



Taking Sustainable Development to the Next Level

SUSTAINABILITY REPORT 2019



About this report

REPORTING SCOPE

This is the 14th sustainability/corporate responsibility report of Hysan Development Company Limited (“Hysan” or “Group”) since 2006. The report presents material sustainability aspects in regard to common areas of our properties in Hong Kong. During 2019, the scope was expanded to cover the operations of Hysan’s Head Office.

This Report is prepared in compliance with disclosure references as set out in the Environmental, Social and Governance (“ESG”) Reporting Guide described in Appendix 27 to the Main Board Listing Rules and Guidance published by the Stock Exchange of Hong Kong Limited. The Report covers the period from 1 January 2019 to 31 December 2019, unless otherwise specified.

REPORT ASSURANCE

Hysan has engaged the Hong Kong Quality Assurance Agency (“HKQAA”) to conduct an independent verification review of this Report. Please refer to Appendix III for the independent verification statement.

REPORT FEEDBACK

We welcome stakeholders’ feedback on this Report and other sustainability-related matters. Please share your thoughts at sustainability@hysan.com.hk.

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Introduction by Chief Operating Officer

To us here at Hysan, sustainability means doing things in the right way so that our stakeholders want to work, live and enjoy within our portfolio for generations to come.

Our mission has always been to provide sustainable and outstanding returns for our shareholders. We also understand that we need to conduct our business in a responsible way and benefit the community as a whole.

Since we published our first corporate responsibility/sustainability report back in 2006, the global and local communities in which we play a part have changed quite significantly. The establishment of a Board-level Sustainability Committee at the start of 2020 demonstrates to our stakeholders that Hysan is taking its corporate responsibility and sustainable development to the next level. The Committee will provide long-term direction and supervise sustainability-related matters, and it will also review and monitor management's execution of the sustainability projects.

In 2019, Hysan's Sustainability Executive Committee engaged an independent consultant specialized in advising sustainable business to conduct an overall review of Hysan's sustainability arrangement and performance, which included an extensive stakeholder engagement exercise. It yielded a range of material environmental, social and governance recommendations that aligned well with a number of Sustainability Development Goals ("SDG") as set by the United Nations General Assembly in 2015. The recommendations will be turned into specific, measureable and time bound goals for Hysan in 2020 and beyond.

With a portfolio concentrated in one of Hong Kong's most vibrant neighbourhoods, Hysan is in a unique position of being able to apply its sustainability model in a real-life close-knit community setting. Building on good governance, Hysan will continue to work closely with its stakeholders to enhance the area environmentally and socially.

To that end, we need your input to help us improve on all sustainability fronts. Please give us your thoughts on how Hysan can make our communities better places by emailing us at sustainability@hysan.com.hk.

Lui Kon Wai Ricky

Chief Operating Officer



“ Sustainability means doing things in the right way so that our stakeholders want to work, live and enjoy within our portfolio for generations to come.”

Business of “Life” at Hysan

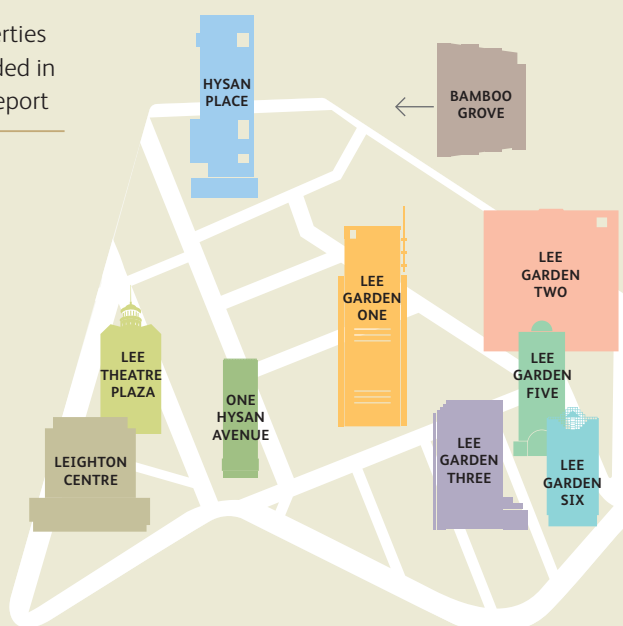
Hysan was first listed on the Hong Kong Stock Exchange in 1981. Our roots can be traced back to Hong Kong’s Causeway Bay in the 1920s, which over the decades has grown to become one of the world’s busiest retail and commercial hubs.



BUSINESS OF “LIFE”

Hysan takes pride in being not only a business of owning and managing properties, but a Business of Life. A Business of Life creates a sustainable community where people can live, work and enjoy for generations to come. Indeed, the “Life” within our Business of Life mindset has become the core of our strategic sustainable development principles, which we follow in all our daily management and operational activities.

Properties
included in
this report



Our
4.5 million
square feet

portfolio of 10 buildings is concentrated mostly in Lee Gardens: it magnifies the synergies and creates a unique sustainable community model for our stakeholders.

SUSTAINABLE DEVELOPMENT PRINCIPLES





SUSTAINABILITY RECOGNITIONS

- "AA" Rating: Hang Seng Corporate Sustainability Index
- "A" Rating: MSCI ESG Ratings assessment
- Constituent member: FTSE4Good Index Series
- Gold level under Leadership in Energy and Environmental Design ("LEED") (Core and Shell) and Final Platinum rating under BEAM Plus (New Buildings) for Lee Garden Three
- Silver Award for Volunteer Service (Organization) under the Steering Committee on Promotion of Volunteer Service of Hong Kong Social Welfare Department
- Silver Award (Traditional Annual Report in Real Estate Development/SVC: Various & Multi-Use) in MerComm, Inc.'s 2019 International ARC Awards
- Best Annual Report (Mid Cap) in the Hong Kong Investor Relations Association's Investors Relations Awards 2019
- Gold Award (Non-Hang Seng Index – Large Market Capitalization Category) in the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance Awards 2019
- Honourable Mention in the Hong Kong Management Association's 2019 Best Annual Reports Awards

SUSTAINABILITY GOVERNANCE

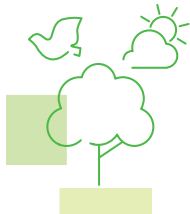


To strengthen the Board's involvement in all sustainability-related matters, a Sustainability Committee within the Board was established in 1 January 2020. This Committee will meet on a regular basis, and will be responsible for reviewing, assessing and making recommendations on long-term plans, policies, practices, opportunities and risks related to the Group's corporate responsibility, sustainable development and climate change.

At the management level, our Sustainability Committee, chaired by the Chief Operating Officer, has been renamed the Sustainability Executive Committee. This Committee and the Sustainability Task Force have held regular meetings during the year.

SUSTAINABILITY POLICY

Hysan's Sustainability Policy is formulated by the Sustainability Executive Committee and applies to all properties and business units. The strategic agenda set out in the Policy is distilled into initiatives that are driven forward by the Sustainability Task Force as represented by Hysan's departments. The newly established Board-level Sustainability Committee will continue to review this Policy while it provides guidance for the Group's long-term direction.



ENVIRONMENT

- Minimize the extent of any adverse impact of our operations on the environment through sustainable building design and operation, innovation and efficient use of natural resources
- Contribute to combatting climate change and improving resilience as a business
- Communicate with our tenants and customers about our green building standards and environmental considerations and support them in adopting sustainability initiatives aligned with this Policy



SOCIAL

- Engage our employees, tenants, customers, suppliers, shareholders and other stakeholders with our sustainability objectives and initiatives
- Provide and maintain a safe and healthy environment within Hysan's portfolio for all our stakeholders
- Make positive contributions to the communities in which we operate, by investing in them and engaging with local people while respecting their culture and heritage
- Treat our employees fairly and maintain a working environment to realize their full potential



GOVERNANCE

- Uphold high ethical and corporate governance standards
- Maintain a strong governance structure
- Ensure full compliance with all applicable laws and regulations and seek to apply best practices wherever practicable

STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to strengthen our understanding of stakeholders' expectations and needs, as well as to identify material issues, Hysan maintains good contact with external and internal stakeholders (including but not limited to investors, shareholders, tenants, customers, suppliers, employees, non-governmental organizations, and local communities) through numerous engagement channels:

ENGAGEMENT CHANNELS



EMPLOYEES

- Focus groups
- Intranet & internal newsletter
- Training sessions
- Staff social committee



NON-GOVERNMENTAL ORGANIZATIONS (NGOs)

- Focus groups
- Community engagement events
- Employee volunteering
- Corporate website



