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# A Sustainable Community

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2018  
Sustainability  
Report



 **Hysan** 希慎

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# Introduction by Chief Operating Officer

Hysan Development prides itself as a “Business of Life” providing sustainable and outstanding returns for our shareholders, while conducting our business in a responsible way to create a sustainable community. We would like our stakeholders to live, work and play in a thriving environment within Hysan’s community – not just today, but for many generations to come.

Hysan Development’s first corporate responsibility report/sustainability report was published in 2006. This is the 13th report for our Group.

This edition of the report covers information on material sustainability aspects of Hysan’s assets. The time period covered extends from 1 January 2018 to 31 December 2018, unless otherwise specified. The assets include:

- |                    |                     |
|--------------------|---------------------|
| 1 Lee Garden One   | 6 Hysan Place       |
| 2 Lee Garden Two   | 7 Lee Theatre Plaza |
| 3 Lee Garden Three | 8 Leighton Centre   |
| 4 Lee Garden Five  | 9 One Hysan Avenue  |
| 5 Lee Garden Six   | 10 Bamboo Grove     |

Our Sustainability Policy, as detailed in this report, covers environmental, workplace quality, health and safety, and community contributions issues.

We hope this year’s report will give our readers a succinct picture of what we have achieved on the sustainability front in 2018, and where we are heading for 2019 and beyond.

**Lui Kon Wai Ricky**  
*Chief Operating Officer*

We have included a number of stories from our popular social media campaign, Hysan95. We hope these stories about life in Causeway Bay can highlight Hysan and its neighbours’ efforts to create a sustainable community.

[www.hysan95.com](http://www.hysan95.com)



Scan QR code to read  
the Hysan95 stories

# 2018 Highlights

## ENVIRONMENTAL

“AA”

- MSCI Global Sustainability Indexes: “AA” Rating

“AA”

- Hang Seng Corporate Sustainability Index: “AA” Rating

- Hysan Place attains Final Platinum rating under the BEAM Plus (Existing Buildings) certification scheme

- Lee Garden Three achieves China Green Building Label 2 Stars Rating

- Hysan develops Green Finance Framework and places green bond

## SOCIAL

- 2018 Constituent member of FTSE4GOOD Index

- Silver Award for Volunteer Service (Organization) under the Steering Committee on Promotion of Volunteer Service of Social Welfare Department

## GOVERNANCE

- Gold Award (Non-Hang Seng Index – Large Market Capitalisation Category) in the Hong Kong Institute of Certified Public Accountants’ Best Corporate Governance Awards 2018

- Honourable Mention in The Hong Kong Management Association’s 2018 HKMA Best Annual Reports Awards

## Contents

2	Business of Life	17	Community Contributions
4	Environment	22	The Stock Exchange of Hong Kong Limited’s Environmental, Social and Governance Reporting Guide
13	Workplace Quality	25	Sustainability Reporting Verification Statement
16	Health and Safety		

# Business of Life

As a “Business of Life”, Hysan creates positive and visible changes for our stakeholders and the communities we serve. In harmony with much stronger emphasis on sustainability in all walks of life in recent years, we have decided to embed further sustainable development principles and practices into our operations and to provide a better structure within our corporate framework to strategise and report on sustainability issues.

## Sustainability Management Structure

A Sustainability Committee has been formalised to formulate sustainability strategies and oversee their implementation in an efficient and effective manner. This Sustainability Committee is chaired by the Chief Operating Officer and reports to the Chairman and the Executive Committee.

The Chairman then shares sustainability plans with the Board and helps cascade the Directors’ views on each topic to the Sustainability Committee.



## New Sustainability Policy

Together with the formalisation of the Committee, a new Sustainability Policy was implemented in early 2019.

Hysan aims to :

### Environment

- Minimise 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 staff fairly and maintain a working environment to realise 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

## Policy Implementation

We strive to integrate our contribution to society into our core business operations and partnerships, providing expertise, manpower, venues and financial support to community projects. Throughout the year, in addition to Hysan's own sustainability efforts, we continued to support a neighbourhood association we helped to found in 2016. The Lee Gardens Association promotes all aspects of the Lee Gardens through various events and activities. For details about the Association's initiatives, please see pages 17 and 18.

## Stakeholder Engagement

Hysan maintains good contact with external and internal stakeholders (including but not limited to investors, shareholders, tenants, customers, suppliers, employees, government departments, non-governmental organisations, and local communities) through an annual general meeting, shareholder visits, group/individual meetings, events and activities. We believe such engagement helps to enhance our understanding of their expectations and needs, and to identify material issues. To ensure we engage our stakeholders in the most effective ways in 2019, we intend to formalise our process to better identify, prioritise and engage our key stakeholders.

## Materiality Assessment

Hysan has long assessed the materiality of sustainability issues we face based on industry norms and what we have learned from participating in sustainability reporting with renowned international and local indexes, like FTSE4Good, MSCI Sustainability Indexes and Hang Seng Sustainability Index. We intend to formalise the process in 2019 through both internal materiality assessment with senior managers and key employees, and external materiality assessment through key stakeholders identified in the formalised engagement process. Members of our Sustainability Committee, including heads of our key and relevant departments, as well as designated managers participating in the Sustainability Task Force, will be our main providers of internal views.

