	18.3	11.3		
30 - 50	no. of people	40	51		
	%	3.8	5.4		
Above 50	no. of people	7	2		
	%	6.3	1.9		
Property management					
Under 30	no. of people	295	271		
	%	37.0	36.4		
30 - 50	no. of people	261	211		
	%	15.8	13.5		
Above 50	no. of people	26	19		
	%	7.3	6.1		
Employee turnover ²² by employee category (number and rate ²⁵)					
Managerial	no. of people	11	20		
	%	2.3	4.9		
Officer-grade ¹⁵	no. of people	53	551 (16.1)		
	%	5.1			
Operational ¹⁵	no. of people	532			
	%	24.4			
Supporting ¹⁵	no. of people	63			
	%	14.4			
Employee turnover ²² by nationality ²⁶ (number and rate ²⁷)					
Head office					
Chinese	no. of people	77	-		
	%	5.9	-		
Other Asian countries	no. of people	0	-		
	%	0	-		
Property management					
Chinese	no. of people	582	-		
	%	20.8	-		
Other Asian countries	no. of people	0	-		
	%	0	-		
Regular performance review					
Employees receiving regular performance review	no. of people	4,069	-		
	%	98.9	-		
Regular performance review by gender (number and rate ²⁸)		Male	Female	Male	Female
Head office	no. of people	656	627	-	-
	%	97.9	97.2	-	-
Property management	no. of people	1,799	987	-	-
	%	99.6	99.3	-	-
Regular performance review by employee category (number and rate ²⁹)					
Managerial	no. of people	468	-		
	%	99.6			
Officer-grade	no. of people	1,030	-		
	%	99.9			

	Unit	2022/23 ¹³	2021/22 ¹³
Operational	no. of people	2,149	-
	%	98.7	-
Supporting	no. of people	422	-
	%	96.6	-
Occupational health and safety			
Total number of work-related fatalities	no. of people	0	0
Work-related fatalities rate	per 1,000 workers	0	0
Lost time injury frequency rate – employees	no. of lost time injury (N) per million hours worked	1.55	3.87
		Male	Female
Injury rate ³⁰	per 1,000 workers	2.83	1.83
Lost days ³¹	days	362	126
Lost day rate ³²	%	0.05	0.12
Absentee rate ³³	%	0.97	0.95
High-consequence work-related injury (exclude fatality)	no. of cases	2 ³⁴	-
Work-related ill health	no. of cases	0	-
Fatalities as a result of work-related ill health	no. of cases	0	-
Development and training		Male	Female
Average training hours per employee by gender and employee category³⁵			
Managerial	hours	12.8	14.7
Officer-grade ¹⁵	hours	8.2	12.4
Operational ¹⁵	hours	17.7	19.3
Supporting ¹⁵	hours	15.8	9.8
Total / Average training hours for health and safety ³⁶	hours per employee	10,223	2,219
		2.5	0.6
Anti-corruption and anti-competition			
Reported case of corrupt practices	no. of cases	0	0
Reported case of anti-competitive behaviour	no. of cases	0	0

²⁴ Turnover rate refers to total number of employee turnover of the age group per the total number of employees of the corresponding age group.

²⁵ Turnover rate refers to total number of employee turnover of the employee category per the total number of employees of the corresponding employee category.

²⁶ We have also collected a breakdown of employee turnover from other nationalities (i.e., North, Central and South American, Australian and New Zealander, European, African, and Others). In 2022/23, no employees from these nationalities left the company.

²⁷ Turnover rate refers to total number of employee turnover of the nationality per the total number of employees of the corresponding nationality.

²⁸ Performance review rate refers to total number of employee receiving performance review of the gender group per the total number of employees of the corresponding gender group.

²⁹ Performance review rate refers to total number of employee receiving performance review of the employee category per the total number of employees of the corresponding employee category.

³⁰ Injury rate refers to work-related injuries with sick leave equal or greater than three days per the total number of employees of the corresponding gender group.

³¹ Lost day refers to sick leaves due to all types of work-related injuries.