TENANTS

- Town hall meetings
- Focus groups
- Information kits
- Tenant relationship personnel
- Mobile app



SUPPLIERS & VENDORS

- Focus groups
- Tendering & procurement process



SHAREHOLDERS & INVESTORS

- Annual general meetings and results announcements
- Shareholder visits
- Annual and interim reports
- Corporate website



CUSTOMERS & LOCAL COMMUNITY

- Public education activities
- Community engagement events
- Corporate website
- Mobile app



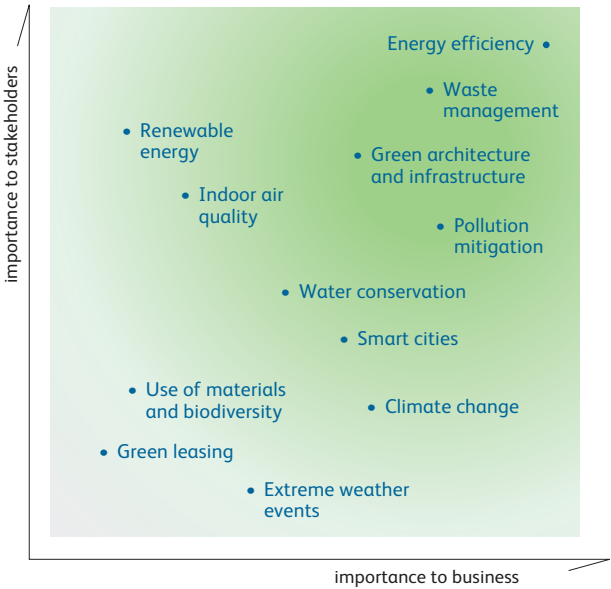
GOVERNMENT & LOCAL DISTRICT COUNCIL

- Regular and special meetings

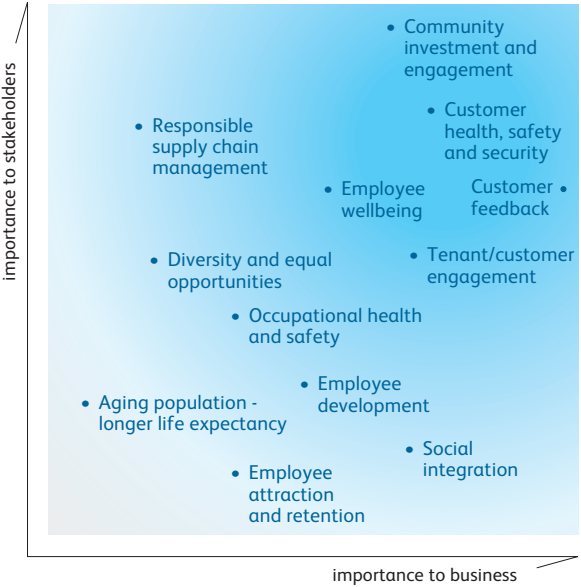
During the reporting year, we appointed an independent consultant to engage various stakeholder groups and to conduct an in-depth materiality assessment on each aspect of ESG. Top material aspects identified include energy efficiency, waste management, community investment and engagement, customer needs, ethics and integrity and corporate governance. These aspects have been communicated to the Sustainability Executive Committee and Sustainability Task Forces for their review and feedback.

MATERIALITY MATRIX

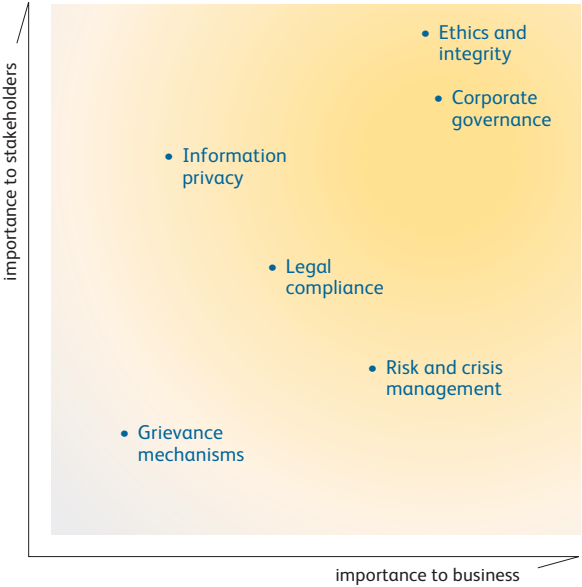
Environment



Social



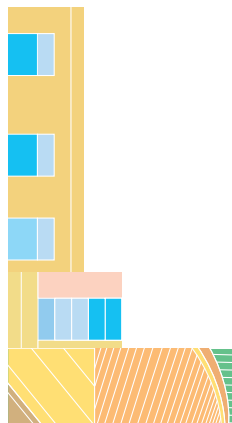
Governance



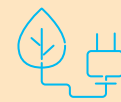
OUR ACHIEVEMENTS IN 2019

With a strong sustainability governance structure and continuous learning from industry norms and indices, Hysan regularly sets and reviews targets and effective measures across all its major business units in accordance with the principles of Life.

Hysan supports the United Nations SDGs and has identified 9 out of 17 SDGs that best align with Hysan's operations and sustainability objectives.



Leap into smart and eco-business



Energy Conservation and Renewables

- In progress to adopt ISO 50001 Energy Management System
- In progress to implement building analytics technology for energy performance enhancement
- Installed solar and/or LED lighting at Bamboo Grove and Lee Garden Three



Integrate with our communities



Transformation of Spaces and Public Facilities

- Created an artistic and cultural space for the public, Urban Sky
- Commenced opening of a unique living and working space, Bizhouse
- Launched new mobile app for queries, navigation and parking
- Kick-started an art programme: local artists were invited to help revitalize the common areas of our buildings

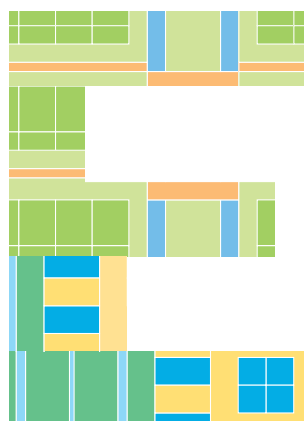


Foster partnership with our people



Human Resources Policies

- Enhanced communication and employee engagement channels
- Enhanced employee benefits and compensation
- Upgraded work schedule for frontline supervisors from 6 to 5.5 days per week



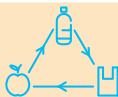
Establish strong corporate governance





Water Conservation

- Installed rainwater harvesting system at Lee Garden One and Bamboo Grove for irrigation and/or cleaning
- Replaced 100% of existing faucets of the renovation project at retail floors of Lee Garden Two with water efficient type



Waste Minimization and Diversion

- Saved 74,981 single-use plastic bottles through the installation of water refill stations
- Engaged 38 of our food and beverage tenants in "Be Straw Free Campaign"
- Supported local non-governmental organization EcoDrive on a "Go Green 2.0 x Enough Plastic Campaign"
- Installed reverse vending machine at Hysan Place to promote plastic bottle recycling



Green Building Recognition and Certifications

- Obtained Gold level under the United States Green Building Council's LEED (Core and Shell) and Final Platinum rating under BEAM Plus (New Buildings) for Lee Garden Three



Volunteering

- Organized a total of 15 charity activities with cumulated volunteer service hours of 812



Engaging Our Stakeholders and Surrounding Communities

- Organized and supported 77 community engagement events with over 36,000 participants
- Held 131 environmental education and outreach workshops under Green Wonders and Urban Farm
- Partnered with 14 NGOs and provided venue and media support



Employee Wellness

- Secured cumulative participation of over 740 colleagues in our employee wellness and recreation programme
- Turned Properties Services Division's Lee Garden Two workplace into a flex office space



Talent Attraction and Retention

- Upgraded mobile learning app with over 115 learning modules
- Acquired new intakes for Management Trainee Programme and Apprenticeship Scheme
- Designed a brand new Young Leaders Development Programme for employees with strong potential



Health and Safety

- Obtained "Excellent Class" or "Good Class" of Indoor Air Quality ("IAQ") Certification for 100% of public area in our retail and office buildings
- Achieved a significant increase in per-employee training hours from 11.05 to 20.39 (Head Office) and from 20.10 to 25.40 (Principal Operating Subsidiaries)



Corporate Governance

- Established the Board-level Sustainability Committee
- Updated 10 group-wide corporate governance related policies and procedures
- Added 5 new e-courses covering compliance to the Hysan mobile learning platform
- Organized a Corporate Disclosure Drill for key responsible departments regarding corporate disclosure responsibilities