# Environment

## Environmental Policy

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 staff, business partners and other stakeholders to meet their environmental obligations
- Identify environmental impacts associated with our operations, and 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
- Minimise 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 continue to raise their awareness on these issues



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*“If you look around Causeway Bay, there aren’t really any open space. Hysan Place is an exception, a little oasis. We created skygardens where people can enjoy the outdoor urban environment at different altitudes. The idea of urban ventilation is not new, but this is one of a few projects that really puts it into action. We wanted to make sure Hysan Place could respond to the challenges of the next 50 years even if market, environmental or social conditions change in the future.”*

**Florence Chan**  
Director of KPF (Hong Kong) Limited

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## Highlights of 2018

- Benchmarking exercises: Hysan Place achieved Final Platinum rating under BEAM Plus Existing Buildings; Lee Garden Three was given the China Green Building Label 2 Stars rating; the new Tai Po residential development's construction and demolition waste management plan was established based on the requirements of BEAM Plus New Buildings Version 1.2.
- Partnership synergy: Collaborated with Green Monday and over 20 restaurants in Lee Gardens area during the summer to promote a healthy and sustainable eating lifestyle through the @GoGreenCWB campaign; provided a LEED and BEAM information kit for Lee Garden Three tenants and encouraged tenants to aim for high interior sustainability standards.
- Public awareness: Installed the second Well#, a smart water refill station, at the kid's floor of Lee Garden Two. During the summer of 2018, we also launched a one-month "Hydrating Causeway Bay" campaign with an additional pop-up Well# installed at Hysan Place to promote reduced usage of disposable plastic bottles.
- Stakeholder engagement: Launched "GreenFest by Hysan" at Hysan Place to engage and inspire our new generations to take positive action towards a more sustainable future. The first edition of this event included many innovative workshops on the theme of "Rethink our Food".
- Waste management: Actively engaged our Food and Beverage tenants to deliver their food waste at Hysan's cost to the Organic Waste Treatment Facilities (OWTF) operated by the Environmental Protection Department.
- Energy saving initiatives: Installed energy-efficient variable voltage variable frequency (VVVF) type power system for the lift modernisation project at One Hysan Avenue office tower and Lee Garden Two retail podium; continued to adopt more LED lights under Hysan's portfolio.
- Green finance: Developed our own Green Finance Framework as reviewed by Sustainalytics. This framework aims to guide the future funding of sustainable building development and enhancements through green bonds or loans.

## Hysan's Environmental Risks

Hysan's risk assessment and internal control model is based on that of the Committee Sponsoring Organizations of the U.S. Treadway Commission ("COSO"), but with due consideration given to our organisational structure and business nature. For details, please refer to our Annual Report's Risk Management and Internal Control Report.

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 environmental risks of the supply chain. Ever since we started collecting our environmental data in a formal way in 2005, we have been seeking ways to make improvement in energy and water usage, indoor air quality, as well as waste reduction. Our data in this and previous editions of our corporate responsibility/sustainability reports shows that we are making good headway in these fields.

## Energy Efficiency

### Achievements in Energy Savings and Reduction of Greenhouse Gas Emissions: 2005 Baseline and from 2017-2018

Issue		2005	2017	2018	
				Including LG3 <sup>a</sup>	Excluding LG3
GHG Emissions for Scope 1 & 2 <sup>b,c</sup>	Total (tonnes CO <sub>2</sub> e)	48,421	37,069	<b>40,873</b>	<b>36,881</b>
Purchased Electricity	Total (MWh)	52,598	46,831*	<b>51,706</b>	<b>46,655</b>

a Data record period of Lee Garden Three (LG3): Feb – Dec 2018

b According to Guidelines to account for Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition) issued by Electrical and Mechanical Services Department and Environmental Protection Department. Scope 1 (Direct emissions and removals e.g. diesel, refrigerant) and Scope 2 (energy indirect emission e.g. electricity and Towngas) are included

c The emissions associated with the electricity purchased based on emission factors provided by Hongkong Electric in 2018

\* The data have been adjusted upwards (based on past consumption pattern) for periods with significant vacancy/during renovations

Hysan maintained its drive to reduce energy consumption throughout 2018. Using 2005 as a baseline, which was the first year we collated our energy figures, we reduced our energy consumption and GHG emissions by 11.3% and 23.8% respectively by the end of 2018, if Lee Garden Three is excluded. As compared to 2017, our GHG emissions and electricity purchased decreased by 0.5% and 0.4% respectively, if Lee Garden Three is excluded. The decrease in both GHG emissions and electricity consumption was due to the implementation of a number of energy saving initiatives. In 2018, Hysan’s purchased electricity per square foot was 11.5 kWh/ft<sup>2</sup> and the intensity of greenhouse gas emissions was 0.01 tonnes CO<sub>2</sub>e/ft<sup>2</sup>, if Lee Garden Three’s gross floor area is excluded.

### Energy Saving Initiatives

Chillers are considered the most intensive users of electricity at commercial facilities. We installed a new tube cleaning system for chillers. The system helps to reduce fouling and scaling, which in turn minimises shutdowns for cleaning, increases heat transfer efficiency and thereby reduces electricity consumption by the chillers.

In 2018, we continued our energy savings quest through a variety of other energy saving initiatives. For the lifts in the new Lee Garden Three, power regenerative devices have been adopted that can reclaim power for the lifts and save approximate 20% energy use in lift installations. We also completed the replacement of one set of energy efficient air-cooled chillers as well as other lift modernisation works. In regard to lighting, we replaced a number of T8 lighting panels with energy efficient LED lighting panels for various offices.

For 2019, we plan to make further energy saving improvements under Hysan’s portfolio, including further lift modernisation works, and a pilot programme that adopts building analytic technology to enhance building performance. In order to improve energy performance, Energy Management System ISO50001 will be installed and implemented at our buildings. In addition, we will continue to replace our air cooled chillers and more LED lights will be used.



## Waste Management, Recycling and Water Consumption

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. To support these aims, Hysan and our stakeholders continue to walk together along the path of “Use less, Waste less”. In 2018, Hysan achieved another full set of “Class of Excellence” Wastewi\$e labels under the Government’s Hong Kong Green Organization Certification Scheme, with the exception of the new Lee Garden Three<sup>1</sup>. In future, we will continue to expand the classification of recyclables we collect.

Since 2014, Hysan has been collecting food waste from Hysan Place’s shopping mall and sending it for off-site recycling at our own cost. In late 2018, Hong Kong’s first Organic Waste Treatment Facility (OWTF) Phase One in Siu Ho Wan was completed to handle food waste. Hysan has begun to make use of the brand-new facility and we have expanded our food waste collection network to most of our food and beverage tenants. For our residential premises at Bamboo Grove, the on-site food waste composting system has been enhanced. In 2018, more residents joined the Food Waste Recycling Programme, which serves both operational and educational purposes.