³² Lost day rate refers to sick leaves due to all types of work-related injuries per the scheduled working days of the total number of employees.

³³ Absentee rate refers to all types of work-related injuries and non-work-related sick leaves per the scheduled working days of the total number of employees.

³⁴ Two high-consequence work-related injuries occurred in 2022/23 due to accidental fell over. After the incidents, the injured employees were treated with medical care and we filed the cases to the relevant government authority. To prevent future recurrences, we implemented follow-up actions, such as equipment inspections, health and safety education, and documentation on equipment usage.

³⁵ Most training was suspended in 2021/22 due to the pandemic. This year, as the city recovered from the pandemic, we gradually resumed our training for employees, resulting in significant increase in training data.

³⁶ Training hours for health and safety on the mainland currently cover head office and property management. More health and safety training were offered at the construction sites in Hong Kong, compared to our head office and property management on the mainland, resulting in a significant difference of training hours reported.

Appendix IV – HKEx ESG Reporting Guide Index



General Disclosures and KPIs	Description	Reference (Page number)	Remarks
Environmental			
Aspect A1: Emissions			
General disclosure		Value Created for the Environment (13-34)	There was no material non-compliance regarding the emission of greenhouse gas, water and waste during the reporting period. Relevant sustainability policies are available on our website .
KPI A1.1	The types of emissions and respective emissions data	N/A	Air emissions are not material to our operations.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Appendix III - Performance Tables (78-86)	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	Appendix III - Performance Tables (78-86)	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Value Created for the Environment (13-34); Appendix III - Performance Tables (78-86)	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Value Created for the Environment (13-34)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Value Created for the Environment (13-34)	Hazardous waste generation and handling are not material to our operations.
Aspect A2: Use of Resources			
General disclosure		Value Created for the Environment (13-34); Value Created for Supply Chain (54-61)	Relevant sustainability policies are available on our website .
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Appendix III - Performance Tables (78-86)	
KPI A2.2	Water consumption in total and intensity	Appendix III - Performance Tables (78-86)	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Value Created for the Environment (13-34)	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Value Created for the Environment (13-34)	We do not encounter any problems in sourcing water for our daily operations, hence is not material to the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	The use of packaging material for finished products is not applicable to the Group's business.

Aspect A3: The Environment and Natural Resources			
General disclosure		Value Created for the Environment (13-34); Value Created for Supply Chain (54-61)	Relevant sustainability policies are available on our website .
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Value Created for the Environment (13-34); Value Created for Supply Chain (54-61)	
Aspect A4: Climate Change			
General disclosure		Value Created for the Environment (13-34)	Relevant sustainability policies are available on our website .
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Value Created for the Environment (13-34)	
Social			
Employment and Labour Practices			
Aspect B1: Employment			
General disclosure		Value Created for People (35-42)	Please refer to the Corporate Governance Report (pp. 112-130) and Directors' Report (pp. 131-155) of our Annual Report 2022/23 for details. There was no material non-compliance regarding employment and labour practices during the reporting period.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Appendix III - Performance Tables (78-86)	Seasonal employment does not cause significant variations in the total workforce. Hong Kong and the mainland are the locations of operations covered in this report.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix III - Performance Tables (78-86)	Hong Kong and the mainland are the locations of operations covered in this report.
Aspect B2: Health and Safety			
General disclosure		Value Created for People (35-42)	There was no material non-compliance regarding occupational health and safety during the reporting period.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Value Created for People (35-42); Appendix III - Performance Tables (78-86)	
KPI B2.2	Lost days due to work injury	Appendix III - Performance Tables (78-86)	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Value Created for People (35-42)	