Risk Management and Internal Control

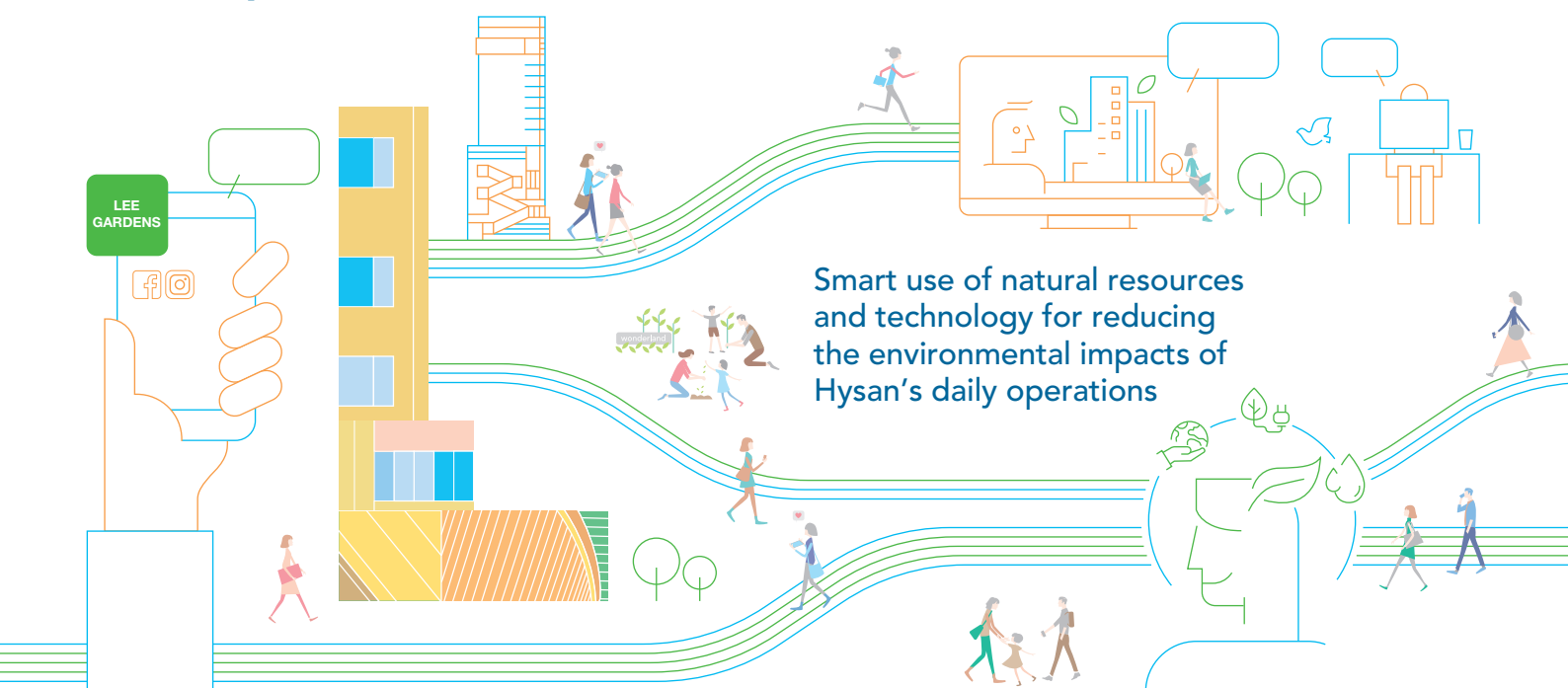
- Assessed and reviewed the risk registers across business operations and functional areas
- Ensured continuous compliance by conducting half-yearly reporting with all departments
- Distributed internal control effectiveness questionnaires to all departments to review and certify the effectiveness of their departmental controls



Green Finance

- Issued a total of HK\$1,550 million green bonds through private placements under the existing Medium-Term-Note Programme

Leap into smart and eco-business



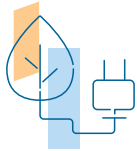
Smart use of natural resources
and technology for reducing
the environmental impacts of
Hysan's daily operations

ENVIRONMENTAL POLICY

As a property developer, investor and manager, the environmental risks we face include but are not limited to climate change, energy conservation, water shortage/pollution, air quality, waste generation and the environmental risks of the supply chain. Ever since we began to collect our environmental data in a formal way in 2005, we have been seeking ways to make improvements in energy and water usage, indoor air quality, and waste reduction. Hysan's Environmental Policy focuses on measuring and reporting our carbon reduction efforts, promoting waste reduction at source, enhancing green purchasing, and improving stakeholder engagement. Hysan aims to:

- Ensure compliance with all applicable environmental and related legislation and encourage employees, business partners and other stakeholders to meet their environmental obligations
- Identify environmental impacts associated with our operations, and to set targets to continually improve our environmental performance
- Improve energy efficiencies by adopting best practicable designs and technologies without compromising service
- Measure and report our GHG emissions, and actively encourage our stakeholders to reduce their carbon footprint
- Minimize waste generation whenever practical in daily operations through source reduction and recycling
- Embrace green purchasing practices and adopt best practicable technologies to conserve natural resources where applicable
- Provide good indoor environmental quality in our buildings to ensure that all the work/living environments are healthy
- Provide regular environmental training to employees and to continue to raise their awareness of these issues

ENERGY CONSERVATION AND RENEWABLES



By 2024:

Achieve an average of 20% reduction in purchased electricity¹ (baseline: 2005)

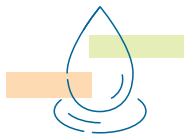
Current status:

On track

During the reporting year, there was a 4 % increase in total electricity consumption. This was mainly due to the addition of Hysan's Head Office operation to the reporting scope and the higher occupancy rate of Lee Garden Three in 2019. For the rest of our properties, electricity consumption remained stable. Hysan continues to manage and improve energy performance in all of our properties. In 2019, we began the planning process for implementing a new building analytics system at Hysan Place to gain more precise information of energy use, identify areas for better energy saving, and to enhance the overall performance of the building energy system. We have undertaken lift modernization works at Leighton Centre, replaced an air-cooled chiller at Lee Garden Five, and gradually replaced LED lightings at our properties. During the year, we also began to adopt the ISO 50001 Energy Management System with the aim of better identifying and reducing the energy impacts from our buildings. For our residential property, Bamboo Grove, we have installed numerous solar panels and replaced existing lighting with LED lights in the car park.

¹ The energy reduction target references the baseline level in 2005 and the baseline level in the first year of the complete reporting year of data available for newly added properties. Consumption reduction is calculated based on individual buildings' energy performance

WATER CONSERVATION



In 2019, there was a 0.34% reduction in the Group's water consumption as compared to 2018, with an intensity of 0.05 m³/ft²

Water is a renewable but finite resource. As a landlord, Hysan makes use of a significant amount of potable water for property cooling, cleaning and landscaping. We are thus always mindful to develop solutions to reduce water use. Hysan installed rainwater harvesting systems at Lee Garden One and Bamboo Grove to collect water for irrigation and/or general cleaning purposes. We also replaced all existing faucets with water-efficient ones during renovations at retail floors of Lee Garden Two.



WASTE MINIMIZATION AND DIVERSION



In 2019, we recycled over 1,213 tonnes of paper, which contributed to a saving of 5,825 tonnes of carbon dioxide equivalent

Managing waste in modern commercial and residential buildings requires significant human and financial resources. Hysan is always looking for ways to reduce the total amount of waste at source and to improve recycling within our portfolio.

Waste Handling and Reduction Initiatives

Over the years, Hysan has expanded the types of recyclables collected and has strengthened efforts to engage our stakeholders in the process of recycling. Our tenants and shoppers can easily locate and make use of our recycling facilities within Hysan's portfolio. The waste collected is carefully sorted and transferred to licensed recycling companies and municipal waste collectors. During the wet season, Hysan also implements a plastic waste reduction measure: the use of umbrella dryers in our shopping malls and office lobbies to reduce the use of plastic umbrella bags.

In 2019, Hysan implemented various initiatives to promote environmental awareness among tenants and customers:



Free water refilling stations

Free water refilling stations were installed to encourage tenants, customers and communities to bring their own bottles to public areas and community events – we saved 74,981 bottles in 2019.



"Be Straw Free Campaign"

38 of our Food and Beverage tenants participated in the "Be Straw Free Campaign" to avoid giving plastic straws to customers.



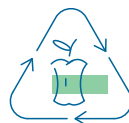
"Go Green 2.0 x Enough Plastic Campaign"

We supported EcoDrive and New Youth Energy Think Tank ("NYETT")'s "Go Green 2.0 x Enough Plastic Campaign" by actively promoting the 5R message – Rethink, Refuse, Reduce, Reuse and Recycle, as well as highlighting the growing problem of plastics pollution.