For our 2017 Christmas “All is Joyful, All is Bright: Christmas at Lee Gardens” celebration, Hysan donated the giant Christmas baubles to a number of local NGOs and secondary schools at the end of the holiday season. The decorative baubles were then transformed into creative festive lightings and other useful items, giving another dimension to our recycling efforts.

## Tai Po Residential Development

The Tai Po Residential Development project commenced site formation and foundation work in September 2018. Regarding waste management, a construction and demolition waste management plan was established and implemented for the construction work in compliance with the requirements of BEAM Plus (New Buildings) certification. During the site formation and foundation period, around 75% of the total excavated rockfill material has been transferred to another construction site for reuse. In addition, sorting and recycling of superstructure waste will be adopted on site during the construction period.



<sup>1</sup> Full year data is not available for Lee Garden Three to apply for the Wastewi\$e label

### Waste Management Achievements (except construction waste): 2005 Baseline and from 2017-2018

Issue	2005	2017	2018
<b>General recyclables (Non-hazardous waste)</b>			
Paper recycled (kg)	741,502	1,163,161	<b>1,192,647</b>
Aluminium cans recycled (kg)	1,098	2,835	<b>2,725</b>
Plastic bottles recycled (kg)	1,529	3,307	<b>3,279</b>
Old clothing donation (kg)	960	2,654	<b>4,201</b>
Toner/Cartridge recycled (pcs)	206	151	<b>21</b>
Computer and equipment recycled (pcs)	100	168	<b>69</b>
Food waste recycled (kg)	–	20,250	<b>34,736</b>
Glass bottles recycled (kg)	–	8,489	<b>8,533</b>
<b>Chemical waste recycled (Hazardous waste)</b>			
Fluorescent tubes recycled (kg)	–	237	<b>426</b>
Rechargeable batteries recycled (kg)	–	60	<b>0</b>

Over the years, Hysan has expanded the types of recyclables collected and has strengthened efforts to engage our stakeholders in the process of recycling. Within Hysan’s portfolio, our tenants and shoppers can easily separate paper, aluminum cans and plastic bottles using recycling bins or the collection services provided by our property management team. In 2018, the amount of food waste recycled increased by 71.5%, when compared to that of 2017.

### Water Management Achievements: 2005 Baseline and from 2017-2018

Issue	2005	2017	2018
Potable water used for properties and landscaping (m <sup>3</sup> )*	62,665	63,698	<b>69,282</b>
Potable water used for cooling (m <sup>3</sup> )*	–	178,216	<b>172,955</b>
Wastewater reused for flushing (m <sup>3</sup> )*	–	17,822	<b>17,215</b>
Wastewater discharged from properties and landscaping (m <sup>3</sup> )*	56,399	57,328	<b>62,354</b>

\* The data from Lee Garden Three have been excluded

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. However in 2018, potable water use for properties and landscaping increased by 8.8%. This was due mainly to supplying water to support a number of tenants’ fitting out activities during the year. For potable water used for cooling, a 3% reduction was achieved in 2018 as compared to 2017, if Lee Garden Three’s water consumption is excluded. The water consumption intensity for cooling and for properties and landscaping was 0.04m<sup>3</sup>/ft<sup>2</sup> and 0.02 m<sup>3</sup>/ft<sup>2</sup> respectively.

## Other Aspects of Environmental Quality

### Green Building Recognition and Certifications

Hysan is committed to minimising our impact on the environment and focuses on green building development and maintenance. Lee Garden Three is our latest addition to the Lee Gardens Area, and is built to high environmental and wellness specifications. After attaining a Provisional Platinum rating under the BEAM Plus (New Buildings) certification scheme, as well as the United States Green Building Council's LEED for Building Design and Construction: Core and Shell Development pre-certification at the Gold level in 2017, final assessments for both green building certification schemes are making good progress. In 2018, Lee Garden Three also achieved the 2 stars rating under the Chinese Green Building Evaluation Label.

Compared to new buildings, existing buildings often face greater challenges when it comes to retrofitting for green purposes. We are proud that Hysan Place, as a six-year old building, achieved Final Platinum rating under the BEAM Plus (Existing Building) certification scheme in 2018.

### Air Quality

All our buildings have continued to be recognised by the Hong Kong Government's Indoor Air Quality Certification Scheme with "Excellent Class" or "Good Class" certifications.

Hysan has always been keen to promote the use of electric vehicles, since they help reduce pollution at street level and improve the overall air quality in Causeway Bay and the rest of Hong Kong. In 2018, we installed nine additional electric vehicle chargers at Lee Garden Three's car park. These new facilities further complement our charging bays in Lee Garden One, Lee Garden Two, Hysan Place and Leighton Centre. Electric vehicle drivers can check real-time Lee Gardens EV charging space availability through our Lee Gardens mobile app. This helps to reduce time and energy wastage for electric car owners looking for parking spaces.

### Urban Microclimate and Biodiversity

Hysan plays an important role in helping to mitigate the heat island effect in Causeway Bay. In addition to the innovative design and green features at Hysan Place, our new development of Lee Garden Three includes many advanced green architectural designs and environmentally friendly elements such as large-scale vertical green walls, indoor greenery designs, 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.



## Green Procurement

During the procurement process, Hysan always aims for high quality products and services with minimal adverse environmental impact. In 2018, we continued to procure and use more green products and services. Due to the very positive feedback from the public for our first smart water refill station, Well#, installed at Hysan Place in mid-2017, we further installed the second Well# at Lee Garden Two in 2018. Through an interactive LCD display, the number of disposable plastic bottles saved is shown on the screen in real time. In order to encourage “BYOB” (Bring Your Own Bottle) habits, we sold our own brand of reusable bottles during our “Hydrating Causeway Bay” campaign, which took place throughout the hottest summer months of 2018. In the period between the installation of the first Well# in 2017 and the end of 2018, more than 193,000 disposable plastic bottles were saved.

