

SUSTAINABILITY REPORT

2019 / 20



Sun Hung Kai Properties Limited

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Our Reporting Approach

Scope of the Report

Sun Hung Kai Properties Limited (SHKP) is pleased to publish its Sustainability Report 2019/20, which highlights our achievements in creating value for the environment, our people, our customers, our supply chain and the community during the period 1 July 2019 to 30 June 2020. This report focuses on the sustainability performance and initiatives of our head office and wholly-owned subsidiaries of our property-related business in Hong Kong (collectively: the Group), including our property management subsidiaries: Kai Shing Management Services Limited (Kai Shing) and Hong Yip Service Company Limited (Hong Yip); construction company Sanfield (Management) Limited (Sanfield); and the four Royal brands - Royal Park Hotel, Royal Plaza Hotel, Royal View Hotel and The Royal Garden. During the reporting year, SHKP continued to operate in mainland China and Singapore, which constitutes an approximate 20% of our portfolio by total assets. Further details can be found in our **Annual Report 2019/20**.

The Group's other Hong Kong listed subsidiaries also publish independent reports in accordance with the Environmental, Social and Governance Reporting Guide (ESG Guide) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the respective reports on their websites.

Reporting Standards

This report is prepared in accordance with the requirements stipulated in the latest ESG Guide as well as the Core option of Global Reporting Initiative (GRI) Sustainability Reporting Standards. In aligning our strategies with the international sustainability principles, we also prepare this report with reference to the ten principles of the United Nations Global Compact (UNGC).

We defined the topics for inclusion in this report through ongoing engagement with stakeholders and regular review of the materiality of sustainability topics. The Group's Sustainability Steering Committee is involved throughout the process to review and validate the feedback from stakeholders. For more details of our approach to stakeholder engagement and materiality analysis, please refer to **Our Approach to Sustainability** and **Appendix II** of this report.

Report Assurance

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

We welcome your comments and suggestions on this report and our sustainability performance. Please contact us by email at sustainability@shkp.com.

Message from the Sustainability Steering Committee

We are pleased to present our Sustainability Report to share the progress we made in sustainability during the 2019/20 financial year.

Due to local social incidents and the COVID-19 pandemic, the year under review has definitely been one of the most challenging both for our Group and for the community as a whole. While the Group's different businesses were inevitably affected to varying degrees, we demonstrated resilience to meet the challenges, ensuring business continuity and serving the interests of our stakeholders. The Group had weathered many ups and downs with Hong Kong during the past nearly five decades that not only helped build our strong foundation and premium brand, but also guided our management in responding effectively to the current challenges. Adhering to our core belief in Building Homes with Heart, the Group remains committed to investing in Hong Kong by developing premium quality premises, delivering top-notch customer services and creating sustainable value for customers, tenants, residents, employees and the community. We strive to continuously strengthen environmental, social and economic resilience to pursue long-term growth and contribute towards the broader United Nation's Sustainable Development Goals. In addition, the Group has conducted a special review to strengthen our ESG performance and commitments going forward.

Despite external pressures, the Group has upheld its commitment to delivering quality products and services. Since 2013, we have offered a pioneering three-year warranty for homebuyers on new residential units in Hong Kong. We maintain effective two-way communication with customers through our loyalty programme, the SHKP Club, while providing professional and caring services through the dedicated efforts of our property management teams. By constantly innovating, we upgraded our integrated mall loyalty platform, 'The Point by SHKP', during the year with enriched offerings and smart functionalities to elevate customer experience.

The Group has focused on developing its green property portfolio to prepare for future environmental challenges, including climate change. To date, 49 buildings in our Hong Kong portfolio are certified green buildings. Our Group headquarters, Sun Hung Kai Centre, in particular, obtained the 'Excellent' rating in Management under the Selective Scheme of BEAM Plus Existing Buildings V2.0 during the reporting year in addition to the previous 'Excellent' rating in Energy Use. Following an internal review on climate change impacts conducted last year, we have refined our climate strategies and introduced climate-resilient elements in buildings to better cope with climate change challenges. While we are pleased to announce the accomplishment of our Group-wide energy reduction target during the year, we have also set a new 10-year target and aspire to achieve even better results.

To ameliorate impacts of the COVID-19 pandemic, we have stepped up efforts to ensure meticulous care for customers, tenants, employees and the community as a whole. In particular, we have set up a special taskforce led by management to ensure that we can respond swiftly and systematically to issues affecting our business. At our shopping

malls, the sector that has been hardest hit during the year, we implemented a wide range of supportive measures, including granting rent concessions to affected tenants, improving our cleaning measures and upgrading our technologies to raise hygiene standards and indoor air quality, and above all, proactively enhancing online and offline sales promotions to drive retail consumption, especially for catering outlets. To ensure employees' health and safety, we provided timely free virus tests and anti-pandemic supplies, as well as strengthening measures at the workplace, including the introduction of flexible work schedules. We also sought to help frontline medical service providers, the elderly and other disadvantaged groups through the donation of surgical masks and related anti-pandemic supplies to the Hospital Authority and NGOs.

We continued to capitalize on our talent pool, motivate our workforce and maintain a high-calibre team for maximized quality and efficiency. In practicing social distancing, we enhanced online staff training by launching a new Technology Upskilling Portal and upgrading the self-learning platform. We leveraged new technologies for driving sustainable practices at the workplace and introduced SmartWorks at one of our work sites to foster workers' safety and improve overall site-management efficiency. Efforts were made to maintain the work-life balance of our employees, develop their personal and career growth, and ensure their physical and mental well-being.

Guided by the spirit of Building Homes with Heart, the Group places great emphasis on caring for the underprivileged and promoting reading and sports for charity in the community. During the year, we collaborated with the Hong Kong Sheng Kung Hui Welfare Council and launched a distinctive transitional social housing project, called United Court, with the aim of easing local housing shortage for underprivileged families. We also enhanced the SHKP Reading Club's online platform, 'Read For More', by introducing more diverse content and enhancing promotion of online reading campaigns among the youth, which was particularly essential during school suspensions. Despite the cancellation of the Group's charitable sporting events due to social incidents last year, we continued to make donations to support beneficiary charities' for child and youth programmes.

Reaffirming our commitment to sustainability over the years, the Group has remained a constituent member of the Hang Seng Corporate Sustainability Index and the FTSE4Good Global Index series of London. We also ranked sixth and fourth in the Hong Kong Business Sustainability Index and the Greater Bay Area Business Sustainability Index, respectively.

We would like to take this opportunity to express our sincere gratitude to our Chairman and the Board of Directors for their continued guidance and our stakeholders for their immense support in a period of challenges and uncertainties. Building on our solid foundation, we will continue to work together with our stakeholders to thrive and steer towards a truly sustainable future.

Sustainability Steering Committee

Sustainability Steering Committee

November 2020

Our Business

About Sun Hung Kai Properties Limited

Publicly listed in Hong Kong since 1972, SHKP is now one of the largest property companies in the territory, specializing in the development of premium quality residential estates, offices, shopping malls and industrial buildings.

Our core business, property development for sale and investment, operates through a vertically integrated model that covers the whole process, including land acquisition, project planning, materials sourcing, construction, project management, marketing, sales and property management.

Our operations in hotels and construction as well as insurance and mortgage services are complementary to our core business. Our investment in telecommunications, information technology, infrastructure and other businesses also help diversify our risks so as to maintain long-term recurrent income streams.

More details of our business can be found on our [website](#).

Economic Value Distribution in 2019/20

- Employee value compensation and benefits: **HK\$8,620 million**
- Total contributions to MPF and other retirement schemes: **HK\$362 million**
- Payments to providers of capital: **HK\$14,344 million**
- Payments to the government (including tax): **HK\$6,197 million**
- Operating costs: **HK\$47,198 million**

See the **Review of Operations** section of our Annual Report 2019/20 for the performance results of our property and other businesses.

Core Values

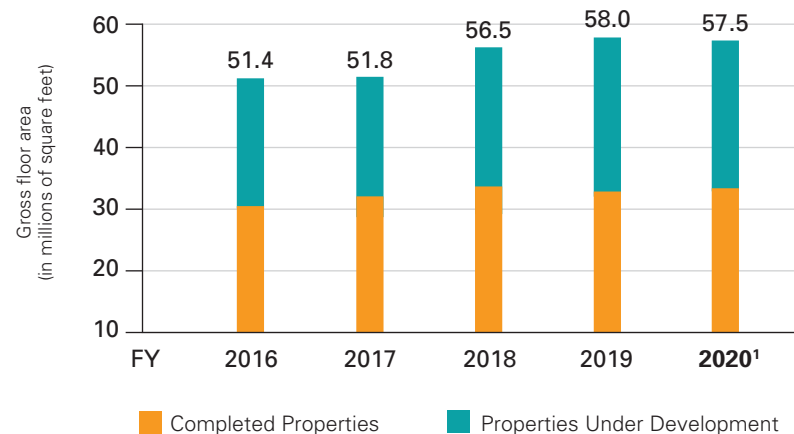
Dedicated to our belief in Building Homes with Heart, the Group devotes continuous efforts in developing properties of premium quality and delivering first-class services. This belief has formed the cornerstone of our business and has laid a solid foundation for ensuring our sustainable growth and development. We have put this belief into practice by bringing better homes for everyone.