Reverse Vending Machine ("RVM")

A RVM was installed at Hysan Place in November 2019 to promote and recognize the plastic recycling efforts of our customers.



Food Waste Collection Recycling Programme

More tenants joined our food waste collection recycling programme, through which we send food waste to Hong Kong's first Organic Waste Treatment Facility operated by the Environmental Protection Department in Siu Ho Wan. We achieved a 70% increase in the amount of collection as compared to the previous reporting year. Over 59 tonnes of food waste were diverted from landfill in 2019.



Wastewi\$e

All our retail and office buildings achieved "Class of Excellence" Wastewi\$e labels under the Government's Hong Kong Green Organization Certification Scheme in 2019.



The successful roll-out of Hysan's paperless e-coupon project for customers encompassed over 20,000 digital transactions and 46,000 coupons in 2019, significantly reducing paper use

Digitalization

All business units worked together to reduce our reliance on paper in daily operations and the generation of paper waste. During the reporting year, we streamlined processes and digitalized forms and approval workflow in various human resources procedures, including training, payroll, marketing channels and compliance system. These trial projects proved successful and we will expand our digitalization trend into other parts of our operations in 2020.

Tai Po Residential Development

In 2019, the Tai Po Residential Development project reached its final stage of foundation works and the main contractor commenced the superstructure works in December 2019. The site waste management plan is in strict compliance with the requirements of the BEAM Plus (New Buildings) Certification. During the reporting year, the transferring of excavated rockfill materials to other private construction sites for reuse and backfilling purposes brought the recycling rate of excavated materials to 99%.

CLIMATE CHANGE ADAPTATION

Hysan recognizes the important role that businesses have to play in responding to climate change by implementing voluntary reductions of GHGs within areas of our control and by engaging in mitigation and adaptation activities outside of our immediate areas of control but where we may have some influence. As part of our decarbonization journey, we support the Business Environment Council's Low Carbon Charter and we began the process of signing on to the charter during the reporting year. We are currently in the planning stage of developing the Group's Climate Change Policy and adopting international standards in our operations.

Green Building Recognition and Certifications

Hysan is committed to minimizing our impact on the environment and focuses particularly on green building development and maintenance. Following on Hysan Place's winning of various international and local green building awards, Lee Garden Three, the newest addition to Hysan's portfolio, received recognition at Gold level in the final assessment under the United States Green Building Council's LEED (Core and Shell) and Final Platinum rating under Hong Kong Green Building Council's BEAM Plus (New Buildings) during the reporting year.



Government and Green Organization Initiatives

During the reporting year, Hysan continued to support the following environmental initiatives as established by both governmental and non-governmental organizations to promote green causes:

- Charter on External Lighting by the Environment Bureau
- Rechargeable Batteries Recycling Scheme by the Environmental Protection Department
- Food Waste Source Separation, Collection and Delivery to Organic Waste Treatment Facilities Phase One operated by the Environmental Protection Department
- Energy Saving Charter 2019 by the Electrical and Mechanical Services Department
- Hong Kong Green Day 2019 by Green Council
- No Air Con Night 2019 by Green Sense
- Lai See Packets Recycling Programme 2019 by the Greeners Action
- Wood Recycling and Tree Conservation Scheme 2019 by Hong Kong Environmental Protection Association
- Clothes donation and exhibition partner for Get Redress Month 2019 by Redress

Integrate with our communities



Integrate community needs into our core business operations and partnerships, provide support to community projects, and develop sustainable partnership with our tenants

ENGAGING OUR STAKEHOLDERS AND SURROUNDING COMMUNITIES

Hysan understands there is more to a real estate portfolio than buildings. Our stakeholders and the communities they form give life to the area where our portfolio is based. We learn about their needs through meetings, visits, surveys, interviews, events, activities and most importantly, through our day-to-day connections. We then work to integrate community needs into our core business operations and partnerships, and to provide expertise, manpower, venues and financial support to community projects.

To ensure resources are used in a focused way, Hysan has supported activities with themes on Environmental Sustainability, Health and Wellness, Family and Children, as well as Arts and Culture.

Environmental Sustainability

Urban Farm, Sky Wetland, Green Wonders: Hysan's environmental activities promoted green issues to everyone from the young to the young-at-heart.

Following its success in 2018, Hysan will organize Green Fest in the next reporting year. Green Fest was Hong Kong's very first sustainability festival for young people and was aimed at leading them to take action towards a more sustainable future.

Health and Wellness Promotion

Supporting Local Rugby: Hong Kong rugby is not just about the Sevens. During the year, Hysan reached out to sponsor Gai Wu, a locally-based team renowned for bringing the sport to the community.

Sponsoring Squash: In partnership with our neighbour, the Hong Kong Football Club, Hysan boosted local squash through financial and mentorship support for top young local players, as well as for special education needs children.





Family-themed Events

Theatre and Books: In partnership with Absolutely Fabulous Theatre Connection and Hong Kong International Young Readers Festival, Hysan brought monthly theatre performances and an annual book festival to Lee Gardens. Hysan aims to create more memories of the area for young people.

Children's Academy: We believe there is more to education than exam results. We are busily preparing an all-encompassing children's academy to teach and to entertain. Stay-tuned for more in 2020.

Music and Performances: Hysan partnered with Premiere Performance Hong Kong and hosted popular after-work concerts in Hysan Place. Another project saw City Chamber Orchestra of Hong Kong joining Rugby Sevens' Fan Walk with a Bug Symphony performance.

Lee Gardens Association

The local area association, Lee Gardens Association ("LGA"), of which Hysan is the founding member, works to create a unified community of businesses to promote this thriving area to the public. Due to safety and traffic concerns caused by the social events in the second half of 2019, planned events like the Art Fun in Causeway Bay Night Parade and the Christmas Community Festival were cancelled. However, LGA still organized on a range of activities to enliven the area.



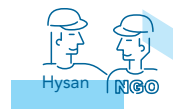
Organized and supported
77 community
engagement events



Engaged over
36,000 participants



Held **131** environmental
education and outreach
workshops under Green
Wonders and Urban Farm



Partnered with
14 NGOs and provided
venue and media support

HYSAN'S 2019 SOCIAL DIARY



March

Lee Gardens "EGGssentially Art!" Egglette Festival + StreetMaze Art Project

Thousands of participants enjoyed egg waffles and other egg-based desserts at this outdoor culinary plus street art event.



April

Cathay Pacific/HSBC Hong Kong Sevens Fanwalk

Sporty ninjas, stilt walkers, comedians and other performers provided unparalleled entertainment to accompany Hong Kong's premier international sporting event.



Summer

Lee Gardens Under the Invisibility Cloak Guided Tour

A showcase of hidden shops in the heart of the Lee Gardens area for locals and tourists.



Autumn Wellness in Lee Gardens

A popular health and wellness programme targeted the district's office workers. Activities ranged from yoga to calligraphy and sound meditation.



Social Media

LGA Facebook, Instagram and website provided the latest news and personality interviews and to bring the area to life.



August

Ballet in Lee Gardens – Peter Pan Fun Day

The unforgettable ballet dance performance at Hysan Place was supported by a technicolour parade of the beloved novel's characters.



Co-Creation with Members

From shoe-polishing workshops to sand-painting classes; from coffee giveaways to barber shop experiences: LGA connected its member businesses with the public.



December

Unbox Your Christmas

A range of workshops and market to celebrate Christmas with stakeholders.

Other Venue and Media Support

In addition to events Hysan organized, we also partnered with numerous organizations by providing venue and media support:

January

- WWF “Sea for Future Public Engagement Programme”
- Plan International “Hong Kong Public Education & Membership Activity”

February

- Oxfam Hong Kong “Partners Recruitment Campaign”
- Heep Hong Society “Public Education & Monthly Donation Programme”
- Helping Hand “Cookie Campaign 2019 Launching Ceremony and Charity Sale”

March

- Helping Hand “Cookie Charity Sale 2019”
- Hong Kong International Young Readers Festival
- Premiere Performances Percussion Quartet Concert by B'Tutta
- Lok Sin Tong “Charity Candy Campaign 2019”
- The Fred Hollows Foundation Hong Kong “Public Education & Membership Recruitment Programme”
- City Chamber Orchestra of Hong Kong “Bug Symphony” Preview

May

- Le French May “Vivre la Cheongsam” Exhibition

July

- Tung Wah Group of Hospitals “Friends of Tung Wah Monthly Donation Scheme” Promotion Tour
- Music Children Foundation “MUSIC Stand by Me” Preview

September

- Premiere Performances “The Hot Club of San Francisco Jazz Concert”
- Enable Foundation “Dementia Going”

October

- The Fred Hollows Foundation Hong Kong “The Brightest Smile Little Philanthropist Pop Up Display”
- Hong Kong Breast Cancer Foundation “#Support Population-wide Breast Screening”

TRANSFORMATION OF SPACES AND PUBLIC FACILITIES

Integrating community needs into Hysan's business operations is a major element of our principles of Life. In 2019, we continued to improve the quality of public space provided by Hysan Place and our other buildings by re-identifying places for promoting and supporting local art, culture and start-ups. We also enhanced pedestrian accessibility to Lee Theatre Plaza from nearby streets and buildings.