Another part of “Hydrating Causeway Bay” was the “Rent a Bottle” campaign held at Hysan Place. The rental service was promoted with interactive games onsite in coordination with the neighbourhood organisation Lee Gardens Association. We engaged more than 1,500 shoppers through these activities. Over the past year, Hysan has also provided more umbrella dryers in our shopping malls and office lobbies to reduce the use of plastic umbrella bags during the wet season. On occasions when the use of plastic umbrella bags is unavoidable, we offer degradable ones. Other green products we have used over the years include: FSC (Forest Stewardship Council) certified office paper products, paper towels made with 100% recycled materials, electrical appliances with energy efficient labels, no/low VOC (volatile organic compound) paints, and green cleaning products, among others. In the future, we will continue to purchase and use more green products in our daily operations.



## Green Partnerships with Stakeholders

As a long-term property business in Causeway Bay and Hong Kong, Hysan has focused its efforts on developing relationships with four major groups of stakeholders:

- Government Bureaus and Departments
- Green Organisations
- Tenants, Visitors and the General Public
- Staff Members

## Government Initiatives

In 2018, Hysan participated in the following government environmental initiatives to promote green causes:

- Environment Bureau’s Charter on External Lighting
- Environmental Protection Department’s Rechargeable Batteries Recycling Scheme
- Environmental Protection Department’s “Clink, Drink then Recycle” Glass Bottle Recycling Programme
- Electrical and Mechanical Services Department’s (EMSD) “Energy Saving Charter 2018”
- Environmental Protection Department’s Food Waste Source Separation, Collection and Delivery to Organic Waste Treatment Facilities Phase One



## Tenants, Visitors and the General Public

During the year, Hysan continued to seek support from our tenants and visitors to improve our environmental efforts. With the completion of Lee Garden Three, we are engaging our new tenants and providing them with information kits to support their sustainable design and fitting out approach in line with LEED's and BEAM Plus's recommendations.

To kick off the aforementioned "Hydrating Causeway Bay" campaign, an event called "Draw-Your-Own-Bottle" was held at Lee Garden Two to allow children to personalise their own bottles and encouraged them to "Bring Your Own Bottle" to school and other functions. The net proceeds from selling bottles were donated to Redress, a local NGO working to reduce textile waste and promote environmental sustainability in the fashion industry.

Hysan also launched Hong Kong's very first sustainability festival for youth – GreenFest by Hysan. Together with the renowned urban farming organisation, Rooftop Republic, we decided upon the future of food as this year's main topic. Through a series of interactive workshops, demonstrations and thought-provoking speeches at this "Greenfest – Rethink our Food" festival, students investigated issues surrounding our current food systems. They were encouraged to design solutions and innovations to (re)connect with our food and to define the value, role and place of healthy and sustainable food in tomorrow's urban societies. In addition, a free movie screening accompanied by a panel discussion was held at the Sky Garden of Hysan Place for the general public on the first night of the festival. The movie – "Wasted! The Story of Food Waste" – carried a clear message about the need to change the way people buy, cook, eat and recycle food.

Over the two-day festival, we engaged more than 300 young people, speakers and volunteers and we look forward to working with more green-minded youth in 2019. During the festival, we also set up our first ever Hysan Organic Veggie Booth at Hysan Place to sell the Urban Farm's organic produce and specially designed Green Wonders-themed cushions. For the production of the cushions we cooperated with HATCH, a social enterprise that operates a co-working space for the underprivileged to create handicraft products. The net proceeds from the veggie booth sales were donated to Feeding Hong Kong, a local registered charity dedicated to redistributing surplus food.

## Staff Engagement

In 2018, our staff-focused Go Green Committee continued to stimulate colleagues' interest in the topic of sustainability. A glass bottle upcycling workshop was held during the year to spread the message. During the GreenFest event, free tickets for workshops and the movie screening were offered to our staff in order to raise their awareness of sustainability.

As in previous years, the Committee also spearheaded a second-hand clothing collection programme – "Get Redressed Month" – at Hysan's offices, together with the Corporate Communications Department. Due to the overwhelming response from our colleagues in the past, two more collection points were added in 2018.

## Green Organisations

Hysan remains a strong partner of a number of green organisations through actual participation, membership or sponsorships. The organisation/projects we supported in 2018 include:

- Business Environment Council – Council Member
- Business Environment Council – Waste Advisory Group
- Green Council – Hong Kong Green Day
- Green Sense – No Air Con Night
- Greeners Action – Lai See Packets Recycling
- Hong Kong Environmental Protection Association – Wood Recycling and Tree Conservation Scheme
- Hong Kong Green Building Council – Gold Patron Member
- Hong Kong Green Building Council – Green Shop Alliance
- Hong Kong Green Building Council – Green Shop Alliance Task Force
- Redress – Get Redress Month
- World Green Organization – Run for Blue Sky Press Conference venue sponsor
- World Wide Fund for Nature – Silver Member
- World Wide Fund for Nature – WWF Solar Mobile Café at Hysan Place

## Green Finance

Hysan established its Green Finance Framework by end of 2018, which was reviewed by Sustainalytics, an independent environmental, social and governance research, ratings and analysis firm. In early 2019, the Group successfully raised its first green bond of HK\$300 million and it aims to further enhance Hysan Development's environmental performance and promote green financing in Hong Kong.