General Disclosures and KPIs	Description	Reference (Page number)	Remarks
Aspect B3: Development and Training			
General disclosure		Value Created for People (35-42)	
KPI B3.1	The percentage of employees trained by gender and employee category	N/A	All of our employees received regular training relevant to their jobs. We report the average training hours as required by KPI B3.2, which demonstrates our effort in talent development. Please refer to the Value Created for People and Appendix III - Performance Tables for details.
KPI B3.2	The average training hours completed per employee by gender and employee category	Appendix III - Performance Tables (78-86)	
Aspect B4: Labour Standards			
General disclosure		Value Created for People (35-42)	Child and forced labour issues are not material to the Group's operations. There were no non-compliance incidents regarding child and forced labour during the reporting period.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A	See remarks for Aspect B4 General disclosure.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	See remarks for Aspect B4 General disclosure.
Operating Practices			
Aspect B5: Supply Chain Management			
General disclosure		Value Created for Supply Chain (54-61)	
KPI B5.1	Number of suppliers by geographical region	Value Created for Supply Chain (54-61)	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Value Created for Supply Chain (54-61)	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Value Created for Supply Chain (54-61)	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Value Created for Supply Chain (54-61)	

Aspect B6: Product Responsibility			
General disclosure		Value Created for Customers (43-53)	There was no material non-compliance regarding product responsibility during the reporting period. Labelling is not relevant to SHKP business.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	There were no recalls concerning the provision and use of the Group's products and services that have a significant impact on our operations.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Value Created for Customers (43-53)	There were no substantiated complaints received during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	Intellectual property rights are not material to our operations.
KPI B6.4	Description of quality assurance process and recall procedures	Value Created for Customers (43-53)	Recall procedures are non-material to the Group's operations.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Value Created for Customers (43-53)	
Aspect B7: Anti-corruption			
General disclosure		Value Created for Supply Chain (54-61)	There was no non-compliance with anti-corruption practice in the reporting period.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Appendix III - Performance Tables (78-86)	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Value Created for People (35-42); Value Created for Supply Chain (54-61)	
KPI B7.3	Description of anti-corruption training provided to directors and staff	Value Created for Supply Chain (54-61)	
Community			
Aspect B8: Community Investment			
General disclosure		Value Created for Community (62-72)	
KPI B8.1	Focus areas of contribution	Value Created for Community (62-72)	
KPI B8.2	Resources contributed to the focus area	Value Created for Community (62-72)	



Appendix V – GRI Content Index

Statement of use	Sun Hung Kai Properties Limited has reported in accordance with the GRI Standards for the period 1 July 2022 to 30 June 2023
GRI 1 used	GRI 1: Foundation 2021

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
GRI 2: General Disclosure 2021				
The Organization and its reporting practices				
2-1	Organizational details		Our Reporting Approach (1); Our Business (3-4)	Our headquarters is located in Hong Kong and we operate in Hong Kong, Mainland and Singapore.
2-2	Entities included in the organization's sustainability reporting		Our Reporting Approach (1)	Our principal subsidiaries are listed on pp. 236-241 of our Annual Report 2022/23 .
2-3	Reporting period, frequency and contact point		Our Reporting Approach (1)	
2-4	Restatements of information		Appendix III - Performance Tables (78-86)	
2-5	External assurance		Our Reporting Approach (1); Appendix VI - Independent Assurance Opinion Statement (95-96)	
Activities and Workers				
2-6	Activities, value chain and other business relationships		Our Business (3-4); Value Created for Customers (43-53); Value Created for Supply Chain (54-61)	There is no significant change in the value chain and business relationship.
2-7	Employees	Principle 6	Our Reporting Approach (1); Appendix III - Performance Tables (78-86)	As at 30 June 2023, SHKP and its principal subsidiaries and joint ventures employed more than 40,000 employees. We do not employ non-guaranteed hours employees. The data disclosed for social performance in Appendix III covers our full-time and part-time employees. Seasonal employment does not cause significant variations in the total workforce.
2-8	Workers who are not employees	Principle 6	Our Reporting Approach (1); Appendix III - Performance Tables (78-86)	Seasonal employment does not cause significant variations in the total workforce. Hong Kong and the mainland are the locations of operations covered in this report. The information of workers who are not employees is not available for the reporting year.