Urban Sky

During the reporting year, Hysan Place's previously under-utilized 9th floor was turned into an art and culture hub called Urban Sky. This space serves as a unique social and cultural place to satisfy community needs and to allow its identity to grow organically. In 2019, Urban Sky provided venue support for various events:



September

The Hong Kong Institution of Architects' "Skyline Cello" exhibition, which allows visitors to play on an interactive musical instrument.

July

A celebration of award-winning short film "Old Man and a Dog" from Fresh Wave International Short Film Festival

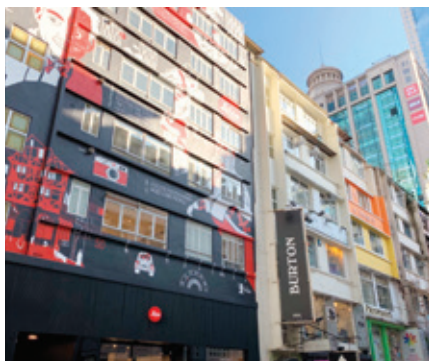


November

Showcased short film to promote the Microwave International New Media Art Festival 2019

Bizhouse

Bizhouse provides smart units of living and working space for those who are in the creative industries and for entrepreneurs, supporting our community as a venue for their innovative and cultural interaction.



Art Programme

Hysan kick-started an art programme in the summer of 2019, whereby we invited local artists to help revitalize the common areas of our buildings with fun and accessible artistic designs and displays.



Green Facilities and Biodiversity

Electric vehicle chargers are available at carparks in Lee Garden One, Lee Garden Two, Lee Garden Three, Hysan Place and Leighton Centre. Our Lee Garden's mobile app also provides additional convenience for electric vehicle drivers to check real-time availability of charging spaces.

Hysan plays an important role in helping to mitigate the heat island effect in Causeway Bay. Lee Garden Three offers large-scale vertical green walls, a rooftop garden, and a "Butterfly Garden" with flora to attract butterflies. All of these initiatives also enhance the area's biodiversity. The existing rooftop Urban Farm and Sky Wetland at Hysan Place, the green roof at Lee Garden One's shopping mall and the green wall at Lee Theatre Plaza continue to help improve biodiversity within this extensively developed urban area.

VOLUNTEERING

Hysan's Volunteering Team aims to promote good citizenship and strengthens the connection between our employees and the community we serve. We encourage our employees to bring along their family members to join volunteering activities, and make a greater positive contribution to society. We supported organizations and initiatives that focus on social welfare services for the elderly and young people, as well as on environmental conservation. We were honoured to receive the Silver Award for Volunteer Service (Organization) under the Steering Committee on Promotion of Volunteer Service of the Hong Kong Social Welfare Department.

TENANT RELATIONS

Hysan maintains a close partnership with our tenants. For retail tenants, we partnered with them in numerous green initiatives to reduce plastic and food waste in 2019. We also organize annual town hall meetings and focus group sessions to share our latest marketing strategies, and exchange ideas on how to enhance the tenants' exposure. For our office tenants, we engage them through paper recycling incentives and clothes donations for NGOs.

We have also launched a new urban farm programme for residential tenants at Bamboo Grove in September 2019.

We strive to offer the best property management services to our tenants and customers and were awarded the Service Quality Management ("SQM") Certificate by the HKQAA for our achievement in providing professional services and delightful experiences to tenants and customers. In order to ensure the consistency of service delivery and enhance effective communication, the following have been implemented as part of a regular feedback and communication programme:

- Annual customer survey
- Effective communication through regular tenant visits, meetings, phone calls, SMS messages and emails
- Independent professionals in mystery shopping from HKQAA conduct regular quality assessments at Hysan portfolio
- Automated case management system with electronic standard operating procedures ("SOPs") to ensure efficient resolution of cases through real time updates and quick access to information

Foster partnership with our people



EMPLOYEES AND WORKPLACE

Equal Opportunity and Diversity

Hysan's Code of Ethics, Respect for People policy and Human Rights Policy (adopted in early 2020) strongly reflect our commitment to promoting equal opportunities and diversity in the workplace. The newly established Human Rights Policy aligns Hysan's business practice with the United Nations Guiding Principles on Business and Human Rights, International Bill of Human Rights and International Labour Organization's ("ILO") Declaration on Fundamental Principles and Rights at Work.

We advocate an open communication culture for all employees, free of discrimination and harassment. No employee or applicants for employment shall be discriminated against directly or indirectly on the grounds of sex, marital status, family status, pregnancy, disability, age, sexual orientation, race, colour, descent, nationality, ethnic origins or religion with respect to recruitment, promotion, demotion, transfer, termination, rates of pay or other forms of compensation and training. A grievance handling procedure is also covered in the Respect for People policy and clearly sets out the reporting structure and responsible parties. All complaints shall be investigated thoroughly and handled with confidentiality.



By the end of 2019,
Hysan has a total of
514 employees

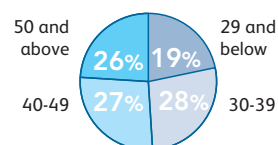
By gender



By geographical region



By age group



A **6%** increase from last
year's workforce

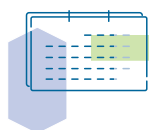
Human Resources Policies

Hysan's Employment and Staff Policy encompasses a range of topics, including recruitment, employment movement, performance management, compensation and benefits such as overtime work, leaves, medical coverage and retirement benefits. The Policy together with the Code of Ethics give employees a comprehensive understanding of employment terms and conditions, benefits entitlement and guidelines for work behaviours.

Performance Management

Performance management is an important process that allows management to share the Company's vision with employees on a regular basis, provides ongoing feedback through open communication between employees and management, recognizes employees' contributions and formulates individual development plans.

EMPLOYEE WELLNESS AND RECREATION



Work schedule for frontline supervisors changed from 6 to 5.5 days per week

In 2019, we enhanced employee benefits for annual leave, birthday leave, study leave, marriage leave and paternity leave. We also upgraded compensation and work arrangement for frontline employees working for property services, such as changing the work schedule for supervisors from 6 to 5.5 days per week.



Cumulative participation of over 740 colleagues in our employee wellness and recreation programme

2019 also marked the reformation of our employee wellness and recreation programme, with cumulative participation of over 740 colleagues. To cultivate a caring and community atmosphere in the workplace, we organized festival celebrations, free medical check-ups, workplace massages, as well as a wide variety of activities after work, such as movie night, bowling competition, art jamming and terrarium workshops.

Apart from engaging employees in wellness and recreation activities, we also created platforms to encourage open communication and respect for different opinions and diversity. Among the initiatives are:

Hysan Pulse

A newly revamped intranet launched in 2019. This interactive and mobile compatible platform is accessible 24/7 aiming to share the latest Company news and events with employees and facilitate their access to Company policy and information.

Hysan Wall

A channel to invite employees to share thoughts and ideas on different company-related issues so that employees feel listened to and respected.

Hysan Mart

Echoing Hysan's Core Value of Sustainability, this is a platform for employees to trade, exchange or donate items, which maximizes the reuse of valuables and promotes waste reduction.

Lunch & Learn

Lunch-hour learning sessions with topics related to health, wellness and soft skills.



FOSTER PARTNERSHIP WITH OUR PEOPLE

Furthermore, Hysan works closely with a third-party non-governmental organization to implement an Employee Assistance Programme, which provides professional counselling and consultation services for employees and their family members on stress and anxiety issues arising from both work and personal life.

During the reporting year, Hysan revamped the work environment of our Property Services Division into a flex workspace that allows for privacy as well as clear hierarchy and collaboration. Among other improvements, this workspace at Lee Garden Two has adopted sustainability features such as eco-materials, natural lighting, and digital panels.

TALENT ATTRACTION AND RETENTION

Training and Development

Hysan supports employees' continuous learning and development in line with business needs and market growth. Among the significant initiatives delivered in 2019 were:

Hysan Forum

Internal subject-matter-experts from different business functions shared the latest business trends and industry knowledge on a regular basis.