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*“We were still young and single at the time so after work we’d go for happy hour nearby and then barbecue or have a meal. Sometimes we’d drive to Deep Water Bay to get food. We weren’t tired and we had so much energy. Even after the bar shut down, we saw each other really often and in 2017, we were all invited to join Yum Sing Bar’s Homecoming. We were thrilled to relive our memories. Even though we’ve all grown older, we are still really happy to see each other. We are like a family.”*

**Alex Lai**  
Former Senior Bar Captain of  
Yum Sing Bar at Lee Gardens Hotel

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# Workplace Quality

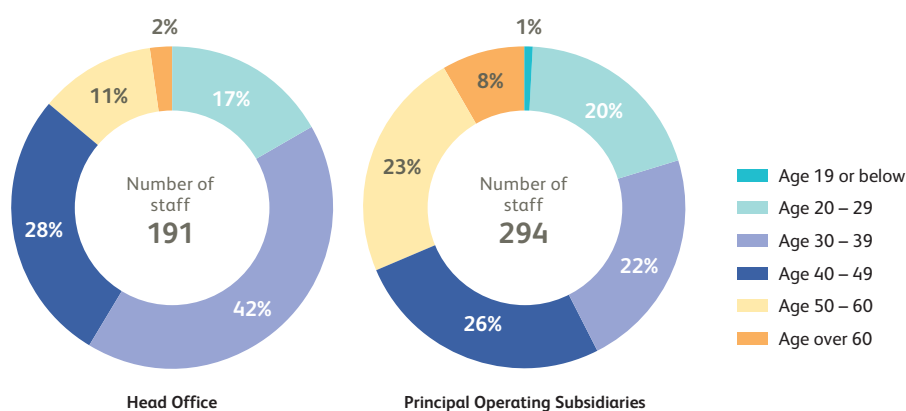
## Staff Composition

Hysan's passionate, responsible and forward-looking professionals take pride in providing our stakeholders with sustainable and outstanding returns from our quality commercial and residential property portfolio.

At the end of 2018, Hysan employed a total of 485 staff members. This figure included our Head Office team staff, as well as colleagues from our principal operating subsidiaries. All of our staff members are located in Hong Kong.

184 staff members, including 34 out of 70 Head Office Managers or above, are women.

### Age Group of Staff



## Code of Ethics

Our Code of Ethics highlights the three pillars of our corporate principles:

- Respect for people
- Ethics and business integrity
- Meeting our responsibilities

The Code of Ethics applies across the board in Hysan to Directors, officers and employees. It is clearly communicated to all staff members, including new staff, who receive training about the Code at orientation meetings. Some of the main topics covered by the Code include data privacy, protection of copyright, anti-bribery and anti-fraud. The Code's effective "whistle-blowing" process is monitored by a third-party service provider who reports directly to the Audit Committee Chairman.

## Human Resources Policies

Hysan's Employment and Staff Policy encompasses a range of topics, including recruitment, employment mobility, salary adjustments and promotions, separation of employment, and equal opportunities (non-discrimination against gender, marital status, disability, age, race, family status, sexual orientation, nationality and religion). The Policy is complemented by our Code of Ethics. In 2018, we did not identify any material non-compliance or breach of legislation related to equal opportunities.

Hong Kong remains the venue of our core business operations. We believe we do not operate in an environment that carries high risks for child labour or forced labour. We did not identify any breach in the said areas in 2018.

As a company that treats its staff 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 2018.

We believe in the need for dialogue between the management and other staff members on company issues, even though there is no official collective bargaining policy, nor are we a party to a collective bargaining agreement. We have clear written policies on compensation, work hours, staff benefits, staff training, health and safety, as well as grievance mechanisms.

### Training and Development

In 2018, Hysan provided an average of 11.05 hours (including 1.4 training hours on mobile learning) of training per Head Office staff, and 20.1 hours (including 4.5 training hours on mobile learning) of training per Principal Operating Subsidiaries' employee.

The mobile learning system, introduced in 2017, was enhanced in 2018. It now has eight categories of curriculum encompassing 72 courses and 100 modules, encouraging employees to learn new skills and industry knowledge anytime anywhere. Through this learning platform, Hysan aims to build a learning culture with a focus on employee self-development.

### Management Trainee Programme and General Recruitment

To continue to feed the talent pipeline, Hysan recruited four high potential young talents through its 2018 Management Trainee Programme, in addition to the six recruited through the 2017 edition. The Management Trainees go through a 24-month structured rotation plan leading them to different business functions to receive an in-depth understanding of Hysan's business operations. We believe this programme will help pave the way for these future managers' successful career development in Hysan.

In 2018, the employee turnover for our Head Office Staff was 28.9%, with 16.7% female and 12.2% male. For our Principal Operating Subsidiaries, the employee turnover was 24%, with 8.1% female and 15.9% male. Regarding the age range, 80% of the leavers from the Head Office were within the age range of 30 to 49 years old. 34% of the leavers from our Principal Operating Subsidiaries, proportionately the largest group, were between 20 to 29 years old.

### Employee Engagement

A diversified approach to employee communication and engagement was introduced in 2018:

- Hysan Forum: this monthly Forum emphasises continuous development for Head Office and Subsidiaries' staff. Employees learn up-to-date business trends and industry knowledge from members of senior management and other internal subject-matter experts.
- Hysan Wall: the Wall is an interactive channel to invite employees to express ideas and opinions on different company-related issues via a mobile app. We believe employees will have a stronger sense of ownership and commitment towards the company if they are offered an easily accessible channel to express their thoughts.





- Employee Wellness Programme (Lunch and Learn): Once a month, employees join a lunch session to learn about health, wellness and new skills. This is a good opportunity for Hysan to share useful information on well-being with staff members and to show we care.
- Sports activities also bring staff members closely together. Competing in Fair Trade Hong Kong's football tournament and in the Hysan Hike and Run gave staff members many opportunities to work together as a team outside the usual office setting.

## Our Volunteer Team

Taking part in Hysan's volunteer team is a good opportunity for engagement among management and staff to contribute to the community. Hysan's volunteer team contributed 493 hours of their time to services for the community in 2018. Another 111 hours were recorded as contributions by team members' friends and families, who also took part in Hysan activities. The team participated in 12 events last year.

The organisations Hysan partnered with included:

- Absolutely Fabulous Theatre Connection
- Fair Trade Hong Kong
- Hong Kong Movie Star Sports Association Charities Ltd
- Hong Kong Society for the Protection of Children
- SAHK
- St. James' Settlement

Hysan was a Silver Award for Volunteer Service winner. The programme was organised by the Steering Committee on Promotion of Volunteer Service of the Social Welfare Department.