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
Governance				
2-9	Governance structure and composition	Principle 10	Our Approach to Sustainability (5-12)	More details can be found on Directors' Biographical Information (pp. 156-167) and Corporate Governance Report (pp. 112-130) of our Annual Report 2022/23 and our website - Directors and Board Committees .
2-10	Nomination and selection of the highest governance body	Principle 10	Our Approach to Sustainability (5-12)	More details can be found in the Corporate Governance Report (pp. 112-130) of our Annual Report 2022/23.
2-11	Chair of the highest governance body		Our Approach to Sustainability (5-12)	More details can be found in the Corporate Governance Report (pp. 112-130) of our Annual Report 2022/23.
2-12	Role of the highest governance body in overseeing the management of impacts		Our Approach to Sustainability (5-12); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (76-77)	The Board meets at least once annually to review sustainability-related issues.
2-13	Delegation of responsibility for managing impacts		Our Approach to Sustainability (5-12)	
2-14	Role of the highest governance body in sustainability reporting		Our Approach to Sustainability (5-12)	The Board, via the Executive Committee, is also responsible for the Group's Sustainability Report approval and endorsement.
2-15	Conflicts of interest	Principle 10	Our Approach to Sustainability (5-12)	More details can be found in the Corporate Governance Report (pp. 112-130) of our Annual Report 2022/23.
2-16	Communication of critical concerns		Our Approach to Sustainability (5-12); Value Created for Supply Chain (54-61)	The Audit and Risk Management Committee reports to the Board on all critical concerns. There were no critical concerns communicated in the Sustainability Steering Committee.
2-17	Collective knowledge of the highest governance body		Our Approach to Sustainability (5-12); Value Created for People (35-42)	We circulate our Sustainability Report and ESG news regularly to strengthen the collective knowledge of the Board and conduct internal reviews on ESG issues.

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
2-18	Evaluation of the performance of the highest governance body		Our Approach to Sustainability (5-12)	More details can be found in the Directors' Report (pp. 131-155) of our Annual Report 2022/23.
2-19	Remuneration policies		Value Created for People (35-42)	The remuneration policy for the Board is treated as confidential. More details on remuneration can be found in the Independent Auditor's Report and Consolidated Financial Statements (pp. 169-244) of our Annual Report 2022/23.
2-20	Process to determine remuneration		Value Created for People (35-42)	More details on remuneration can be found in the Corporate Governance Report (pp. 112-130) of our Annual Report 2022/23.
2-21	Annual total compensation ratio		N/A	The information is treated as confidential.
Strategy, Policies and Practices				
2-22	Statement on sustainable development strategy		Message from the Sustainability Steering Committee (2)	
2-23	Policy commitments		Our Reporting Approach (1); Our Business (3-4); Our Approach to Sustainability (5-12); Value Created for People (35-42)	There is no intergovernmental instrument in our policy commitment. Our Sustainability Policies are listed on our website . Currently, Human Rights and Equal Opportunities Policy and Whistleblowing Policy are treated as internal documents.
2-24	Embedding policy commitments		Our Approach to Sustainability (5-12); See Strategies and Management section in each chapter for details	
2-25	Processes to remediate negative impacts		See Strategies and Management section in each chapter for details	
2-26	Mechanisms for seeking advice and raising concerns	Principle 1, 2, 3	Value Created for People (35-42); Value Created for Supply Chain (54-61)	
2-27	Compliance with laws and regulations	Principle 10	Our Approach to Sustainability (5-12)	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations. There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong during the reporting period.