Building Homes with Heart	Producing premium premises and offering quality services for an ideal living environment
Speed, Quality, Efficiency	Earning the support and trust of all stakeholders with speed, quality and efficiency
Customer First	Constantly anticipating what our customers want and offering quality products and attentive services that exceed expectations
Continuous Improvement	Keeping up with the market and setting high standards along with lifelong learning for greater adaptability and constantly exploring new ideas
Teamwork	Nurturing a pool of talented and high-calibre employees capable of achieving objectives by harnessing the power of teamwork, collective experience and professional knowledge

Hong Kong Land Bank Composition

As a major property developer in the territory, we take up the responsibility to cater to the escalating demand for affordable housing. The Group continues to make use of diversified channels to replenish our land bank and actively convert our agricultural lands into buildable sites to secure a stable supply of land resources for future development, so as to meet the diverse needs of residential, office and retail customer groups. During the reporting year, SHKP acquired a commercial site with an attributable gross floor area of 3.16 million square feet through government tender. The Group's attributable land bank in Hong Kong amounts to 57.5 million square feet, providing sufficient land bank for development over the next five years. Details of the land acquired during the reporting period can be found in the **Land Bank section of the Chairman's Statement** of our Annual Report 2019/2020.

Land Bank








During the reporting year, a total of ten projects in Hong Kong comprising about 3.5 million square feet of attributable gross floor area were ready for handover. Of this, around three million square feet are for residential purpose, while the remainder includes hotel, industrial building, shopping centre and mixed-use property. Please refer to the **Property Development section of the Chairman's Statement** of our Annual Report 2019/2020 for our efforts in ensuring a sustainable supply of residential units.

Despite the internal and external economic headwinds, the Group will continue with its pledge of Building Homes with Heart, while focusing on land acquisitions and property developments in Hong Kong, as well as providing a better living environment for the city by developing high-quality residences across a wide range of prices and unit sizes.

Recognized for Sustainability

SHKP has received recognitions from various major sustainability benchmarks and indices for our consistent sustainability performance.

 FTSE4Good	Constituent of FTSE4Good Global Index Series ²
 	Constituent of the Hang Seng Corporate Sustainability Index and Hang Seng (Mainland and Hong Kong) Corporate Sustainability Index with an 'AA+' rating
	Ranked 6 th in the Hong Kong Business Sustainability Index
	Ranked 4 th in the Greater Bay Area Business Sustainability Index

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

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

Our Approach To Sustainability

Underpinned by the belief in Building Homes with Heart, the Group ensures that environmental, social and governance (ESG) factors are considered in decision-making processes across our operations and business. Our corporate governance strategies and underlying policies lay the foundation for our sustainable development strategy and our creation of shared values for our stakeholders. Beyond seizing opportunities in sustainability, we maintain an active and ongoing dialogue with our stakeholders to promote communication, build trust and enhance transparency within the community.

Corporate Governance

Our Board of Directors directs the Group-wide strategy and development, including our sustainability strategy. The Board is held accountable for monitoring and reviewing corporate governance practices across all business operations to maintain high standards and ensure compliance.

The Audit and Risk Management Committee supports the Board in reviewing and maintaining effective risk management and internal control systems. It also evaluates and monitors environmental, social and governance related risks and ensures these risks are thoroughly considered in the process of decision making. The Committee is chaired by Eric Li with Committee members Dicky Yip, Donald Leung and Norman Leung. The Committee's latest terms of reference are readily available on the Group's websites and The Stock Exchange of Hong Kong.

The Group strives to achieve a high level of public transparency by regularly engaging stakeholders and disclosing information in a timely and accurate manner. We have won acclaim for our efforts in maintaining rigorous standards of corporate governance in a number of international and regional awards, including the Asian Excellence Award 2020 for Asian Corporate Governance and Asia's Overall Best Managed Companies 2020 sponsored by *FinanceAsia*. Please refer to our **Corporate Website** or **Appendix I** of this report for the full list of awards.

Further details of our corporate governance structure and practices are provided in the **Corporate Governance** section of our Annual Report 2019/20.

Sustainability Governance

The Sustainability Steering Committee is chaired by an executive director of the Group and composed of members from the Executive Committee and senior managers of key divisions. The Committee meets regularly to support the Board in ensuring proper alignment of sustainability strategies and SHKP's business goals and practices. To achieve this, the Committee oversees and manages sustainability issues in the Group's daily operations, reviews feedback from stakeholders and updates related policies. The Committee is also responsible for reviewing the Group's sustainability risk, performance and targets, and reporting relevant sustainability matters and performance issues to the Board for decision making purposes on a regular basis.

Specialists of different backgrounds and business functions are involved to support our sustainability work through different committees. These committees include the Energy Optimization Committee to monitor energy consumption of our investment properties; the Human Resources Committee to reinforce and refine our human resources policies; the Occupational Health and Safety Committees to oversee health and safety matters across all of our construction sites and managed properties; the IT Governance Steering Committee to manage customer data and information privacy; and the Corporate Social Responsibility Committee to monitor our community investment projects and partnerships.

Our Sustainability Strategy

To deliver our commitment to creating value for stakeholders in a more systematic and consolidated manner, SHKP's sustainability strategy is built on five priority pillars: The Environment, People, Customers, Supply Chain and Community.

We support the United Nations' Sustainable Development Goals (SDGs) through pursuing our sustainability strategy to join the universal call by the United Nations Member States to end poverty, protect the planet and ensure that everyone enjoys peace and prosperity by 2030. We have shortlisted eight out of 17 SDGs which we believe are the most relevant to our business profile.

The relevancy of the eight SDGs to the five priorities of our sustainability strategy is mapped and presented below. Our contributions to the global goals are presented in corresponding chapters in this report, and we will continue to communicate with our stakeholders to explore and seize opportunities to enhance sustainability approaches and practices.

SUSTAINABLE DEVELOPMENT GOALS



The Environment

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



People

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



Customers

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



Supply Chain

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



Community

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

Our Approach to Stakeholder Engagement

SHKP believes that it is crucial to consider both internal and external viewpoints for continuous improvement in sustainability performance. As such, we regularly engage with our stakeholders to understand their priorities and expectations on sustainability, as well as to gather their feedback on our sustainability initiatives.

To keep us abreast of best industry practices and trends, we have formed stakeholder review panels (previously called the 'external review panel') since the last reporting year as a platform to conduct in-depth discussions with sustainability professionals through surveys and interviews on our sustainability strategy and reporting approach. This year, the panel comprises seven professionals of different backgrounds and expertise, including employees from various business arms, industry groups, corporates, business partners and investors. Their valuable feedback has helped us review and explore opportunities to improve our sustainability practices going forward.

Materiality Analysis

The materiality matrix provides an overview of the relative importance and significance of selected ESG topics to our stakeholders and business. The matrix is based upon the results from the extensive engagement which involved over 450 stakeholders in 2017/18, the reviews conducted in 2018/19 and this year, during which valuable input from the stakeholder review panel and our senior management was gathered.

A total of 28 topics that are relevant to our business were considered this year, with Market Presence being removed from the list to align with industry practice, the essence of which has been embedded in other topics such as Employment Practices. Based on the review results, 20 material topics lie within the threshold of a 'high' materiality level for this year, of which 19 were adopted from the 2018/19 list. Compliance, Occupational Health and Safety, as well as Customer Privacy remained the top three material topics. The report was prepared with reference to the results.

Materiality Matrix



Other Topics Considered

2	Indirect economic impacts	11	Biodiversity
3	Procurement practices	19	Human rights and non-discrimination
7	Materials	20	Freedom of association and collective bargaining
10	Water	21	Child labour and forced labour

List of Material Topics as well as Corresponding Boundaries and Impacts

	Material Topics Identified	Boundaries and Impacts								GRI Standards	Page Number
		Customers/ Tenants	Employees	Government/Regulators	Professional Bodies/ Academia	NGO Partners	Shareholders and Investors	Suppliers	Media Partners and Social Media		
1	Economic performance		✓				✓	✓	✓	GRI 201	3-4, 36-42
4	Compliance	✓	✓	✓	✓	✓	✓	✓	✓	GRI 307 GRI 419	51-55
5	Grievance mechanisms	✓	✓	✓	✓	✓	✓	✓	✓	GRI 103	17-21, 22-29
6	Innovation	✓	✓		✓		✓	✓	✓	N/A	9-16, 22-29, 30-35, 36-42
8	Energy	✓	✓	✓	✓	✓	✓	✓	✓	GRI 302 G4-CRE1	9-16
9	Climate change mitigation and adaptation		✓	✓	✓	✓	✓		✓	N/A	9-16
12	Waste	✓	✓	✓	✓	✓	✓	✓	✓	GRI 306	9-16
13	Sustainable buildings	✓	✓	✓	✓		✓	✓		G4-CRE8	9-16
14	Employment practices		✓	✓	✓	✓			✓	GRI 202 GRI 401	17-21
15	Employee engagement		✓	✓	✓				✓	GRI 102	17-21
16	Occupational health and safety	✓	✓	✓	✓	✓	✓	✓	✓	GRI 403	17-21, 30-35
17	Employee development and succession planning		✓	✓		✓	✓			GRI 404	17-21
18	Diversity and equal opportunities		✓	✓	✓	✓	✓	✓		GRI 405	17-21
22	Community investment	✓	✓	✓		✓	✓		✓	GRI 413	36-42
23	Anti-corruption	✓	✓	✓			✓	✓	✓	GRI 205	17-21, 30-35
24	Anti-competitive behaviour	✓	✓	✓		✓		✓	✓	GRI 206	17-21, 30-35
25	Customer satisfaction and responsibility	✓	✓	✓		✓	✓	✓	✓	GRI 102	22-29
26	Customer privacy	✓	✓	✓		✓	✓	✓	✓	GRI 418	22-29
27	Affordable housing in Hong Kong	✓		✓		✓			✓	GRI 203	3-4, 22-29, 36-42
28	Customer health and safety	✓	✓	✓				✓	✓	GRI 416	22-29

Connecting with our Stakeholders

Through ongoing dialogues and targeted stakeholder engagement exercise throughout the reporting year, we have received feedback and suggestions from stakeholders that are invaluable to our sustainable development journey. Below are the three selected questions that many of our stakeholders deem important.