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*"Hong Kong is progressing very quickly. The image of Causeway Bay is usually shopping but within it, Po Leung Kuk is really from Hong Kong people for Hong Kong people – it's part of our roots, and everyone puts their heart into it. Though my husband and I have no children, we always tell people we have 300 children at Po Leung Kuk."*

**Celia Garcia**  
Long-term Po Leung Kuk volunteer

# Health and Safety

## Health and Safety Policy

Hysan's Health and Safety Policy focuses on the provision and maintenance of a safe and healthy environment within Hysan's portfolio for all staff, tenants, and members of the general public. The Group aims to:

- Ensure health and safety standards are given prime consideration in the operation and management of our properties, for which a Safety Management Plan to ensure regulatory compliance has been developed
- 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 staff 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 organisational structure, work processes, supervision and training, to avoid or minimise 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

## Health and Safety in Action

Property Services colleagues still form the bulk of Hysan's total staff headcount. The large number of staff and the frontline nature of their work mean that this division within Hysan plays an important role in health and safety strategy development and implementation. A Safety Committee remains in place and reports to senior management on Health and Safety issues and plans. The main Safety Management Plan is complemented by regular third-party safety audits of buildings. In 2018, no significant irregularities were reported.

More than 1,800 hours of safety and health training were recorded by our staff members in 2018. There were 14 work injury cases at Hysan in 2018, including four cases that incurred more than five sick leave days. There were 406 days lost due to work injury, including 245 days brought forward from previous years.

We maintain our Employee Assistance Programme, which provides counselling services to support our staff's mental well-being. The Programme is operated by a third-party non-governmental organisation for Hysan.

## Health and Safety: Our Partners

Through our own demand for high levels of health and safety within our operations, we send a clear message to our partners and contractors to follow suit. In 2018, safety consultants conducted one and four rounds of safety audits for the Lee Garden Three development project and Tai Po development project, respectively. Items reviewed included the contractor's safety management system, which focused on plant and equipment, method statement and safety work procedures' implementation. The review's results were generally satisfactory with minor irregularities. There was no work-related injury at either the Lee Garden Three or Tai Po development sites in 2018.

# Community Contributions

## Partnerships with Lee Gardens Association

Hysan continued its close ties with Lee Gardens Association (LGA), the area association that strives to create a unified community of businesses to promote the Lee Gardens area to the public. LGA added a dozen members to its roster at the end of 2018 as compared to year end 2017. Significantly, many of the new members were renowned traditional businesses along Lan Fong Road and Pak Sha Road, which helped attract more attention to the association and its activities. LGA has also developed its own popular social media platforms on Facebook and Instagram and Youtube, and was much involved in reducing traffic congestion along Lan Fong Road.

Among the events held by LGA in 2018 were:

### February

#### Bi-City Biennale of Urbanism/Architecture Closing Ceremony: 5 Senses City Jukebox

– turning Pak Sha Road into a music-cum-art venue with top local architects showcasing their design prowess.



### March and April

#### Cathay Pacific/HSBC Hong Kong Sevens Fanwalk + Lee Gardens “EGGssentially Art!” Eglette Festival

– the ambitious combination of two extremely popular events attracted tens of thousands of visitors to Lee Gardens over a 16-day period.





## August

### Ballet in Lee Gardens – Alice (in Wonderland) Fun Day

– LGA, Hysan and Hong Kong Ballet partnered to bring a brand new performance of this best-loved tale to the streets of Lee Gardens.

## November

### Art Fun in Causeway Bay Night Parade

– Thousands again lined the streets to admire the handcrafted giants from the Wizard of Oz. Youth Arts Foundation provided a number of pre-event performances to whet everyone’s appetite, and these performances were well supported.



## December

### LOVE is NEARBY Christmas Community Festival

– LGA did something truly original and sponsored top local band Supper Moment to compose an upbeat festive song about the Lee Gardens area. The song became one of the most popular holiday musical offerings in 2018, and gave birth to a packed Christmas street fair-cum-concert headlined by Supper Moment and featuring various up-and-coming artists.



LGA made good use of its new social media platforms to showcase these events and activities. Facebook and Instagram also featured a number of interactive games to attract the public’s attention to the many happenings in the area. A photography competition produced high quality winners, while a series of videos about businesses and happenings in the area received good reviews.

The Association successfully petitioned the Transport Department to reduce the length of a loading/unloading area in Lan Fong Road. This, together with measures by Hysan to revise its Lee Garden One car park entrance arrangements, proved useful in lessening the traffic congestion along the busy street.

## Environmental and Healthy Living Promotions

Hysan Place's Urban Farm and Sky Wetland remained the best-loved environmental attractions within our portfolio. In the past year, more than 25 local and international organisations visited these two green features at Hysan Place. Our visitors ranged from Hong Kong-based professional bodies, government departments and shareholders, to students from all over the world. Other visitors included reporters from TVB Pearl, as well as local newspapers and journalists from Austria and Mainland China. During the GreenFest, as highlighted in the Environmental section, we tailor-made urban farming workshops for the participants and introduced design concepts with the help of Hysan Place's internationally renowned architects from KPF. Over 300 urban farmers enjoyed sessions growing organic produce at Hysan Urban Farm, while around 100 children and parents participated in our Green Wonders programme to learn about green building and urban farming.

Hysan Island Hike and Run found a new home route with a starting point at the Stubbs Road roundabout area. Hundreds of runners enjoyed the short-but-challenging race up and down some of the island's slopes. Back indoors, Hysan supported several of its tenant brands to host sporting events at the new Lee Garden Three running track. The semi-indoor venue also attracts the building's tenants to jog and exercise regardless of the weather outside.