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
2-28	Membership associations		Appendix I - Awards, Memberships and Charters (73-75)	
Stakeholder Engagement				
2-29	Approach to stakeholder engagement		Our Approach to Sustainability (5-12); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (76-77)	Our stakeholder identification and selection process is guided by AA1000 Stakeholder Engagement Standard (2015) while referencing the principles of inclusivity, materiality, responsiveness and impact from the latest AA1000 AccountAbility Principles (2018).
2-30	Collective bargaining agreements	Principle 3	N/A	There are no formal collective bargaining agreements in place within SHKP. Yet, our employees can enjoy the freedom to take part in trade unions and collective bargaining if they wish.
GRI 3: Material Topics 2021				
Disclosures on Material Topics				
3-1	Process to determine material topics		Our Approach to Sustainability (5-12); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (76-77)	
3-2	List of material topics		Our Approach to Sustainability (5-12)	Please refer to the Materiality Matrix (pp.10) for details.
3-3	Management of material topics		Our Approach to Sustainability (5-12); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (76-77); See Strategies and Management section in each chapter for details.	More details of our economic impacts can be found on pp. 94-99 of our Annual Report 2022/23 .
Economic Topics				
GRI 201: Economic Performance (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Our Business (3-4)	More details can be found in the Review of Operations (pp. 24-93) of our Annual Report 2022/23.
201-1	Direct economic value generated and distributed		Our Business (3-4)	More details can be found in the Review of Operations (pp. 24-93) of our Annual Report 2022/23.
201-2	Financial implications and other risks and opportunities due to climate change		Value Created for the Environment (13-34)	

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
GRI 203: Indirect Economic Impacts (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Value Created for Supply Chain (54-61); Value Created for Community (62-72)	Indirect economic impacts include jobs supported in the supply chain and community initiatives.
203-1	Infrastructure investments and services supported		Value Created for Supply Chain (54-61); Value Created for Community (62-72)	We work closely with government and local communities when developing properties and must take into consideration the impact of our developments on local traffic conditions and other infrastructure. While our investments are commercial, we go beyond regulatory requirements to build high-quality properties.
GRI 204: Procurement Practices (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Value Created for Supply Chain (54-61)	
204-1	Proportion of spending on local suppliers		Value Created for Supply Chain (54-61)	Local suppliers are defined as suppliers in Hong Kong.
GRI 205: Anti-corruption (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 10	Value Created for People (35-42); Value Created for Supply Chain (54-61)	We circulate our Sustainability Report to inform our stakeholders on anti-corruption issues.
205-2	Communication and training about anti-corruption policies and procedures	Principle 10	Value Created for People (35-42); Value Created for Supply Chain (54-61)	All directors received additional anti-corruption training material and 13,331 (57%) of our full-time employees received anti-corruption training during the reporting period.
205-3	Confirmed incidents of corruption and actions taken	Principle 10	Appendix III - Performance Tables (78-86)	There were no concluded legal cases regarding corrupt practices brought against the Group or its employees during the reporting period.
GRI 206: Anti-competitive Behaviour (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Value Created for Supply Chain (54-61); Appendix III - Performance Tables (78-86)	We circulate our Sustainability Report to inform our stakeholders on anti-competitive behaviour issues.
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		N/A	There were no legal proceedings involving anti-competitive behaviour, or involving anti-trust and monopoly practices in Hong Kong during the reporting period.

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
Environmental Topics				
GRI 301: Materials (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 7,8,9	Value Created for the Environment (13-34); Appendix III - Performance Tables (78-86)	We circulate our Sustainability Report to inform our stakeholders on environmental issues.
301-1	Materials used by weight on volume		Appendix III - Performance Tables (78-86)	The major materials we use are for construction-related activities. Although timber is not a major material used, all the timber used is from sources that are certified as sustainable. Use of packaging material for finished products is not considered material to the Group's operations.
GRI 302: Energy (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 7,8,9	Value Created for the Environment (13-34); Appendix III - Performance Tables (78-86)	We circulate our Sustainability Report to inform our stakeholders on environmental issues.
302-1	Energy consumption within organization		Our Reporting Approach (1); Appendix III - Performance Tables (78-86)	
302-3	Energy intensity		Appendix III - Performance Tables (78-86)	
302-4	Reduction of energy consumption		Our Reporting Approach (1); Value Created for the Environment (13-34)	
GRI 303: Water and Effluents (2018)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 7	Value Created for the Environment (13-34); Appendix III - Performance Tables (78-86)	More details can be found in our Environmental Policy .
303-1	Interactions with water as a shared resource		Value Created for the Environment (13-34)	Most of our businesses are not water-intensive. Municipal water is the only source for entities covered in this report. All water discharged from our operations was transported to the local municipal wastewater systems.
303-2	Management of water discharge-related impacts		Value Created for the Environment (13-34)	See remarks for 303-1 above.