Investors and shareholders	Corporates and industry groups	Customers, tenants and employees
<p>Question:</p> <p>It is critical for companies to identify appropriate metrics and targets to measure, track and manage sustainability performance. As such, an increasing number of companies in the industry have adopted and disclosed quantifiable metrics, particularly on environmental topics. Investors and shareholders are interested in understanding how the Group has progressed in this regard.</p> <p>Answer:</p> <p>The Group agrees that setting specific and measurable targets allows us to better evaluate our progress and drive good performance. Responding to the question, the Group introduced a five-year Group-wide energy reduction target as early as 2014/15 to improve energy performance at our key buildings. We have achieved our target in this reporting year, and have renewed it to further improve our energy efficiency in the coming ten years. We are exploring internally the feasibility of further expanding the scope to include other material environmental topics, and seek to communicate our progress in our annual Sustainability Report. More information can be found in the Value Created for the Environment section in this report.</p>	<p>Question:</p> <p>Over the years, there have been pressing concerns and discussions over the impact of climate change on businesses. With the increasing external pressure and more stringent regulations, corporates and industry groups expressed their concerns on the actions that SHKP has taken to mitigate and adapt to climate change.</p> <p>Answer:</p> <p>The Group has identified the key risks and opportunities that climate change has brought to our business operations following our internal review on climate-related impact carried out in the previous reporting year. Following the review, we have put in place an inter-departmental Crisis Operation Management Committee to coordinate and manage climate-related incidents relating to extreme weather conditions across our building portfolios. The Group has also formulated and refined our climate change strategies, for example by integrating climate resilient elements into the existing buildings and utilizing innovative technologies to improve energy performance. We also see climate change as an opportunity to develop and transform to low-carbon in our portfolio. More information on our approach to climate change mitigation and adaptation can be found in the Value Created for the Environment section in this report.</p>	<p>Question:</p> <p>The recent pandemic outbreak has left no business untouched. Customers, tenants, and employees were concerned about the measures that SHKP has taken in response to the pandemic, specifically in reducing the risks of transmission and ensuring public health at our properties and in the community at large.</p> <p>Answer:</p> <p>Amid the pandemic, the Group places health and safety of all people as our top priority. We have been closely monitoring the development of the situation since the outbreak of the pandemic, and have swiftly adopted a series of anti-infection measures and provided support to our frontline staff to maintain daily operations while protecting their health and safety. For instance, SHKP has recruited 300 caring ambassadors to provide additional anti-epidemic services at our malls and offices in response to public concerns. We also expressed our care for the community, especially the underprivileged, through financial support and donating anti-epidemic medical supplies. More information on our initiatives to fight the pandemic can be found in the Value Created for People, the Value Created for Customers and the Value Created for Community sections of this report.</p>

Value Created for The Environment



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

Material topics addressed in this section :

- Climate change mitigation and adaptation
- Sustainable buildings
- Compliance
- Innovation
- Energy
- Waste



Strategies and Management

Guided by our philosophy of Building Homes with Heart, the Group makes strenuous efforts in pursuing SDGs and supporting Hong Kong's transition towards a sustainable city. Recognizing the importance of tackling climate change and future environmental challenges, we have been proactively setting environmental targets and increasing our buildings' resilience over the years. We strictly comply with applicable legal and environmental standards, including the Air Pollution Control Ordinance, Waste Disposal Ordinance, and Environmental Impact Assessment Ordinance. On top of that, we seek to introduce sustainable building elements into our new development projects and make continuous improvements in the environmental performance of our existing buildings.

The Group has made considerable efforts in mobilizing resources to address material environmental issues including energy efficiency, waste management and resources consumption, ensuring that our programmes align with the respective strategies of the Hong Kong Special Administrative Region Government. To facilitate our commitment to conserving biodiversity, we are determined to strike a balance between the goals of our development and the need for conservation, and we actively engage with the community to raise public awareness on environmental issues.

Governance

The Group has formed specialized committees to monitor specific areas of concern. The Energy Optimization Committee (EOC), led by the Internal Audit Department with 20 building-engineering and management specialists, oversees energy consumption of buildings, identifies room for improvement, and facilitates Group-wide knowledge exchange and best-practice sharing. Likewise, the Environmental Committees of our property management and construction subsidiaries oversee the implementation of environment-related policies, strategies and measures.

Environmental Policy

During the reporting year, the Group updated its Environmental Policy to enhance our commitment and to reflect our overarching approach in addressing a variety of environmental challenges, such as the use of resources, biodiversity, climate change and carbon management. The policy is communicated to our stakeholders through our [website](#) and will be reviewed by the Sustainability Steering Committee periodically.

Environmental Management Systems

Our property management and construction subsidiaries have earned ISO 14001 Environmental Management System certifications. The Group constantly reviews the effectiveness of our management systems, both internally and externally, to strive for continuous improvements.

Sustainability Data Management System

The system was introduced in 2014 to monitor environmental and social performance and facilitate data collection across business operations. The Group regularly reviews and enhances the system to meet new demands.

Building Our Green Portfolio

The Group endeavours to achieve green certifications for our buildings so as to ensure that resources are effectively deployed and to maintain the sustainability of our properties. For designated projects, including those on greenfield sites, environmental and ecological consultants are engaged to conduct detailed studies and site surveys to understand the potential impacts on the sites before development proposals are submitted for feasibility studies. To minimize the environmental impacts of our developments, we seek approvals from respective government departments, and actively collaborate with our business partners throughout the planning and construction stages.

Our highly-rated sustainability performance is built upon the support of our inhouse professionals. During the reporting year, the Group has employed a total of 42 accredited Hong Kong Building Environmental Assessment Method (BEAM) Professionals, enabling us to respond promptly to industry trends and technological enhancements. Supported by the dedicated teams, we ensure strict compliance with government legislations and utilize green innovation applications to enhance energy efficiency, material use, waste management and to respond to other environmental-related issues during project development and operation phases. The Group has been awarded 49 BEAM or LEED (Leadership in Energy and Environmental Design) green building certificates, and, as at June 2020, over 95% of the ongoing construction sites (by total gross floor area) are registered with BEAM Plus. This has allowed us to benchmark our performance on sustainable construction using objective standards.

To demonstrate its commitment to promoting green building, Hong Yip has made a pledge to upgrade our buildings to a greener level by signing a Memorandum of Understanding with the Hong Kong Green Building Council and BEAM Society. Under the effective environmental management and monitoring by the Group during the reporting year, Sun Hung Kai Centre further obtained the 'Excellent' rating in Management under the Selective Scheme of BEAM Plus Existing Buildings V2.0 in addition to a previous 'Excellent' rating in Energy Use. Harbour Centre, 26 Nathan Road, 909 Cheung Sha Wan Road and Grand City Plaza also achieved 'Excellent' ratings and more than 30 of the Group's commercial, industrial and residential buildings were awarded 'Good' ratings in Management under the Selective Scheme of BEAM Plus Existing Buildings V2.0.

In recognition of our continued commitment, Hong Yip, Kai Shing and Sanfield received 20 accolades at the 2019 Hong Kong Awards for Environmental Excellence (HKAEE), with Uptown Plaza (Shopping Arcade) receiving a Gold award in the Property Management (Commercial & Industrial) category. In addition, these three subsidiaries earned a total of 241 Wastewi\$e Certificates, 235 Energywi\$e Certificates, 27 IAQwi\$e Certificates and 34 Carbon Reduction Certificates during the reporting year.

Enhancing Energy Efficiency and Minimizing Carbon Emissions

To expedite the transformation of our businesses to a low-carbon and climate-resilient economy, the Group has taken the impact of climate change into account in the course of developing energy management strategies for our property portfolio. We also support external initiatives, including the Government's Climate Action Plan 2030+ and the Energy Saving Plan for Hong Kong's Built Environment 2015~2025+.

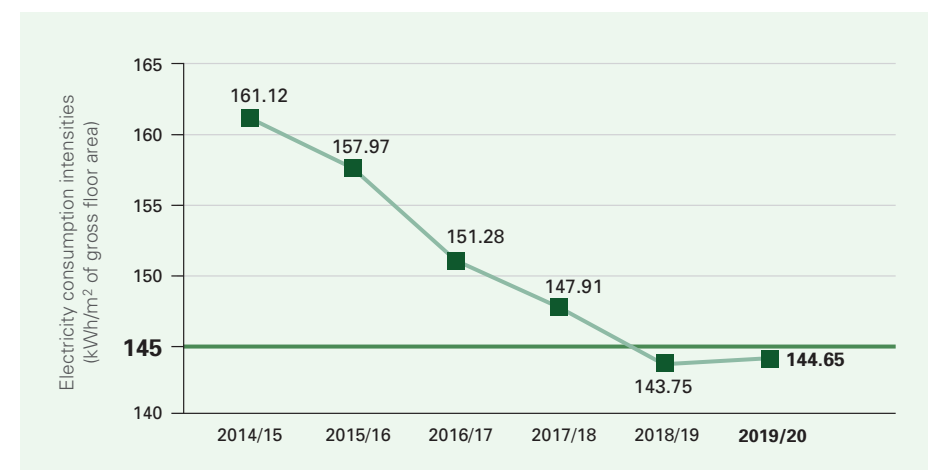
In 2014/15, we established a Group-wide energy reduction target to reduce electricity consumption intensity by 10% by fiscal year 2019/20. This target was conveyed to all subsidiaries, and respective energy-saving measures were introduced in our residential and commercial buildings, shopping malls and hotels. This year, we have accomplished our five-year target under the continuous guidance of our EOC, and achieved an electricity consumption intensity of 144.65 kWh/m² of gross floor area, a reduction of 10.22% since 2014/15.