Mobile Learning

115+ learning modules in seven categories with live videos and interactive features to support employees learning at any time, any pace and any place.

Management Trainee Programme

A two-year structured rotation programme to attract and build young graduates' all-round business skills and perspectives. We have successfully recruited 14 young talents of diversified profiles from both local and overseas universities since 2017. The programme has strengthened the Company's talent pipeline.

Apprenticeship Scheme

To ensure smooth succession, young apprentices were hired and given a three-year comprehensive building management technical training, covering air-conditioning, plumbing, electricity and fire prevention. There have been five intakes since 2017.

Young Leaders Development Programme

To strengthen business acumen and execution capability, 19 young leaders, were nominated to participate in this programme, which covers multiple learning courses, including personal effectiveness, influencing and leadership skills, assets value enhancement and a field trip visiting thought leaders in the technology and property industry.

In addition to the in-house training programmes, we also offered **training and education sponsorship** for employees to attend external seminars, short courses or to pursue further academic qualifications. Upon completion of training, employees are required to provide training feedback so that we can continuously monitor and review our programme's effectiveness, as well as employees' training needs and plans.

During the reporting year, the average training hours per employee were 20.39 hours and 25.40 hours from Head Office and Principal Operating Subsidiaries respectively, achieving a significant increase from last reporting year of 11.05 hours and 20.10 training hours.





HEALTH AND SAFETY

Health and Safety Policy

We are committed to safeguarding the health and safety of our employees, those with whom we do business and the communities within which we operate. The Group's Health and Safety Policy aims to:

- Ensure health and safety standards are given prime consideration in the operation and management of our properties, for which we have developed a Safety Management Plan to ensure regulatory compliance
- Ensure employees at every level are committed to, and accountable for the delivery of the safety initiatives contained in this Plan, with a view to maintaining a vigorous and injury-free culture
- Provide employees with appropriate induction and external/internal training, as well as protective equipment in accordance with established procedures
- Encourage employees to engage actively in the Plan and to exceed and improve upon the safety measures that have been set
- Mandate our contractors, who are equally responsible for establishing their own organizational structure, work processes, supervision and training, to avoid or minimize risks to health and safety, particularly in the services they provide to us
- Conduct regular reviews of the Health and Safety Policy so that it reflects changes in the products, services and activities of the Company
- Raise further awareness through the use of third-party health and safety experts to conduct regular safety audits

¹ Number of occupational injuries divided by total workforce.

² (Accumulated number of accidents divided by accumulated monthly man-hour) x 100,000 hour

Safety at Workplace



In 2019, there were zero work-related fatalities and a 2% injury rate¹, with a total of 175 lost days

A large proportion of Hysan's employees are in the frontline Property Services. This division contributes significantly to the Safety Committee, which plays an important role in safety strategy development, implementation and review. The Committee reports to senior management on issues and plans. The main Safety Management Plan is complemented by regular third-party safety audits of buildings.

Health and Safety Training

In comparison to 2018, 11% more training hours on safety and health related topics were provided during the reporting year. Training topics covered the latest work safety guidelines and requirements from the government, emergency handling procedures, and contractors' safety instructions. In addition, training needs analysis is regularly conducted to identify the gap between the required and current level of knowledge and skills, to explore ways to enhance safety awareness and to reduce potential occupational hazards in the workplace.

Indoor Air Quality

An air filtering system has been installed in the central MVAC systems to remove dust particles, thereby improving indoor air quality for tenants and customers. All our office and retail buildings have continued to be recognized by the Hong Kong Environmental Protection Department's IAQ Certification Scheme with "Excellent Class" or "Good Class" certifications.

Tai Po Residential Development

During the reporting period, the construction site had achieved 0% accident frequency rate². The site continues to carry out daily morning session of safety briefings and bi-weekly safety induction training for all workers and contractors. Hysan has also engaged an external safety consultant to conduct bi-weekly inspections to the site and issue professional advice to the contractors for follow-up actions.

Establish strong corporate governance



Build a strong governance structure,
maintain an ethical workplace and
promote green finance

CONTINUAL ENHANCEMENT OF OUR STRONG CORPORATE GOVERNANCE

A culture of ethical behaviour has enabled Hysan to integrate sustainability into our strong overall corporate governance structure. The Board is our highest governance body and it is highly committed to promoting the success of the Group by dedicating itself to supervise all company affairs in a responsible manner. Their duties are supported by four Board Committees, with the newly established Sustainability Committee being launched in 2020 and the Audit and Risk Management Committee remaining mostly involved in overseeing sustainability strategies. For details of the Group's corporate governance, please refer to the Corporate Governance Report in annual report and visit the corporate governance sections of the Company's website: www.hysan.hk/governance.

COMPLIANCE POLICIES AND CODE OF ETHICS

Compliance with all laws and regulations is a basic company requirement. Our commitment to comply with laws and regulations is set out in a separate Policy of Compliance with clear procedures both for ensuring compliance and for reporting non-compliance so that all departments adhere to the rules.

During the reporting year, Hysan continued to comply fully with the requirements of the provisions contained in the Corporate Governance Code (the "Corporate Governance Code") set out in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. Furthermore, Hysan is committed to go beyond the legally required provisions. The major areas in which Hysan's corporate governance practices exceed the Corporate Governance Code are set out in the "Beyond Corporate Governance Compliance" section in the Corporate Governance Report of our annual report.

In 2019, Hysan implemented a set of comprehensive and prudent policies and measures to promote and further enhance the governance framework throughout the Group. The Company has updated up to ten of the Group's policies and procedures, including the Whistleblowing Policy, Code of Ethics, Onboarding Guideline for Directors, Board of Directors Mandate, Roles and Requirements of Non-Executive Directors, Corporate Disclosure Policy, Shareholders Communication Policy, Auditor Services Policy,

Code for Securities Dealings by Directors and Employees in 2019, and also completed a Human Rights Policy in 2020. These are incorporated in a series of new measures and best practices that go above and beyond the legally required standards.

For the Code of Ethics, all employees (including Directors, officers and employees) of the Company and its wholly owned subsidiaries are required to fully comply with the Code. This enhanced Code of Ethics extends to cases of joint ventures, with all Hysan representatives being expected to act in accordance with the Code themselves and to use reasonable endeavours to influence those with whom they are working so that everyone acts with similar standards of integrity and ethical behaviour. Likewise, contractors and suppliers working for the Company are encouraged to follow this Code during their contract term with the Company. During the reporting year, we also enhanced guidelines and requirements related to the Board. For details of the enhanced Board policies, please refer to the Corporate Governance Report in our annual report.

CONTINUAL STRUCTURED COMPLIANCE TRAININGS



91 cumulated training hours were dedicated on group-wide training calendars to topics associated to business and corporate needs

During the reporting year, we provided compliance training on contracts, real estate venture process, rental and business recovery solutions and other compliance focuses. Throughout the year, employees attended seminars conducted by external professional bodies to learn about the latest practices and regulations. In November 2019, we organized a Corporate Disclosure Drill with the support of an external professional consultant to strengthen the knowledge, capacity and resilience of key responsible departments in regard to corporate disclosure responsibilities. Participants included working level employees from Finance Department (Financial Reporting Team and Treasury Team), Investment and Development Department, Corporate Communications Department, and Legal and Secretarial Department. Exploring a series of case studies, our colleagues and senior management shared ideas on how to ensure compliance in different scenarios. Following the success of these face-to-face workshops and seminars, the education materials are added to our e-learning database as a continuous learning package. During the year, we added five new e-courses covering dawn raid procedures, connected transactions awareness,

inside information disclosure, intellectual property know-how and competition law to the Hysan Mobile Learning platform. These courses are easily accessible for all employees 24 hours a day. All e-courses are bilingual and designed to be easy-to-comprehend, including interactive tests after completion. New employees are invited to complete compliance modules within a prescribed period.

For details of the Group's corporate governance, please refer to the Corporate Governance Report in our annual report, and visit the corporate governance sections of our website: www.hysan.hk/governance.

ANTI-CORRUPTION AND ANTI-COMPETITION

Hysan is committed to maintaining a high standard of integrity and ethical behaviour in its business practices. Hysan believes that a reputation for honesty, trustworthiness and fair play is an important business asset and is essential for long-term growth and success. Policies related to conflict of interest, bribery, competition and antitrust, privacy compliance, equal opportunities, etc. are covered in Hysan's Code of Ethics, so that all employees shall comply with all applicable laws and regulations. Confirmation in written form is required from employees that they have read and fully understood the Code upon recruitment. Anti-corruption training is provided to all employees, including management. A corporate fraud policy is also established to facilitate the development of controls that will aid in the detection and prevention of fraud against Hysan. Hysan has a policy for the Compliance with Competition Ordinance, which applies to all employees of the Group and stipulates that Hysan employees should not engage in any anti-competitive conduct.