## Community Activities

Family and children's events became a strong focus for Hysan's community events in 2018. Apart from those co-sponsored with LGA, the company launched a monthly children's theatre performance at Lee Garden Two with the help of Absolutely Fabulous Theatre Connection. Each performance weekend attracted close to 400 participants. Earlier in the year, the children's floor of Lee Garden Two also hosted the Hong Kong International Young Readers Festival 2018, where top local and international children's book writers read their popular pieces to enthusiastic youngsters and their families. Hysan now plans to add more to the children's activities roster in 2019 to consolidate its position as a venue for quality children's entertainment.

On the artistic front, Hysan sponsored a special installation art piece by renowned Swiss artist Dimitri de Perrot, which we hosted at Hysan Place's popular atrium. Our partnership with the Hong Kong Arts Centre was the finale of a two-year-long campaign to promote art appreciation among the public through the "Cultural Masseur" programme.



## Other Venue Support

Below is a list of other community activities that took place at Hysan's venues in 2018:



### January

Wan Chai District Council, Leisure and Cultural Services Department and Women Gather Association  
“La Sax Saxophone Mini Concert”

The Fred Hollows Foundation  
“Restoring Sight Education and Promotion Programme”

### February

WWF Hong Kong “Awareness Programme”

Young Artists Development Foundation “Painting Exhibition”

Helping Hand “Cookie Campaign Launching Ceremony”

### March

WWF Hong Kong  
“Solar Mobile Cafe”

Lok Sin Tong  
“Charity Candy Sale”

The Hong Kong Federation of Youth Groups “Hong Kong International a cappella Festival – a cappella at Hysan Place”

Helping Hand “Cookie Campaign Charity Sale”

The Hong Kong Institute of Architects “Cross-Strait Architectural Design Symposium and Awards 2017 Public Exhibition”



*“There is a diverse range of people in Causeway Bay, making it a cultural melting pot. I’m now a brand manager for a local restaurant group by day, and ink artist and candle maker by night. I want to raise money for the elderly in Hong Kong. I want them to be respected and loved, especially as they near the late chapters of their journey. Now I donate money raised from my art to help the elderly.”*

**Michell Lie**  
Brand manager, ink artist & candle maker

## April

Make-A-Wish Hong Kong  
“20th Anniversary Celebration  
Ceremony”

## May

Hong Chi Association  
“Charity Cookie Sale”

Hong Kong Athletes Career &  
Education Programme “‘Star to  
Shine’ Mentorship Programme  
Kick-off Ceremony”

Hong Kong Youth Art Foundation  
“The Hong Kong Jockey Club  
Community Project Grant: stART  
Up Community Arts Project”

West Kowloon Cultural District  
Authority “Roving Exhibition of  
the Xiqu Centre”



## June

Oxfam “Partners Recruitment  
Campaign”

UNICEF “Monthly Donation  
Programme”

## September

The Nature Conservancy  
“Awareness Programme”

Wan Chai District Council,  
Leisure and Cultural Services  
Department and Women Gather  
Association “The Hong Kong  
Women’s Choir’s Choral Concert”

## October

Plan International  
“Donate a Pencil Campaign”

Premiere Performance of  
Hong Kong “Brass Quintet  
Concert by Fiesta Brass”

The Society for the Prevention  
of Cruelty to Animals “SPCA’s  
Aniform Day 2018  
Acknowledgment Ceremony  
cum SPCA Volunteer  
Inspectors Inauguration”

Buddhist Li Ka Shing Care  
and Attention Home for the  
Elderly “Raffle Ticket Sale”

## November

Haven of Hope Christian Service  
“Haven of Hope Qile Cake  
Charity Sale”

## December

KidsFest “Celebrate Christmas  
early with the Gruffalo”

Hong Kong Iconic Theatres  
Mini Exhibition



# The Stock Exchange of Hong Kong Limited's ESG Reporting Guide

Hysan continued to comply fully with the requirements of the provisions contained in the Environmental, Social and Governance 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"> <li>Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes</li> </ul>	<ul style="list-style-type: none"> <li>“New Sustainability Policy”</li> <li>“Environment – Environmental Policy”</li> <li>“Environment – Energy Efficiency”</li> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> <li>Not aware of any material non-compliance</li> </ul>
<ul style="list-style-type: none"> <li>KPI A1.1 Types of emissions and respective emissions data</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Energy Efficiency”</li> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A1.2 Greenhouse gas emissions in total and intensity</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Energy Efficiency”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A1.3 Total hazardous waste produced and intensity</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A1.4 Total non-hazardous waste produced and intensity</li> </ul>	
<ul style="list-style-type: none"> <li>KPI A1.5 Description of measures to mitigate emissions and results achieved</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Energy Efficiency”</li> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> </ul>

### A2 Use of resources

<ul style="list-style-type: none"> <li>Policies on efficient use of resources like energy, water and other raw materials</li> </ul>	<ul style="list-style-type: none"> <li>“New Sustainability Policy”</li> <li>“Environment – Environmental Policy”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Energy Efficiency”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.2 Water consumption in total and intensity</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.3 Description of energy use efficiency initiatives and results achieved</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Energy Efficiency”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> <li>In 2018, we did not encounter any problems in sourcing water for daily operations.</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.5 Total packaging material used for finished products</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

### A3 The environment and natural resources

<ul style="list-style-type: none"> <li>Policies on minimising the issuer's significant impact on the environment and natural resources</li> </ul>	<ul style="list-style-type: none"> <li>“New Sustainability Policy”</li> <li>“Environment – Environmental Policy”</li> </ul>
<ul style="list-style-type: none"> <li>KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them</li> </ul>	<ul style="list-style-type: none"> <li>“Environment – Energy Efficiency”</li> <li>“Environment – Waste Management, Recycling and Water Consumption”</li> </ul>



## B. Social

## Reference in this Report

### Employment and Labour Practices

#### B1 Employment

<ul style="list-style-type: none"> <li>Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Human Resources Policies”</li> <li>Not aware of any material non-compliance</li> </ul>
<ul style="list-style-type: none"> <li>KPI B1.1 Total workforce by gender, employment type, age group and geographical region</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Staff Composition”</li> </ul>
<ul style="list-style-type: none"> <li>KPI B1.2 Employee turnover rate by gender, age group and geographical region</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Staff Composition”</li> </ul>