With the intention of replicating such encouraging results, the Group commits to further reducing the electricity consumption intensity of the EOC-managed buildings by 13% by fiscal year 2029/30 compared to 2019/20. We will continue to share best practices on energy management among buildings managed by the Group.

The Group has adopted a host of measures in achieving energy-consumption reductions and improving energy efficiency in specific buildings. We have carried out retro-commissioning in some of our existing buildings to improve overall energy efficiency, such as replacing and retuning chiller plants, faulty sensors, flow meters and heat exchangers, and introducing LED lightings. Existing systems, such as water pumps and air-conditioning, were adjusted to ensure optimal use of energy. During the reporting year, we also carried out trials in applying nano-coating on glass curtain walls at selected buildings, which helps reduce radiation from outside and thus lowers the electricity consumption from air-conditioning. While plans are being made to extend such measures to other existing buildings, we have introduced eco-efficiency programmes to assist our mall tenants to optimize their energy use through the provision of free energy audits and technical energy saving advice.

To remain at the forefront of the market, we actively introduce digital technologies and solutions to promote building sustainability. At our BEAM-certified Sun Hung Kai Centre, for example, we have introduced the IoT network to allow real-time monitoring and analysis on energy consumption patterns for better management, as we have done for our other commercial and residential buildings. We have employed a smart system which automatically selects the most efficient combination of chillers and pumps needed to match a building's load to optimize the overall operational efficiency and save energy. We have also adopted a protocol to automate the control of power systems of equipment, allowing better communication of data for improved energy efficiency.

Electricity Consumption Intensities of Major Buildings Monitored by the EOC, 2014/15-2019/20*



* EOC monitored 54 properties in 2014/15, 55 properties from 2015/16 to 2018/19 and 53 properties in 2019/20

By adopting a variety of energy conservation measures, Sun Hung Kai Centre has achieved an aggregate energy reduction of over 46 million kWh and about 37,000 tonnes of carbon emissions have been saved since 2005. Mikiki also achieved a significant 30% reduction in electricity consumption compared with the opening of the mall in 2011. Both properties won the RCx Merit Award in the Energy Saving Championship Scheme organized by the Environment Bureau in recognition of its efforts.

The Group has developed a number of plans to promote the use of renewable energy. For example, the installation of solar panels on the roof of Brill Plaza and Sun Hung Kai Centre, which are both in progress, fully demonstrates our support for the use of renewable energy and active participation in the Renewable Energy Feed-in Tariff Scheme.

In support of reducing carbon emissions to mitigate climate change, the Group has joined the Carbon Audit • Green Partner and since 2009 has been a signatory of the Carbon Reduction Charter. We have also conducted voluntary carbon audits for most of our properties since 2008. To collectively contribute towards decarbonization in Hong Kong and in response to the Paris Agreement, Hong Yip and Kai Shing signed up to the BEC Low Carbon Charter in 2019. Moving forward, SHKP will work with our Royal brand hotels to commit to the charter before 2025.

Case Study – Resilience Strategies to Adapt to Climate Change

The Group recognizes the direct impacts of climate change on our business and the community at large, and associated risks and opportunities presented to our operations. To this end, we have been consolidating resources to strengthen governance, developing long-term resilient strategies, expanding our climate-risk management capabilities and improving the management of related performance.

We are committed to effectively manage physical and transition risks related to climate change and have integrated such considerations into our risk assessment process and business strategy. During the reporting year, we also formulated an inter-departmental Crisis Operation Management Committee led by an executive director to coordinate, respond, manage and make key decisions on critical incidents occurring in our business units and subsidiaries, including extreme weather events. The Committee reviewed relevant risks on a half-yearly basis and discussed possible measures and technological applications to further enhance resilience against extreme weather. Additionally, our Audit and Risk Management Committee monitors and reviews risks associated with low-carbon transition, including the tightening of environmental rules and regulations.

An internal review on climate change related impacts was conducted in the last reporting year. The study enabled us to review the existing risk assessment framework, precautionary measures and emergency responses in case of a crisis, in particular extreme weather conditions such as super typhoons and heavy rainfalls. With a better understanding of the key physical risks posed to our operations by climate change, we will continue to enhance our relevant systems, strategies and precautionary measures in anticipation of such challenges.

Climate change also presents the Group with opportunities to develop and transform our portfolio to low-carbon and climate resilient. This includes building properties that are aligned with green building standards, introducing innovative solutions that encourage energy efficiency and setting relevant targets to promote continuous improvement.

The Group strives to upgrade its existing buildings with various climate-resilient elements so as to be able to adjust to impacts resulting from physical climate change risks. An example of this is the development of a sophisticated system for coping with extreme weather conditions such as typhoons. When a typhoon is approaching, the system will automatically identify all possible contingencies of the affected buildings and suggest corresponding measures to be taken. The Group also utilizes technology, including water-leakage alarms and water gates for low-lying areas, to avoid any losses caused by flooding.

In response to extreme weather events, Hong Yip developed operational handbooks and set up a Typhoon Command Centre to enhance monitoring and control during adverse weather conditions, and provided emergency support against damages during typhoons to over 300 buildings. For example, we developed a Typhoon Precaution Handbook for Sun Hung Kai Centre which provides detailed operational guidelines and actions to be taken under different levels of signals issued by the Observatory.

Some examples of climate-related risk and opportunities to our business are identified below:

Possible Impacts to Business	
Risks	
Acute physical risk: Extreme weather events, such as super typhoons	Increased frequency of super typhoons may lead to physical damage to building structures and increase risk of electricity shortage, causing revenue loss due to business disruption.
Chronic physical risk: Changes in rainfall patterns	Heavy rains may lead to flooding, which may pose risk to the Group's properties by damaging the structures and facilities, resulting in value impairment and increasing maintenance costs.
Transition risk: Policy and legal risk	More stringent existing and emerging requirements in policies and regulations related to climate change may lead to higher operating costs to ensure compliance.
Opportunities	
Sustainable building	Increasing market demand drives the Group to introduce climate-resilience elements into our new development projects and enhance environmental performance of existing buildings. This will also potentially reduce operating and maintenance costs.

By establishing ISO 14001 certified Environmental Management Systems in our property management and construction subsidiaries, we can effectively manage risks regarding climate change, energy and carbon management of our day-to-day operations. At the same time, the Group has formulated environmental targets and kept track of performance to minimize its energy usage and carbon emissions. More information on our targets and performance can be found in the **Enhancing Energy Efficiency and Minimizing Carbon Emissions** section.

Reducing Waste

To support Government's waste-management plans, such as the 'Hong Kong Blueprint for Sustainable Use of Resources 2013-2022', and achieve sustainable waste management across our operations, we adhere to the three-tier approach which prioritizes waste avoidance over waste reduction and recovery. Recognizing that construction and demolition waste from our construction work and general waste produced from our properties are the major waste sources of the Group, we aim to go beyond compliance and ensure effective waste management practices are in place.

Sanfield seeks opportunities to reduce waste and materials consumption at construction sites by purchasing raw materials in appropriate quantities and sizes, reducing errors during the construction stage, and adopting innovative building methods. We continue to deploy Building Information Modelling (BIM) and Precast Unit to streamline on-site construction processes, enhance productivity and quality management, and avoid waste generation due to abortive work. Realizing that massive quantities of sand and soil are excavated during the excavation stage, Sanfield explores ways to utilize and transfer qualified sand and soil to other suitable sites for backfilling, reclamation or other purposes.

Whenever possible, the Group also reaffirms its commitment to reusing or recycling construction waste and materials through a wide range of measures. To better monitor and measure construction waste, Sanfield has made provision of recycling facilities compulsory for housekeeping inspection. Different materials are collected for recycling, including paper, cardboard, metals, aluminium, plastics and glass. To reuse and recycle construction materials in an effective way, we standardize dimensions of materials at designing and building stages, deliver unwanted materials to local recycling centres, and practise deconstruction instead of demolition.

The Group also seeks to introduce measures of responsible consumption at our managed properties and shopping malls and encourages our tenants and customers to practice the same to minimize the amount of waste being sent to landfills. We promote recycling and collect recyclables beyond the three common types across our buildings and malls, and have installed reverse vending machines to encourage plastic bottle recycling. We also participate in Greeners Action's Beverage Cartons Clean Recycling

Pilot Programme by placing recycling bins at a number of our malls. Over 100 residential buildings, shopping malls, commercial and industrial buildings and Royal Park Hotel have signed the Environmental Protection Department's Glass Container Recycling Charter to show their commitment to raising public awareness on glass container clean recycling and source separation.



• Shopping bag sharing stands at Millennium City 1, 2, 3 and 6



• Beverage cartons recycling bins at our malls including V city

In addition, the Group has proactively responded to the Government's 'A Food Waste & Yard Waste Plan for Hong Kong 2014-2022' since 2018 by promoting food waste separation and recycling at our properties. Selected hotels, shopping malls and residential properties have partnered with their restaurant tenants to send the collected food waste to the Organic Resources Recovery Centre for energy recovery. Park Central, in particular, has partnered with tenants and residents to promote and collect food waste for recycling at the EcoPark. Residential properties such as Metropolis Plaza further conduct waste audits for residents, aiming to effectively reduce household waste and food waste. For our other malls, including HomeSquare, we introduced food waste processing machines for restaurant tenants to collect and transform food waste into fertilizer which can then be used at the organic farm at the mall's rooftop.