WHISTLEBLOWING POLICY

To ensure Hysan's operations follow the principles of integrity, openness, probity and accountability, we have long maintained a whistleblowing policy for all our employees and related third parties (e.g. consultants, contractors, suppliers, agents and customers) who deal with the Group. This Policy enables them to raise concerns, in confidence, about irregularities in any matters to the Group's designated independent third party. Under this Policy, the Whistleblower is assured of fair treatment, including protection against unfair dismissal, victimization or unwarranted disciplinary action. The Policy has been updated in 2019 with enhanced reporting procedures. In year 2019, there was no reportable whistleblowing case.

RISK MANAGEMENT AND INTERNAL CONTROL

Hysan has adopted a risk management and internal control model which is based on that of the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in the U.S. and tailored to fit our business and organizational structure. ESG risk assessment is a key focus under this framework. Hysan is committed to adopt the appropriate ESG strategies, policies and procedures to drive green operations and a sustainable business.

The management-level Risk Management Committee plays a key role in identifying and tracking these risks, with top management leading discussions with all department heads. During 2019, the half-yearly compliance reporting was conducted electronically, through which compliance and connected transactions reporting were signed off by all department heads for 1H and 2H 2019. To strengthen management’s assurance to the Audit and Risk Management Committee and the Board, self-assessment questionnaires on internal control effectiveness were distributed to all departments at the end of 2019. Department heads were required to review and certify the effectiveness of their departmental controls, including the identification of any control issues.

For details, please refer to the Risk Management and Internal Control Report of our annual report.

GREEN FINANCE

Our Green Finance Framework (“Framework”) was established in December 2018 to drive the creation of quality buildings with green and healthy features and initiatives to support our Environmental Policy. It was developed based on the Green Bond Principles and Green Loan Principles and reviewed by Sustainalytics, an independent ESG research and ratings provider. Please refer to the full Framework at our corporate sustainability website: www.hysan.com.hk/sustainability.

In 2019, Hysan issued in total HK\$1,550 million green bonds through private placements under the existing US\$2,500 million Medium-Term-Note Programme. The details of these green bonds are as below:

Issue date	Size (HK\$ million)	Coupon	Maturity	Credit rating
January 2019	300	3.33 %	January 2026	Rated A3 by Moody’s
March 2019	500	3.64 %	March 2034	Rated A3 by Moody’s
April 2019	500	3.10 %	April 2029	Rated A3 by Moody’s
June 2019	250	3.05 %	June 2029	Rated A3 by Moody’s
Total	1,550 *			

* Total net proceeds received is HK\$1,539 million out of the HK\$1,550 million green bond.

The total net proceeds have been fully allocated to our green building category under our Framework, and these proceeds have been used to refinance the construction cost of Lee Garden Three.

Appendix I: Performance Data

		2019 ¹	2018
Energy Consumption			
Town gas	Unit	5,390	5,796
Petrol	Litres	4,055	— ²
Diesel ³	Litres	3,324	4,410
Purchased Electricity – Total	Mwh	53,938	51,706
Head Office	Mwh	365	—
Properties in Hong Kong ⁴	Mwh	53,573	51,706
Refrigerant ⁵	Kilograms	1,645	733
Direct Energy Consumption (Town gas + Petrol + Diesel)	Mwh	142	121
Total Energy Consumption	Mwh	54,080	51,827
Intensity	Mwh/ft ²	0.01	0.01
Greenhouse Gas (“GHG”) Emission⁶			
Total Emission	Tonnes of carbon dioxide equivalent (“tCO ₂ e”)	37,560	40,903 ⁷
Intensity	tCO ₂ e/ft ²	<0.01	<0.01
Scope 1 ⁸	tCO ₂ e	42	30
Scope 2 ⁹	tCO ₂ e	43,154	40,873
Scope 3 ¹⁰	tCO ₂ e	(5,636)	—
Water Consumption			
Municipal water consumption	m ³	241,415	242,237
Intensity	m ³ /ft ²	0.05	0.05
Waste¹¹			
Waste Recycling (Non-hazardous waste)			
Total	Tonnes	1,286	1,247
Paper	Tonnes	1,213	1,193
Metal	Tonnes	3	3
Glass	Tonnes	4	9
Plastic	Tonnes	4	3
Food waste	Tonnes	59	35
Clothing donation	Tonnes	3	4
Waste Disposal (Non-hazardous waste)			
Commercial waste	Tonnes	4,405	4,426
Waste Recycling (Hazardous waste)			
Fluorescent tubes	Kilograms	1,100	426

Notes

1. Head office operation is added to reporting scope of 2019.
2. Not tracked in 2018 as petrol is used by Head Office only.
3. Diesel was used for routine maintenance and checking of emergency generators.
4. Electricity consumption refers to the provision of services in common areas of our office, retail and residential properties.
5. We continue removing appliances using R12 from our portfolio and sending the unused R12 to licensed collector.
6. Calculations were made in reference to Appendix 27 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.
7. Only Scope 1 and 2 were reported. Data has been adjusted to reflect the actual situation.
8. Scope 1 emissions included town gas and diesel.
9. Scope 2 emission included purchased electricity and town gas.
10. Scope 3 emission included paper and electricity used for processing fresh water and sewage. Emission from the Group’s business air travel was insignificant.
11. Sources of waste were collected from head office, tenant and public areas, unless otherwise specified.

APPENDIX I: PERFORMANCE DATA

		2019	2018
Workforce (as of 31 December 2019)			
Total		514	485
by Gender	Male	317	301
	Female	197	184
by Employee Type	Full-time	514	485
	Part-time	0	0
by Employee Category	Head Office Employee	197	191
	Principal Operating Subsidiaries	317	294
by Age Group	Aged 29 or below	98	92
	Aged 30-39	143	145
	Aged 40-49	138	130
	Aged 50 and above	135	118
by Geographical Region	Hong Kong	514	485
Employee Turnover Rate			
by Employee Category	Head Office Employee	18 %	29 %
	Principal Operating Subsidiaries	19 %	24 %
Employee Turnover (Distribution)			
by Gender	Male	10 %	15 %
	Female	8 %	11 %
by Age Group	Aged 29 or below	6 %	7 %
	Aged 30-39	6 %	7 %
	Aged 40-49	5 %	8 %
	Aged 50 and above	1 %	4 %
by Geographical Region	Hong Kong	18 %	26 %
Training Hours Completed per Employee			
by Employee Category	Head Office Employee	20.39	11.05
	Principal Operating Subsidiaries	25.40	20.10
Total Training hours		12,069	7,779
Total Training hours on Safety and Health Related Topics		2,015	1,814

Appendix II: HKEx ESG Reporting Guide Index

Hysan continues to comply fully with the requirements of the provisions contained in the Environmental, Social and Governance Reporting Guide ("HKEx ESG Reporting Guide"), Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

A. Environmental

Reference in this report

A1 Emissions	
<ul style="list-style-type: none"> General Disclosure 	In 2019, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.
<ul style="list-style-type: none"> KPI A1.1 Types of emissions and respective emissions data 	The emissions of NOx, SOx and PM are not significant.
<ul style="list-style-type: none"> KPI A1.2 Greenhouse gas emissions in total and intensity 	<ul style="list-style-type: none"> Appendix I: Performance Data
<ul style="list-style-type: none"> KPI A1.3 Total hazardous waste produced and intensity 	<ul style="list-style-type: none"> Appendix I: Performance Data
<ul style="list-style-type: none"> KPI A1.4 Total non-hazardous waste produced and intensity 	<ul style="list-style-type: none"> Appendix I: Performance Data
<ul style="list-style-type: none"> KPI A1.5 Description of measures to mitigate emissions and results achieved 	<ul style="list-style-type: none"> Transformation of Spaces and Public Facilities
<ul style="list-style-type: none"> KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved 	<ul style="list-style-type: none"> Our Achievements in 2019 Waste Minimization and Diversion
A2 Use of resources	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Environmental Policy Energy Conservation and Renewables Water Conservation Waste Minimization and Diversion
<ul style="list-style-type: none"> KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity 	<ul style="list-style-type: none"> Appendix I: Performance Data
<ul style="list-style-type: none"> KPI A2.2 Water consumption in total and intensity 	<ul style="list-style-type: none"> Appendix I: Performance Data
<ul style="list-style-type: none"> KPI A2.3 Description of energy use efficiency initiatives and results achieved 	<ul style="list-style-type: none"> Our Achievements in 2019 Energy Conservation and Renewables
<ul style="list-style-type: none"> KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved 	<ul style="list-style-type: none"> Our Achievements in 2019 Water Conservation <p>In 2019, we did not encounter any problems in sourcing water for daily operations.</p>
<ul style="list-style-type: none"> KPI A2.5 Total packaging material used for finished products 	Not applicable
A3 The environment and natural resources	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Sustainability Policy Climate Change Adaptation
<ul style="list-style-type: none"> KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them 	<ul style="list-style-type: none"> Our Achievements in 2019 Climate Change Adaptation