#### B2 Health and safety

<ul style="list-style-type: none"> <li>Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards</li> </ul>	<ul style="list-style-type: none"> <li>“Health and Safety – Health and Safety Policy”</li> <li>Not aware of any material non-compliance</li> </ul>
<ul style="list-style-type: none"> <li>KPI B2.1 Number and rate of work-related fatalities</li> </ul>	<ul style="list-style-type: none"> <li>No fatality</li> </ul>
<ul style="list-style-type: none"> <li>KPI B2.2 Lost days due to work injury</li> </ul>	<ul style="list-style-type: none"> <li>“Health and Safety – Health and Safety in Action”</li> </ul>
<ul style="list-style-type: none"> <li>KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>“Health and Safety – Health and Safety in Action”</li> </ul>

#### B3 Development and training

<ul style="list-style-type: none"> <li>Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Training and Development”</li> <li>For 2018, the training ranged from customer service training, language training, property insurance management, contractor management, professional image building, safety and health training to human resources related learning sessions.</li> </ul>
<ul style="list-style-type: none"> <li>KPI B3.1 The percentage of employees trained by gender and employee category</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Training and Development”</li> </ul>
<ul style="list-style-type: none"> <li>KPI B3.2 Average training hours completed per employee by gender and employee category</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Training and Development”</li> </ul>

#### B4 Labour standards

<ul style="list-style-type: none"> <li>Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour</li> </ul>	<ul style="list-style-type: none"> <li>“Workplace Quality – Human Resources Policies”</li> <li>We believe our property investment and management business (primarily in Hong Kong) has a very low risk profile on 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.</li> </ul>
<ul style="list-style-type: none"> <li>KPI B4.1 Description of measures to review employment practices to avoid child and forced labour</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>
<ul style="list-style-type: none"> <li>KPI B4.2 Description of steps taken to eliminate such practices when discovered</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable</li> </ul>

### Operating Practices

#### B5 Supply chain management

<ul style="list-style-type: none"> <li>Policies on managing environmental and social risks of the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>“Health and Safety – Health and Safety Policy”</li> <li>“Health and Safety – Health and Safety: Our Partners”</li> <li>“Environment – Environmental Policy”</li> <li>“Environment – Hysan’s Environmental Risks”</li> </ul>
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## B. Social

## Reference in this report

<ul style="list-style-type: none"> <li>• KPI B5.1 Number of suppliers by geographical region</li> </ul>	<ul style="list-style-type: none"> <li>• “Environment – Green Procurement”</li> </ul>
<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• “Health and Safety – Health and Safety: Our Partners”</li> <li>• “Environment – Green Procurement”</li> </ul>

### B6 Product responsibility

<ul style="list-style-type: none"> <li>• Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress</li> </ul>	<ul style="list-style-type: none"> <li>• “Health and Safety – Health and Safety Policy”</li> <li>• “Workplace Quality – Code of Ethics”, which covers data privacy</li> <li>• Not aware of any material non-compliance</li> <li>• 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.</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons</li> </ul>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B6.2 Number of products and service related complaints received and how they are dealt with</li> </ul>	<ul style="list-style-type: none"> <li>• Our case management electronic system automatically assigns and schedules follow-up corrective and preventive actions stemming from complaints and tracks the progress of case completion; manages all necessary operational information with a focus on customer complaints and requests handling. Each type of cases has an accompanying KPI and monitoring methodology.</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B6.3 Description of practices relating to observing and protecting intellectual property rights</li> </ul>	<ul style="list-style-type: none"> <li>• “Workplace Quality – Code of Ethics”, which covers protection of copyrights</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B6.4 Description of quality assurance process and recall procedures</li> </ul>	<ul style="list-style-type: none"> <li>• “Service Scan” details standard service levels and their related KPIs and methods of measurement. It is used regularly to measure tenants’ satisfaction levels for service improvements.</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>• “Workplace Quality – Code of Ethics”</li> </ul>

### B7 Anti-corruption

<ul style="list-style-type: none"> <li>• Information on policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering</li> </ul>	<ul style="list-style-type: none"> <li>• “Workplace Quality – Code of Ethics”, which covers anti-bribery</li> <li>• Not aware of any material non-compliance</li> </ul>
<ul style="list-style-type: none"> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• No such cases</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>• “Workplace Quality – Code of Ethics”, which covers our whistle-blowing</li> </ul>

## Community

### B8 Community Investment

<ul style="list-style-type: none"> <li>• Policies on community engagement to understand the community’s needs where the issuer operates and to ensure its activities take into consideration the communities’ interests</li> </ul>	<ul style="list-style-type: none"> <li>• “New Sustainability Policy”</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B8.1 Focus areas of contribution</li> </ul>	<ul style="list-style-type: none"> <li>• “New Sustainability Policy”</li> <li>• “Community Contributions”</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B8.2 Resources contributed</li> </ul>	<ul style="list-style-type: none"> <li>• “Community Contributions”</li> </ul>

“Comply or explain” provisions
Recommended disclosures

# Corporate Responsibility Reporting Verification Statement

## Third-party Independent Verification



### 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 2018 Sustainability Report ("Report"). The Report outlines Hysan's continuous commitments towards sustainability including the aspects of Environment, Workplace Quality, Health and Safety and Community Contributions for the period of 1<sup>st</sup> January 2018 to 31<sup>st</sup> December 2018.

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.

Commitment to improvement has been on-going at Hysan, the establishment of the Sustainability Committee and the new sustainability policy exhibits clear strategic direction and strengthens the extent of governance, as well as further embedding the principles of sustainable development into the company's operation practices.

#### Signed on behalf of Hong Kong Quality Assurance Agency

Connie Sham  
Head of Audit  
February 2019

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