Using Resources Efficiently

The Group embeds environmental considerations into our procurement processes and prioritizes the use of sustainable materials. Complemented with mindful use of resources through close monitoring, we minimize unnecessary resource consumption.

Sourcing with Environmental Considerations

Under our Environmental Policy, the Group takes a proactive approach in considering environmental factors during the procurement process. Clauses or specifications related to environmental protection are included in our property management's procurement process to help source goods or services that are better for the environment. All timbers used during construction are required to be certified as sustainable, and timber suppliers are required to provide certifications issued by the Forest Stewardship Council or other eco-certified sources.

Sanfield also implements careful planning and utilizes pre-cast facades, aluminium formwork and green blocks during the construction process to minimize material consumption. We further encourage the use of pre-finished and smooth blocks to avoid plastering.

Managing Water Effectively

Although most of our business operations are not water intensive, we aim to continuously improve our water management practice and foster water conservation awareness across all business units. To better convey our goal, Kai Shing and Hong Yip both support the Water Supplies Department's 'Let's Save 10 L Water 2.0' Campaign.

In addition to Group-wide measures on water management, construction sites and individual properties have also implemented their own measures to reduce the use of water. At our construction sites, for example, water for wheel washing is collected, treated and recycled for use, while rainwater is collected for irrigation or pumped to the roof of site offices during hot weather for cooling purposes. Several residential properties and shopping malls, such as Manhattan Hill and HomeSquare, have grey water, rainwater or groundwater recycling systems in place for cleaning and irrigation to minimize water usage.

Utilizing Technology for Resource Consumption Reduction

The Group actively explores opportunities in the deployment of multiple technological solutions at our managed properties to minimize the use of resources. To reduce paper consumption at our shopping malls, we encourage customers and visitors to use our mobile application SHKP Malls App to make reservations at restaurants. We also provide tablets at customer service counters to disseminate information like mall directories and promotions and collect customer feedback. In addition, our property management subsidiaries have been upgrading their customer service software for transformation into a paperless workflow.

Raising Public Environmental Awareness

The Group takes a proactive role in educating the public about sustainable and green living, as well as promoting environmental protection in local communities.

Environmental educational centres are set up at some of our malls such as Grand Central Plaza, Landmark North and HomeSquare by a group of passionate staff who are concerned about climate change. The centres frequently organize a wide range of activities, including seminars, workshops and outreach activities, to enhance the environmental awareness of mall tenants, students from nearby schools and the public. Before the pandemic hit us in early 2020, the centre at Landmark North engaged with four schools to launch a series of waste reduction and recycling programmes, while the centre at Grand Central Plaza partnered with several NGOs and social enterprises to organize upcycling workshops for tenants and underprivileged children.

The Group continued to partner with Green Power by supporting its 'Love Nature Campaign' for the eighth consecutive year to encourage the public to care for nature. The campaign combines education, nature appreciation and outdoor exploration components for students in kindergarten and primary schools to learn. Over 55,000 kg of waste and recyclables have been collected and more than 60 visits to schools and eco-tours have been organized so far. Amid class suspension periods during the pandemic, we produced online educational and interactive video clips for students to encourage continuous learning about natural ecology at home.

In addition, we launched Hong Kong's first free countryside and beach clean-up mobile application – Nature Rescue with Green Power – to enable the public to initiate and join clean-up activities. Thus far it has facilitated about 80 clean-up activities initiated by the public with around 2,000 participants.



• Through Nature Rescue, the SHKP Volunteer Team recruited about 200 volunteers to participate in the clean-up in Lung Kwu Tan and collected over 1,100 kg of waste and recyclables

The Group also participated in WWF Earth Hour for the 12th consecutive year by mobilizing over 300 commercial and industrial buildings, shopping malls and residential estates to switch off their lights for an hour, promoting awareness on sustainable living and energy conservation. The Group encourages people to use more environmentally friendly electric vehicles and has installed a total of 515 electric vehicle charging stations at over 80 commercial and residential properties over the years.

We are also dedicated to promoting green measures and co-building a sustainable environment through active tenant engagement. For example, Kai Shing regularly arranges a wide array of workshops, exhibitions and events to promote green culture in some of its malls. Malls such as New Town Plaza III apply greenery concepts to new tenants and new mall designs to encourage different stakeholders to embrace greener lifestyles.

Recognizing our contribution to create a green shopping environment and advocating public environmental awareness, 15 of our management properties were awarded the Hong Kong Green Awards 2019 by the Green Council, with five of them receiving Gold in the category of 'Green Management Award – Service Provider (Large Corporation) / Service Provider (SME)'. Six malls also earned awards from the Hong Kong Green Shop Alliance, including Metropolis Plaza which won the 'Best Sharing Partner Award' for its collaborative efforts with mall tenants.

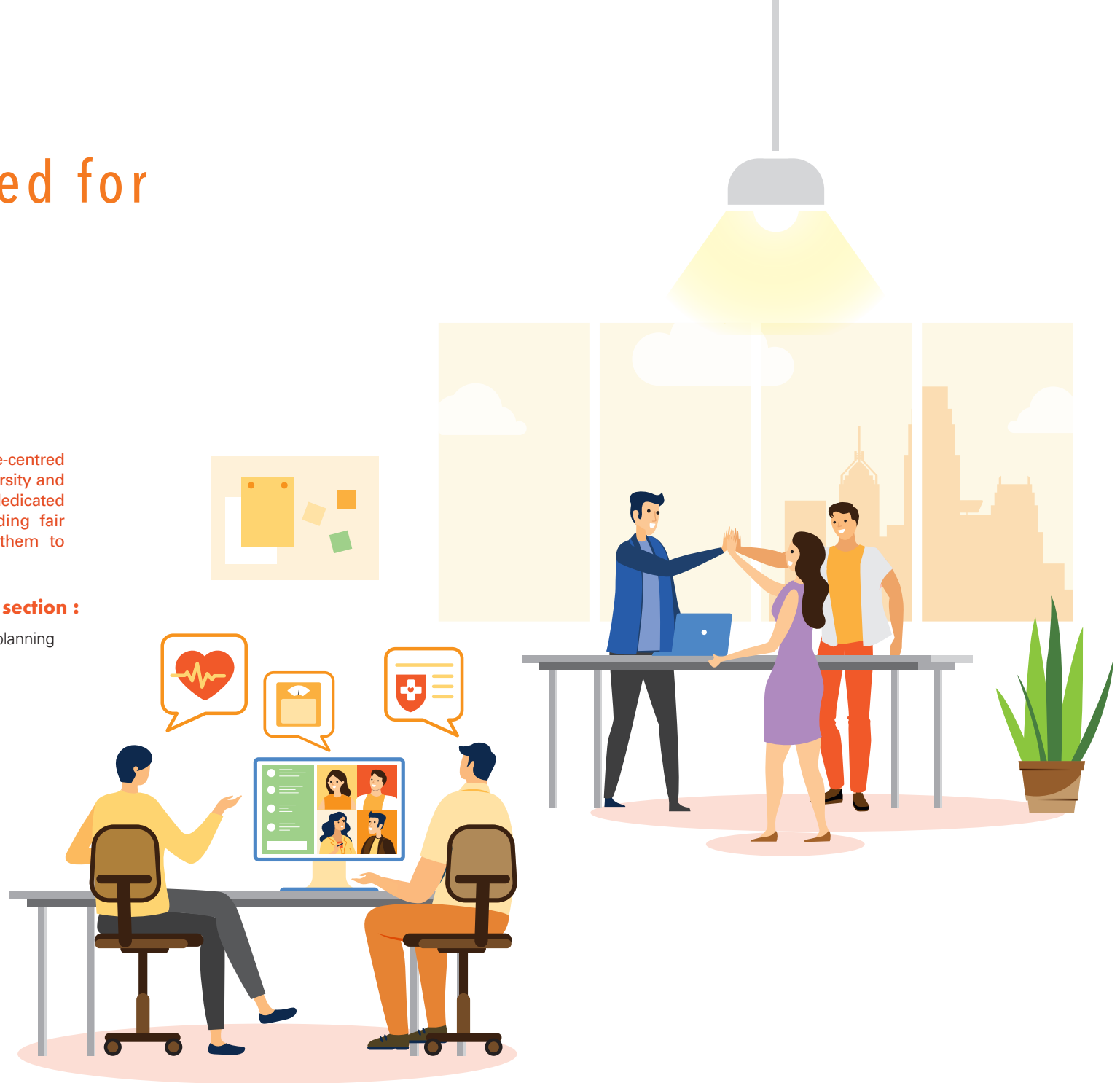
Value Created for People



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

Material topics addressed in this section :

- Employee development and succession planning
- Diversity and equal opportunities
- Occupational health and safety
- Employment practices
- Employee engagement
- Grievance mechanism
- Anti-corruption
- Compliance



Strategies and Management

We remain committed to our long-standing belief in Building Homes with Heart during this challenging period. Promoting a workplace culture that puts our employees at the centre has become ever more important. We focus on engaging and supporting our employees and place their health and safety as our top priority while continuing to capitalize on our talent pool to maintain a strong team for the delivery of outstanding results.

The Group's standards and expectations of our employees are well documented and communicated through our Code of Conduct and respective policies in the Staff Handbook, including the principles of human rights as guided by the United Nation's Universal Declaration of Human Rights, anti-bribery and conflict of interests, anti-discrimination, anti-competitive and proper ways for the handling of confidential information. Although the issue of child and forced labour is not material to operations in Hong Kong, our code and policies stipulate that child and forced labour is strictly prohibited, in alignment with the Group's values and international advocacy. The above lays the foundation for the Group to uphold the highest standards of ethics and integrity.