B. Social

Reference in this Report

Employment and Labour Practices

B1 Employment	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Our Achievements in 2019 Employees and Workplace Employee Wellness and Recreation <p>In 2019, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>As a company that treats its employees with fairness and respect, we observe the right of association, and ensure our employees enjoy the freedom to join trade unions. We did not identify any material breach of any right to exercise freedom of association and freedom to join trade unions in our core operations in 2019.</p> <p>We believe in the need for dialogue between the management and other employee members on company issues, even though there is no official collective bargaining policy, nor are we a party to any collective bargaining agreement.</p>

APPENDIX II: HKEX ESG REPORTING GUIDE INDEX

<ul style="list-style-type: none"> KPI B1.1 Total workforce by gender, employment type, age group and geographical region 	<ul style="list-style-type: none"> Employee and Workplace Appendix I: Performance Data
<ul style="list-style-type: none"> KPI B1.2 Employee turnover rate by gender, age group and geographical region 	<ul style="list-style-type: none"> Appendix I: Performance Data
B2 Health and safety	
<ul style="list-style-type: none"> General Disclosure 	In 2019, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.
<ul style="list-style-type: none"> KPI B2.1 Number and rate of work-related fatalities 	<ul style="list-style-type: none"> Health and Safety
<ul style="list-style-type: none"> KPI B2.2 Lost days due to work injury 	<ul style="list-style-type: none"> Health and Safety
<ul style="list-style-type: none"> KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored 	<ul style="list-style-type: none"> Our Achievements in 2019 Health and Safety
B3 Development and training	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Our Achievements in 2019 Talent Attraction and Retention
<ul style="list-style-type: none"> KPI B3.1 The percentage of employees trained by gender and employee category 	Not applicable
<ul style="list-style-type: none"> KPI B3.2 Average training hours completed per employee by gender and employee category 	<ul style="list-style-type: none"> Talent Attraction and Retention Appendix I: Performance Data
B4 Labour standards	
<ul style="list-style-type: none"> General Disclosure 	<p>In 2019, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>We believe our property investment and management business (primarily in Hong Kong) has a very low risk profile in regard to the use of forced or child labour. We are not aware of any material non-compliance with applicable provisions. We are against the use of forced or child labour. We did not identify any breach in the said areas in 2019.</p>
<ul style="list-style-type: none"> KPI B4.1 Description of measures to review employment practices to avoid child and forced labour 	Not applicable
<ul style="list-style-type: none"> KPI B4.2 Description of steps taken to eliminate such practices when discovered 	Not applicable

Operating Practices

B5 Supply chain management	
<ul style="list-style-type: none"> General Disclosure 	Policy related to engaging suppliers is on Hysan's agenda to better manage environmental and social risks of the supply chain. In our daily operations, Hysan supports green procurement measures such as purchasing Forest Stewardship Council ("FSC") certified office paper products, paper towels made with 100% recycled materials, electrical appliances with energy efficient labels, no or low volatile organic compound ("VOC") paints, and green cleaning products, among others.
<ul style="list-style-type: none"> KPI B5.1 Number of suppliers by geographical region 	Not applicable
<ul style="list-style-type: none"> KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored 	<ul style="list-style-type: none"> Our Achievements in 2019 <p>All contractors are required to complete the safety briefing and commitment agreement on work safety and risk assessment upon engagement.</p> <p>For all fitting out works, renovation or reinstatement works, Hysan has set out standardized House Rules and Fitting Out Guidelines ("Guidelines") to ensure all works comply with applicable statutes, codes, ordinances and regulations, as well as providing safe and fair working conditions. We have also incorporated green initiatives, green design and construction recommendations in the Guidelines to promote sustainable practices for construction activities, water use, energy monitoring and performance, ventilation and thermal comfort, and material and product selection.</p>

B6 Product responsibility	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Tenant Relations <p>In 2019, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>We have a comprehensive process to review our publications and advertising materials prior to their release and use, which we believe is an appropriate control mechanism for these areas.</p> <p>Routine operational procedure and daily safety briefings are mandatory for our frontline employees working for property services, to ensure quality of service, better use of equipment, prevention of injuries and prompt reaction to any emergency or potential hazards.</p>
<ul style="list-style-type: none"> KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons 	Not applicable
<ul style="list-style-type: none"> KPI B6.2 Number of products and service related complaints received and how they are dealt with 	<p>In order to effectively handle complaints and requests from tenants and customers, Hysan has an automated case management system with electronic standard operating procedures ("SOPs") to ensure efficient resolution of cases through real time updates and quick access to information. We also have a standardized customer complaint handling procedure to ensure written requests or complaints shall be answered in a timely manner.</p> <p>In 2019, there were no substantiated complaints received relating to products and services provided that have a significant impact on Hysan.</p>
<ul style="list-style-type: none"> KPI B6.3 Description of practices relating to observing and protecting intellectual property rights 	Not applicable
<ul style="list-style-type: none"> KPI B6.4 Description of quality assurance process and recall procedures 	Not applicable
<ul style="list-style-type: none"> KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored 	Hysan respects personal data privacy and is committed to implementing and complying with data protection principles under the Personal Data (Privacy) Ordinance of Hong Kong. Employees are required to comply with the Ordinance and the Group's privacy compliance policies and procedures.
B7 Anti-corruption	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Our Achievements in 2019 Compliance Policies and Code of Ethics Anti-Corruption and Anti-Competition <p>In 2019, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p>
<ul style="list-style-type: none"> 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 	In 2019, there were no concluded legal cases regarding corrupt practices brought against Hysan or its employees.
<ul style="list-style-type: none"> KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored 	<ul style="list-style-type: none"> Continual Structured Compliance Trainings Whistleblowing Policy
Community	
B8 Community Investment	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Our Achievements in 2019 Engaging Our Stakeholders and Surrounding Communities Transformation of Spaces and Public Facilities Volunteering
<ul style="list-style-type: none"> KPI B8.1 Focus areas of contribution 	<ul style="list-style-type: none"> Same as above
<ul style="list-style-type: none"> KPI B8.2 Resources contributed 	<ul style="list-style-type: none"> Same as above

“Comply or explain” provisions

Recommended disclosures

Appendix III: HKQAA Verification Statement



VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") has been engaged by Hysan Development Company Limited ("Hysan") to conduct an independent verification of its 2019 Sustainability Report ("Report"). The Report outlines Hysan's continuous commitments towards sustainability for the period of 1st January 2019 to 31st December 2019.

The aim of this verification is to provide a reasonable assurance on the completeness and accuracy of the information stated in the Report which has been prepared in accordance with the Environmental, Social and Governance Reporting Guide ("ESG Reporting Guide") of The Stock Exchange of Hong Kong Limited.

Level of Assurance and Methodology

The process applied in this verification was based on the International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our verification process was designed to obtain a reasonable level of assurance for devising opinions and conclusions. The extent of this verification process undertaken was provided for the criteria set in the ESG Reporting Guide.

Our verification procedure performed covered reviewing systems and processes for collecting, collating and reporting of the performance data, verifying relevant documentation, interviewing responsible personnel with accountability for preparing the Report. Raw data and supporting evidence of the selected samples were thoroughly examined during the verification process.

Independence

Hysan is responsible for the collection and presentation of the information. HKQAA did not involve in the collection and calculation of data or the compilation of the reporting contents where HKQAA's verification activities are independent from Hysan. There is no relationship between HKQAA and Hysan that will affect the independence of HKQAA for providing the verification service.

Conclusion

Based on the verification of the selected samples and the evidence obtained, our verification opinion is that:

- The key performance indicators specified in the ESG Reporting Guide are suitably addressed in the Report with substantial evidence supported;
- The sustainability performance and information stated in the Report is structured, balanced and consistent; and
- The data and information disclosed in the Report are factual, accurate and reliable.

Commitments to forging ahead with improvement has been demonstrated through the structured stakeholder engagement and materiality assessment process as well as the formulation of the long-term strategies towards sustainability.

Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham
Head of Audit
February 2020

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