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
303-3	Water withdrawal		Value Created for the Environment (13-34); Appendix III - Performance Tables (78-86)	
303-5	Water consumption		Appendix III - Performance Tables (78-86)	See remarks for 303-1 above.
GRI 305: Emissions (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 7,8,9	Value Created for the Environment (13-34)	We circulate our Sustainability Report to inform our stakeholders on environmental issues.
305-1	Direct (Scope 1) GHG emissions		Appendix III - Performance Tables (78-86)	Direct emissions include fuel, diesel, petrol, natural gas and refrigerant. The methodology for estimating greenhouse gas emissions comes from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong – 2010 edition and Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises (Trial).
305-2	Energy indirect (Scope 2) GHG emissions		Appendix III - Performance Tables (78-86)	See remarks for 305-1 above. Indirect emissions include purchased electricity and town gas. For indirect GHG emissions (scope 2) – market-based, the emission factors for purchased electricity are illustrated by referring to the information released by CLP and HEC in 2022, and that for purchased town gas is adopted from Towngas in 2022. As for indirect GHG emissions (scope 2) – location-based, the emission factors for purchased electricity referenced the territory-wide default value from HKEx's "Appendix 2: Reporting Guidance on Environmental KPIs". The emission factors for purchased heating on the mainland refer to Guidelines for Calculation Methods and Reporting of Greenhouse Gas Emissions from Industrial and Other Industrial Enterprises (Trial).

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
305-3	Other indirect (Scope 3) GHG emissions		Value Created for the Environment (13-34); Appendix III - Performance Tables (78-86)	We currently disclosed the scope 3 GHG missions for business air travel. The calculation is with the carbon emissions calculator from International Civil Aviation Organization. This reporting year, we engaged a third-party consultant to study our scope 3 emissions. Data collection is ongoing; we aim to disclose the results in the near future.
305-4	GHG emissions intensity		Appendix III - Performance Tables (78-86)	
305-5	Reduction of GHG emissions		Appendix III - Performance Tables (78-86)	
GRI 306: Waste (2020)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 7,8,9	Value Created for the Environment (13-34); Value Created for Supply Chain (54-61)	We circulate our Sustainability Report to inform our stakeholders on environmental issues.
306-1	Waste generation and significant waste-related impacts		Value Created for the Environment (13-34)	The Group generated no significant hazardous waste during the reporting period.
306-2	Management of significant waste-related impacts		Value Created for the Environment (13-34)	See remarks for 306-1 above.
306-3	Waste generated		Appendix III - Performance Tables (78-86)	See remarks for 306-1 above.
306-4	Waste diverted from disposal		Appendix III - Performance Tables (78-86)	
306-5	Waste directed to disposal		Appendix III - Performance Tables (78-86)	General waste are sent to landfill while construction and demolition waste are sent to public fill, sorting facilities or landfill. Hazardous waste are collected and recycled by licensed collectors.
GRI 307: Environmental Compliance (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Our Approach to Sustainability (5-12)	We circulate our Sustainability Report to inform our stakeholders of environmental issues.
307-1	Non-compliance with environmental laws and regulations		Our Approach to Sustainability (5-12)	There was no material non-compliance with relevant environmental laws and regulations during the reporting period.