A number of units are in place to support the Group in managing different aspects of employment and labour topics, as well as to ensure compliance with related laws and legislations, including the Employment Ordinance and Occupational Health and Safety Ordinance. Our Human Resources Committee reinforces and refines the Group's human resources policies. The Occupational Health and Safety Committees in our property management and construction arms are responsible for monitoring health and safety performance and mitigating any potential risks in our daily operations. The Internal Affairs Department at the Group level takes care of the well-being of the workforce and develops annual training plans pertaining to employees' feedback.

Building Our Talent Pool

To maintain our overall competitiveness, we seek to build our pool of talent by offering our employees attractive packages which are commensurable with their contributions to the Group in addition to rewarding outstanding performance. Our employees have received above-average salary increments for the tenth consecutive year.

Over the years, the Group has partnered with various educational institutions for the recruitment of young talents. We have introduced a range of campus recruitment schemes, including the Summer Internship Programme, Management Trainee Programme, Graduate Surveyor and Graduate Engineer Programmes, in which extensive on-the-job training, external learning opportunities, professional qualification sponsorship and mentorship programmes are provided to help the young generation in the local community in developing the necessary skills and be groomed to become the leaders of tomorrow. In addition, SHKP has partnered with the Vocational Training Council to offer internship and graduate programmes each year to local final-year students who are studying for higher diplomas in engineering disciplines.

The Group conveys its appreciation and recognition to employees whose performance and contributions have been exceptional by means of accelerated career progression and annual internal awards. The awards, which cover different areas of business including the Quality-Raising Suggestion Scheme, Work Safety Suggestion Scheme, Best Handover Quality Award, Safety Award Scheme and Long Service Award, are presented by the managing director and deputy managing directors.

In addition, the Group has introduced formal channels and programmes to encourage employees in case they want to voice their dissent at work. A whistleblowing mechanism and employee suggestion boxes, for instance, allow employees to raise any matters of concern in regard to suspected misconduct, malpractice or impropriety without any fear of reprisal. In accordance with related policies and procedures, we make every effort to handle whistleblowers' identity and information of the reported cases in a classified and sensitive manner with strict confidentiality. Similar practices also extend to our supply chain. Please refer to the **Value Created for Supply Chain** section for details.

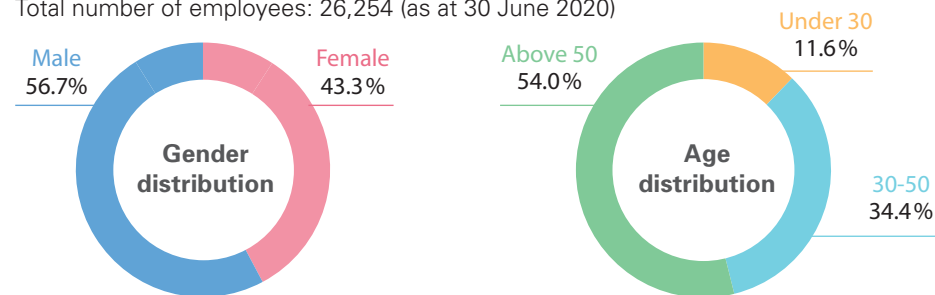
Creating a Supportive and Inclusive Workplace

Our diverse and inclusive culture encourages our employees to bring together their differences and thrive in the workplace. The Code of Conduct, Equal Opportunity Policy and anti-discrimination practices, as stipulated in the Staff Handbook, reaffirms our commitment to ensure equal opportunities and protect our employees from discrimination against gender, age, family status, disability, race or religion, etc.

The Group actively promotes gender equality and has achieved 31.7% female representation amongst management positions. The Group also offers fair employment opportunities for the physically and mentally challenged, advocating mutual respect and understanding amongst employees with different backgrounds. To date, we employ about 100 people with physical or mental disabilities in a variety of positions, including cleaners, security guards, receptionists and more.

Workforce Distribution

Total number of employees: 26,254 (as at 30 June 2020)



As part of our commitment to Building Homes with Heart, we create a family-friendly workplace to support our employees in fulfilling their family responsibilities. For instance, our employees are entitled to full-pay maternity leave for 10 weeks, or a paid paternity leave for up to five days. We go beyond regulatory requirements of paying 100% of salary for paternity leave. We also provide breastfeeding amenities to accommodate the needs of nursing mothers. To facilitate family-work balance, flexible work-hour arrangements are available for employees with needs.

In 2010 we introduced the SHKP Group Undergraduate Scholarship programme to sponsor the children of our employees on economic grounds to pursue their undergraduate studies, thus easing their financial burden. To date, the Group has subsidized over 90 children of staff to pursue a full-time degree programme.

Additionally, we regularly organize social and recreational activities for our employees and their families to foster better family relationship and greater parent-child interactions.



• SHKP organized a day trip for employees to tour places in the New Territories where participants enjoyed all the delicacies, shopping and fun



• SHKP organized a summer parent-child cooking class for employees and their children to participate

Capitalizing on Our People Talents

We nurture our talent by providing diversified learning channels, ranging from structured training programmes, job rotations and secondment opportunities to self-learning channels. To maximize what they have learnt from these programmes, the Group's Internal Affairs Department developed annual talent development plans for our employees that aim at fostering professional ethos, skills, experience and performance.

The SHKP Quality Academy is the Group's long-standing platform to deliver structured and systematic training programmes for all levels of staff, equipping them with the necessary skills and industry knowledge to advance their careers. Depending on individual needs and team specific goals, we earmark tailor-made resources for a variety of programmes focused on four major disciplines: business and people management, construction, property management and personal development. Over 2,200 classes, seminars, webinars and mentorship programmes were delivered during the reporting year, recording over 46,000 training hours. Staff are also sponsored to attend external job-related courses, ranging from short seminars to degree programmes up to Master's level.

In the midst of the pandemic, we sought to diversify our training channels by migrating from classroom training to a digital learning experience. We deliver the experience of digital and virtual learning through our e-training platform, allowing our employees to remotely join webcasts, seminars and video conferencing. The platform was upgraded with new functions to enhance our training capacities, such as the 'Technology Upskilling Portal' for more technology-related courses and the 'Self-learning Platform' for more resources relating to language, customer services and personal development. Online reading channels were made available to staff to enhance their personal effectiveness through access to abundant reading resources.

To ensure that our staff are well equipped to deliver premium services, Hong Yip established the People Development Academy (the Academy) in 2007. The Academy, which has been accredited by the Hong Kong Council for Accreditation of Academic and Vocational Qualification, organizes training programmes that are equivalent to Level 1-3 under the Hong Kong Qualifications Framework. Since the launch of the Credit Accumulation and Transfer arrangement in 2014, Hong Yip has been the first company in the market to enter into an agreement with various tertiary institutions to facilitate

seamless learning experiences and recognize credit transfers without the need to re-take any learning programmes.

To implement our technology-driven business strategy, Hong Yip has organized various training programmes which focused on new technological development and applications. We are one of the first companies in the industry to utilize Virtual Reality (VR) and Augmented Reality (AR) in training.



- To keep abreast of the new digital era, Hong Yip incorporated VR learning into regular training programmes for their staff



- Experiencing VR through learning-by-doing allowed staff to have immersive virtual reality, enabling them to interact in different virtual settings

Hong Yip received the Excellence Award for Employers under the Employees Retraining Board (ERB) Manpower Development Scheme for the eleventh successive year. Aside from promoting the courses and services of ERB, Hong Yip is complimented for its efforts in providing employment opportunities for under-represented groups by hiring ERB's graduate trainees.

Ensuring Safety and Well-being

At SHKP, the safety and well-being of employees remain our utmost priority. To this end, we have comprehensive occupational health and safety systems and policies in place to manage relevant issues at all our subsidiaries and across all our operations. To ensure our existing system is up to standard, Hong Yip and Sanfield have migrated from the OHSAS 18001 Occupational Health and Safety Management Systems to the latest, more stringent ISO 45001 Occupational Safety and Health Management System during the reporting year.

Our Occupational Health and Safety Committees oversee the Group's health and safety performance and promote workers participation and consultation so as to reduce existing and potential risks in our operations. Health and safety audits and incident investigations are conducted for our managed properties to identify and eliminate existing and potential hazards. To improve employees' awareness of the occupational health and safety, regular health and safety inspections and drills, alongside the training in emergency responses and procedures are arranged.

We trust our employees in staying alert to health and safety risks potentially found in daily operations. Employees are encouraged to submit their ideas and innovative solutions via the Work Safety Suggestion Scheme to contribute to improving workplace safety.

Stepping up our efforts to ensure health and safety in the workplace at all times, our construction team has maintained a low accident rate of 2.65 accidents per 1,000 workers¹. No fatalities of the Group's employees have been recorded in the last three reporting years.

Healthy and active lifestyles contribute to overall wellness and productivity at work of our employees. As such, our Internal Affairs Department organizes a broad range of sport and health care activities. Echoing with our community investment approach of exercising for good, we sponsored our employees to participate in an array of charitable sporting events, including The Community Chest Corporate Challenge and the HKFYG Run for Wellness 2019. In addition, a series of health care programmes and seminars was organized during the reporting year, including the 'Eating for Health' seminar to maintain vitality of our staff and 'Total Relaxation' seminars to relieve stress and negative emotions.

Extending our care to the mental wellness of our employees, a free Hearty Hotline with 24-hour counselling service from professional social workers, psychologists and counsellors is available to support our employees and their families in handling their personal and work difficulties. Our care for retired employees extends through the SHKP Evergreen Club, hosting feasts and gatherings all year round, including festive seasons, where they can enjoy quality time.

Case Study – Extending Our Care to Our People's Well-being Amid the Coronavirus Outbreak

Unprecedented times call for unprecedented solutions and measures of precaution and protection at work. Bearing in mind the importance of our employees' health and safety in the midst of the pandemic, SHKP has taken appropriate and swift actions for our employees in all possible situations to provide them with a safe work environment.

During the early outbreak of coronavirus when the demand for anti-epidemic items was high, we distributed face masks and sanitation gel at headquarters to ensure our staff had sufficient protection. Employees of our shopping malls were also required to submit health declaration forms and conduct temperature checks before work.

In furtherance of managing the risk of coronavirus at the workplace, we have installed an infrared temperature scanning system and ultraviolet air purifiers in the lobby of our head office, Sun Hung Kai Centre. A transparent protective shield has been set up at the concierge service counter to protect our frontline staff. Extra caring ambassadors were deployed to help in supporting tenants, staff and visitors. Free coronavirus tests were provided to staff in the head office to give them sense of comfort.

Ensuring our employees are in the best physical and mental health at this challenging time is paramount. To this end, we published an internal newsletter which shared information about the coronavirus and outlined tips for managing mental health and staying well. A health seminar relating to coronavirus and seasonal influenza was also held to highlight various preventive measures.

The Group will continue to stay vigilant and introduce necessary and appropriate measures to support our employees during the challenging times going forward.



• The infrared temperature-scanning system in the lobby not only helps reducing manpower to conduct temperature checks for the building's users, but also minimizes waiting times

• Our frontline staff at the concierge service counter are protected by a transparent protective shield to prevent droplet transmission

¹ Calculation uses the methodology adopted by the Hong Kong Construction Association.

Value Created for Customers



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

Material topics addressed in this section :

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



Strategies and Management

We attach great importance to the principle of Building Homes with Heart when we deliver our products and services, as well as support for the SDGs. Underpinning our commitment to creating pleasant living environments, productive workplaces, enjoyable recreational facilities and promoting the health and wellness of our customers, we have established a set of service protocols ranging from customer satisfaction and health and safety to information privacy. Despite challenges during the reporting year, we continued to put our customers first and ensure their safety, whilst offering them efficient, attentive and professional services. The Group continued to apply innovation and technologies to the development and management of our properties to enable us to offer services beyond expectations. We also maintain bonding and communication with our customers through the SHKP Club, 'The Point by SHKP' and Club Royal.

Building Premium and Quality Homes

The Group's core values of Quality, Speed, Efficiency are ingrained into each stage of our project development cycles. Our insistence on using top-calibre building materials, premium craftsmanship and leading-edge building technologies, together with the provision of professional handover inspection, is widely recognized by the public. Committed to creating the best after-sales service, in 2013, we initiated a three-year warranty policy for new residential developments. The warranty period is the longest offered by any Hong Kong developer, fully reflecting our confidence in the high quality of our products. We also adopt a vertically integrated development model to ensure strict quality control at every development stage, from land acquisition, project planning and management, material sourcing and construction to marketing, sales and property management.

Design and Construction

We utilize our extensive experience in property development to design projects that meet our customers' expectations. Striving to maintain the highest standard of safety and quality, we carry out continuous supervision of the construction works and stringent quality assessment on the materials we carefully select. We have also adopted various technologies in our development projects to elevate the work quality and efficiency. For example, we make use of drones to film our construction sites to monitor work progress

and to help create 3D maps. In addition, Building Information Modelling (BIM) is adopted for creating a 3D model incorporating all the information and data of a project, elevating efficiency and quality of work and reducing manual errors.

Pre-sale

Prior to the sale of every project, our in-house experts conduct inspections on building quality based on SHKP's benchmarks. To further assure the quality of our products, our project-monitoring teams conduct quality audits to ensure zero defects in our completed projects. We also ensure related marketing and communications materials comply with all relevant regulations and industry guidelines, including the Residential Properties (First-hand Sales) Ordinance, when our residential properties are completed and put on the market for sale. The preparation and release of sales brochures and other marketing materials are regularly reviewed and closely monitored by our internal expert committee.

Handover

We usually plan the handover process six months in advance and conduct at least three full-scale checks, covering over 120 items in each unit. Training is provided to our sales and customer-services team to enhance their knowledge and skills in order to deliver complete, accurate and easy-to-understand information to homebuyers during the property handover stage.

After-sale

To further gain customers' confidence in our building quality, we have been offering three-year warranty policies for newly completed residential developments since 2013. All of our sold properties are constantly monitored and reviewed by qualified safety officers. Digital technologies are also adopted to improve the overall property handover process and experience. Developed by Hong Yip, the mobile application 'Intake Easy' was first introduced to Century Link homebuyers to facilitate the handover process. With this application, homebuyers can conveniently sign off documents, report any defects spotted during the handover, and keep track of all repairs and maintenance works during the warranty period.

Excelling in Property Management

Adhering to the philosophy of 'customers-first', SHKP strives to provide exceptional management services through its property management subsidiaries. In addition to providing premium services, the Group endeavours to ensure the health and safety of customers and keep customer data secure by following international standards in property and facility management.

Pursuing digital innovation and continuous improvement, SHKP actively seeks opportunities to integrate digital solutions into the management programmes and measures at our properties. We draw on our integrated shopping mall platform SHKP Malls App and the customer-loyalty programme 'The Point by SHKP' to provide exceptional shopping experience to our customers. Members of 'The Point by SHKP' can enjoy the first Contactless Parking and Auto Payment Parking service under the largest network of its kind in Hong Kong for a seamless driving experience. To date, 'The Point by SHKP' has expanded to over 20 malls with memberships surpassing 800,000, creating an enhanced digital shopping experience with greater convenience.

We are also introducing smart-living concepts through the use of mobile applications at a number of our residential properties. In our recent residential leasing brand – TOWNPLACE, we have developed a dedicated TOWNPLACE App for our residents. The one-stop exclusive App enables residents to experience hassle-free living through digital property management functionalities. In particular, it allows tenants to access the electronic door lock with smartphone authentication technology, get notifications when receiving mails by applying smart-sensor technology, as well as access to wireless charging. With just one-click away on the App, residents can control the home automation system, reserve facilities of Duo Social Space and access communal areas via QR code for greater convenience, which help create smart and sustainable living.

The Group and its property subsidiaries are dedicated to improving their services to align with international standards, which include:

Business Continuity: ISO 22301

- Kai Shing implements ISO 22301 Societal Security – Business Continuity Management Systems at International Commerce Centre. Regular drills are performed to ensure timely and effective incident response. Business continuity procedures were also established for identifying high-priority risks.

Customer Satisfaction and Complaints Handling: ISO 10002

- Property management subsidiaries have ISO 10002-certified Complaints Handling Management Systems in place, embedding our belief of 'customers-first' into our operations.
- We are committed to undertaking formal reviews for each complaint we receive and providing an efficient response.

Health and Safety: OHSAS 18001 and ISO 45001

- The Group adopts OHSAS 18001 or ISO 45001-certified Health and Safety Management Systems that go beyond the statutory requirements. We conduct regular audits and reviews to ensure the effectiveness of the systems.

Information Security: ISO 27001

- As the first property management company to obtain the ISO 27001 certification, Hong Yip plays a pioneering role in delivering information security services in the property and facility management industry.
- Professional training is provided to employees who handle sensitive customer and company information.

Service Quality: ISO 9001

- The Group identifies best service management practices through performing peer benchmarking, allowing our property management and construction subsidiaries to earn ISO 9001 certification for Quality Management Systems.
- Clear guidelines and regular training are provided to employees to enhance their customer-handling skills.

Offering Quality Hospitality Services

The Group is committed to delivering superior guest experience with quality hospitality and catering services. To this end, service standards are developed for our hotels to ensure our services meet the needs and expectations of our guests. We offer regular training courses for all our hotel staff to equip them with the necessary skills for handling challenging situations in accordance with our professional standards. Study topics cover standard behaviour and telephone courtesy to proper complaint resolution as well as other refresher training such as those on the Forbes Travel Guide to ensure that our service quality meets Star Ratings standards. Our hotels have launched individual awards schemes to encourage employee performance that exceeds our guest service standards. These include the Guest Compliment Award by The Royal Garden and Royal Plaza Hotel, as well as the Smiling Award and Excellent Service Award by The Royal Garden and Royal View Hotel. Apart from this, we actively listen and respond to customers' needs and concerns.

To maintain close relationships with our hotel customers, the Group set up Club Royal in 2004 and has recruited more than 36,000 members. Monthly newsletters, emails and a hotline that features hotel discounts exclusively for Club Royal members are available to keep them updated on our promotions. We also regularly monitor customer feedback through online platforms to better understand and respond to their needs and concerns. Supporting the Group's efforts in digital transformation, during the reporting year our hotels launched e-shops which offer accommodation packages, dining coupons and delivery services, creating a more convenient hotel experience.

Our outstanding hospitality service has been recognized by offline and online travel agencies such as Agoda.com, Booking.com, TripAdvisor and the Forbes Travel Guide.

Ensuring Customers Health and Safety

Maintaining a safe and healthy environment at our properties and operations has always been our top priority. In addition to complying with standard legal requirements, our construction and property management subsidiaries have obtained OHSAS 18001, or the latest ISO 45001 Occupational Health and Safety Management Systems certifications for their health and safety management systems. All our major shopping malls, offices and residential projects are equipped with automated external defibrillators (AED),

enabling us to offer resuscitation in case of emergencies, including heart attacks. Regular customer safety and first-aid training are offered to our frontline staff in property management to enable them to deal with emergency situations. We have also stepped up our efforts in maintaining indoor air quality and in hotel operations to prevent the spread of the virus during the outbreak of coronavirus.