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
GRI 308: Supplier Environmental Assessment (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Our Approach to Sustainability (5-12)	We circulate our Sustainability Report to inform our stakeholders of environmental issues.
308-1	New suppliers that were screened using environmental criteria		Value Created for Supply Chain (54-61)	
Social Topics				
GRI 401: Employment (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 6	Value Created for People (35-42)	
401-1	New employee hires and employee turnover		Appendix III - Performance Tables (78-86)	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Value Created for People (35-42)	The information is not available for the reporting year.
401-3	Parental leave		Value Created for People (35-42); Appendix III - Performance Tables (78-86)	
GRI 403: Occupational Health and Safety (2018)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 1,2	Value Created for People (35-42); Value Created for Supply Chain (54-61); Appendix III - Performance Tables (78-86)	
403-1	Occupational health and safety management system		Value Created for People (35-42); Value Created for Supply Chain (54-61)	
403-2	Hazard identification, risk assessment, and incident investigation		Value Created for People (35-42); Value Created for Supply Chain (54-61)	

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
403-3	Occupational health services		Value Created for People (35-42); Value Created for Supply Chain (54-61)	
403-4	Worker participation, consultation, and communication on occupational health and safety		Value Created for People (35-42); Value Created for Supply Chain (54-61)	
403-5	Worker training on occupational health and safety		Value Created for People (35-42); Value Created for Supply Chain (54-61); Appendix III - Performance Tables (78-86)	
403-6	Promotion of worker health		Value Created for People (35-42); Value Created for Supply Chain (54-61);	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Value Created for People (35-42); Value Created for Supply Chain (54-61)	
403-8	Workers covered by an occupational health and safety management system		Value Created for People (35-42); Value Created for Supply Chain (54-61)	
403-9	Work-related injuries		Appendix III - Performance Tables (78-86)	
403-10	Work-related ill health		Appendix III - Performance Tables (78-86)	
GRI 404: Training and Education (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 6	Value Created for People (35-42)	

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
404-1	Average hours of training per year per employee		Appendix III - Performance Tables (78-86)	
404-3	Percentage of employees receiving regular performance and career development reviews		Appendix III - Performance Tables (78-86)	
GRI 405: Diversity and Equal Opportunity (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 6	Value Created for People (35-42)	
405-1	Diversity of governance bodies and employees		Appendix III - Performance Tables (78-86)	See Directors' Biographical Information on pp. 156-167 of our Annual Report 2022/23 for details of the diversity information of our Board of Directors.
GRI 406: Non-discrimination (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 6	Value Created for People (35-42)	
406-1	Incidents of discrimination and corrective actions taken		Value Created for People (35-42)	There were no non-compliance incidents in the reporting period.
GRI 413: Local Communities (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics	Principle 1,8	Value Created for Community (62-72)	
413-1	Operations with local community engagement, impact assessments, and development programmes	Principle 1	Value Created for Community (62-72)	All our community investments and engagements are managed at Group level.
GRI 414: Supplier Social Assessment (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Our Approach to Sustainability (5-12); Value Created for Supply Chain (54-61)	

GRI Standards Indicator	Details	UNGC's Ten Principles	Reference (Page number)	Remarks/Omission
414-1	New suppliers that were screened using social criteria		Value Created for Supply Chain (54-61)	
GRI 416: Customer Health and Safety (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Value Created for Customers (43-53)	
416-1	Assessment of the health and safety impacts of product and service categories		Value Created for the Environment (13-34); Value Created for Customers (43-53)	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	There were no non-compliance incidents in the reporting period.
GRI 418: Customer Privacy (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Value Created for Customers (43-53)	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		N/A	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data during the reporting period.
GRI 419: Socioeconomic Compliance (2016)				
GRI 3: Material Topics 2021	3-3 Management of material topics		Our Approach to Sustainability (5-12)	
419-1	Non-compliance with laws and regulations in the social and economic area		Our Approach to Sustainability (5-12)	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations. There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong during the reporting period.

Appendix VI – Independent Assurance Opinion Statement

Statement No.: **SRA-HK-758024**

Sun Hung Kai Properties Limited Sustainability Report 2022/23

The British Standards Institution is independent to Sun Hung Kai Properties Limited (hereafter referred to as “SHKP” in this statement) and has no financial interest in the operation of SHKP other than for the assessment and assurance of SHKP Sustainability Report 2022/23 (“Report”).

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

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

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

Scope

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

1. The assurance covers all information and data presented in the Report, and focuses on systems and activities of SHKP and its wholly-owned subsidiaries (“the Group”) in Hong Kong, including property management, construction and hotel businesses during the period from 1st July 2022 to 30th June 2023. The Report is prepared in accordance with the Hong Kong Stock Exchange’s (“HKEx”) Environmental, Social and Governance Reporting Guide (“ESG Guide”) and the GRI Sustainability Reporting Standards (“GRI Standards”), and with reference to the ten principles of the United Nations Global Compact (“UNGC”).
2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 (“AA1000AS v3”) evaluates the nature and extent of SHKP’s adherence to four reporting principles, which include Inclusivity, Materiality, Responsiveness and Impact. The specified sustainability performance information/data disclosed in the Report has been evaluated.

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

Opinion Statement

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

Our work was carried out by a team of sustainability report assurors in accordance with AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered SHKP has provided sufficient evidence that SHKP’s self-declaration of compliance with the HKEx ESG Guide and the GRI Standards, and with reference to the ten principles of the UNGC were fairly stated.

Methodology

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

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

Conclusions

A detailed review against the AA1000AP (2018) Principles of Inclusivity, Materiality, Responsiveness and Impact, and in accordance with HKEx ESG Guide and GRI Standards and the ten principles of the UNGC is set out below:

Inclusivity

The Report has reflected a fact that SHKP is seeking the engagement of its stakeholders through numerous channels such as apps from property management, concierge, retail stores, call centres, customer hotline,

online and mobile phone applications, customer satisfaction surveys, e-mail, Go Royal, SHKP Club, The Point by SHKP, website and social media, employee engagement activities, interviews, intranet, meetings, performance review, Quality-Raising Suggestion Scheme, SHKP Quality Academy, staff surveys, training, Work Safety Suggestion Scheme, public consultation, community programmes run by the SHKP Reading Club, SHKP Vertical Run for Charity, SHKP Hong Kong Cyclothon, SHKP Building Homes with Hearts charity programmes by the SHKP Volunteer Team, visits to charities on programmes supported by Group donations, industry forums, analyst briefings and annual general meetings, annual and interim reports, investor forums and conferences, investor meetings and conference calls, investor relations page on SHKP's website, overseas roadshows, audits and assessments, ongoing direct engagements, online tendering system, Sanfield vendor portal e-platform, supplier assessment, press conferences, real estate industry trade associations and advisory groups, and more.

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

Materiality

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

Responsiveness

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

Impact

SHKP has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable SHKP to assess its impact and disclose them in the Report. In our professional opinion, SHKP adheres to the principle of Impact. Areas for enhancement of the Report were adopted by SHKP before the issue of this opinion statement.

HKEx ESG Guide Reporting

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

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

GRI Standards Reporting

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

In our professional opinion, the report covers SHKP's social responsibility and sustainability issues. Areas for enhancement of the Report were adopted by SHKP before the issue of this opinion statement.

Assurance Level

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

Responsibility

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

Competency and Independence

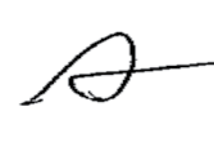
The assurance team was composed of Lead Auditors, who are experienced in real estate sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEx ESG Guide, UNGC's Ten Principles, ISO 10002, ISO 14001, OHSAS 18001, ISO 45001 and ISO 9001, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Stephen Yu
Chief Operating Officer
Hong Kong China Operational Resilience Director

Verifier of the Report:



Mr. Aaron Chim
Lead Assuror



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31st August 2023



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Information for Shareholders

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

Stock Exchange: 16 (HKD counter) and 80016 (RMB counter)

Bloomberg: 16 HK Equity (HKD counter) and 80016 HK Equity (RMB counter)

Reuters: 0016.HK (HKD counter) and 80016.HK (RMB counter)

Trading Symbol for ADR: SUHJY

CUSIP: 86676H302

ISIN: HK0016000132