We strive to maintain optimal indoor air quality to create a healthy and pleasant indoor environment for our property users. As such, we have introduced the latest indoor air-quality technologies and adopted a variety of measures, including conducting regular inspections of air-handling units and replacing filters as necessary, to improve indoor air ventilation. In view of the coronavirus outbreak, we have enhanced the frequency of cleansing and disinfection of the ventilation systems to ensure good air circulation and hygiene indoors. Disinfectant treatments following government hospital standards for central air-conditioning systems have been regularly conducted. Most of our buildings have continuously received 'Excellent' or 'Good' Class Indoor Air Quality certifications from the Indoor Air Quality Information Centre since 2006.

Considerable attention is paid to food safety in our hotel operations. Most of our hotels have either adopted the Hazard Analysis Critical Control Point (HACCP) system or ISO 22000 certified food safety management system to ensure we meet the highest food hygiene standards. Food safety audits are carried out regularly to monitor the quality and safety of different food items prepared for our hotel customers. Our hotel staff are required to strictly adhere to food hygiene guidelines throughout the preparation of delectable and hygienic food.

Apart from developing internal control measures, we also understand the importance of strengthening tenants' own awareness of health and safety. For this reason, fire drills and safety talks are arranged periodically. Additionally, we inspect our fire protection systems regularly to ensure their compliance with the latest industry requirements.

We put our customers first and serve them with heart. Our staff are trained to promptly and proactively respond to unforeseeable circumstances in our shopping malls to ensure the safety and well-being of our tenants and customers.

Case Study – Protecting and Supporting Customers and Tenants from Coronavirus

The emergence of coronavirus poses great threats to public health and significantly increases public awareness about epidemic diseases. To address customers' increasing concerns about safeguarding their health conditions, we have made extra efforts since the outbreak of coronavirus to strengthen sanitation and cleaning across our managed properties.

Reinforcing Preventive Measures in Our Properties

We have introduced new measures in almost 60 malls and office buildings to combat coronavirus to mitigate concerns of our shoppers and tenants. For example, 300 caring ambassadors were recruited to provide additional anti-epidemic services at our 30 malls, including assisting in sanitizing the hands or measuring the body temperature of customers. Over 320 automatic hand-sanitizer dispensers were installed throughout our malls. We have also taken an active role in helping our tenants to strengthen in-store infection prevention measures, including helping to clean and disinfect the air-conditioning outlets of their stores. In our residential properties, we have increased the frequency of cleaning and disinfection of frequently touched surfaces, including escalator handrails, door handles of entrances and exits, railings and main lift buttons. In our hotels, we have stepped up precautionary and safety measures by setting up a Hygiene Check Station at every hotel entrance to check the body temperature of all visitors before they enter the premises, as well as increasing the frequency of disinfection at all hotel facilities, from guest rooms to restaurants and kitchen areas. For further details about our anti-epidemic measures, please watch the video [here](#).

Leveraging Technologies to Fight Coronavirus Efficiently

Our property management teams have utilized digital and innovative technologies to effectively clean and disinfect the public areas of our properties. We have applied anti-microbial coatings on frequently touched surfaces to achieve lasting disinfectant effects. UV sterilizers have also been applied to air-handling outlets and handrails of escalators, while ion air purifiers have been installed in the lifts. Automatic disinfection machines are

available in public toilet compartments, entrances and corridors, with disinfectant sprayed every 15 minutes. Other innovative measures include adding disinfecting equipment to robots for customized round-the-clock deep cleansing. We also utilized online pre-registration systems when we organized events such as Smart Buy Weeks during the period when epidemic-related restrictions were eased.

Going the Extra Mile for Providing Attentive Services

Our management service teams enhanced communication with tenants and provided value-added services in the wake of coronavirus. Kai Shing made use of smartphone applications such as 'Live e-asy' to disseminate latest updates on the development of coronavirus and anti-epidemic measures to raise tenants' awareness on public health and safety. Over the panic-buying period, Hong Yip offered a 'Neighbourhood Shopping' service to provide shopping assistance for daily necessities at residential estates located far away from key shopping areas. For residents who are under compulsory home quarantine, the management service teams also provide support by offering shopping assistance and door-to-door delivery service. During residents' extended stay at home, the management service teams even rolled out a series of cooking videos and online tutorials to help residents stay relaxed.



• 300 caring ambassadors were deployed to provide additional anti-epidemic services to visitors in SHKP malls and offices



• Cleaning robots were deployed for additional cleansing and disinfection in some malls

Driving Continuous Improvement

Staff engagement is vital to continuous improvements of our products and services. We have introduced several award schemes to express our appreciation of their respective contributions. Our staff are also encouraged to gain industry recognition for their professional services through external award schemes.

Quality-Raising Suggestion Scheme

The scheme has been implemented for 26 years with the objective of encouraging innovative and viable suggestions from our staff in order to improve overall work efficiency and service quality. This year, the Quality Raising Gold Award went to a virtual mock-up developed by the Construction Department – BIM Team. The BIM Team leveraged on the BIM and virtual reality technology to replace the traditional mock-up models, which could achieve ultra-high image fidelity to facilitate the design process as well as reduce the cost and the use of resources during the revision of project designs.

Best Handover Quality Award

The handover of a property is an important step as it gives customers the initial impression of our product and service quality. As such, 'Best Handover Quality Award' was established to recognize the teams who deliver high-quality service and encourage continuous improvements among our staff. This year, St. Barths earned the 'Best Handover Gold Award' for offering the finest building quality, service quality and team spirit to new owners.

Service & Courtesy Award

We strive to offer premium customer service with the support of our customer care ambassadors to cater for the special needs and requirements of our mall customers. To encourage the professional development of our customer care ambassadors, we send ambassadors whose performance has been outstanding to participate in the Service & Courtesy Award, which is regarded as the 'Oscar' of the Hong Kong retail sector, organized by the Hong Kong Retail Management Association. This year, our customer care ambassadors from MOKO attained excellent results, having received two gold awards, one silver award, an Outstanding Performance Award and an Excellent Service Star, making us the first-ever mall to have received gold awards at both Supervisory and Junior Frontline Levels.

Maintaining Close Communication with Customers

We actively listen to and respond to our customers' needs through a wide range of channels to drive continuous improvement in our products and services. The results of the latest customer engagement surveys show that our customer service teams from different units have received high customer satisfaction ratings throughout the years.

Latest Result from Customer Engagement Surveys

Homebuyers	Office tenants	Shopping mall tenants	Hotel guests
Achieved 'Good' or 'Excellent' rating: 95%	Achieved 'Good' or 'Excellent' rating: 98%	Achieved 'Good' or 'Excellent' rating: 98%	Scored: 92 out of 100
1,497 Surveyed	586 Surveyed	4,336 Surveyed	17,083 Surveyed

The Group also established customer-service protocols and operational procedures as part of its commitment to delivering premium services for its customers. A resolution system is in place to handle and address complaints and opinions received from shopping malls, offices and residential properties, which are then followed up by our teams from respective divisions within a reasonable time frame, subject to the nature of the respective complaints.

Performance of Hotels	
All Complaints	Response within 48 hours
Performance of Property Management	
Emergency Complaints	Immediate response
Verbal Complaints	Verbal response within 10 minutes
Written Complaints	Written response within 10 working days

SHKP Club

Established in 1996, the SHKP Club has served as a platform to engage and build long-term relationships with our customers. To date, it is the first and the largest developer-loyalty club in Hong Kong with over 420,000 members. In addition to offering property-related benefits, the Club organizes engagement activities to spread the



- Property-related offers and information are communicated to the members via multiple channels including various online platforms and interactive communications

message of 'Loving Home' among our potential and existing customers and maintains two-way communications with its members through diversified channels. For example, virtual tours of show flats and property-related incentive campaigns are offered to members through the Club's social media channels.

During the pandemic period, the Club's 'Loving Home' Campaign featured an array of online interactive initiatives carrying the theme 'Loving Home in Harmony' to encourage a more caring and harmonized community through webinars and online workshops which were organized for the first time by the Club. These included:

- The first-ever series of online seminars with the titles 'Decoding Your Child' and 'Stay Strong and Fight the Pandemic' to enhance parent-child relationships

- An online workshop 'Father's Day Surprise Gift Box' was launched for participating members and their children to tailor-make their own gifts for their fathers
- A series of Facebook games with Lovey-loving Family comics promoting SHKP malls and driving customer interaction were offered to the Facebook page fans, attracting more than 5,000 participations
- A new territory-wide 'Encyclopedia of Family Harmony Competition' that drew over 5,000 entries encouraged the public to share their secrets in order to live a harmonious and happy family life
- '8 Anti-Pandemic Nutrients' Delicacies Campaign in conjunction with SHKP Hotels and registered dietitians encouraged members to maintain a healthy body and build healthy lifestyles and harmonious familial bonds through a demonstration video



- The first-ever webinars and online workshops were newly launched for the members to enhance parent-child relationships



• SHKP Club organized a special guided tour at the new ALVA HOTEL BY ROYAL

A variety of interactive family experiential activities are provided for the members. A special guided tour at the new hotel ALVA HOTEL BY ROYAL was organized to let members experience the hotel's intelligent services and stylish environment. In addition, members were invited to an exclusive movie screening hosted at V Walk to celebrate its Grand Opening, offering Club members and their families the opportunity to experience the high-end audio-visual facilities.

Securing Customers' Data Privacy

Consumers have become increasingly concerned about data privacy and cybersecurity issues. When applying digital solutions to our operations and services, we have done our best to ensure security and protection of our customers' personal information. To this end, an IT Governance Steering Committee, which is led by our Executive Management, has been set up to oversee matters relating to information security within the Group, while our IT Department is responsible for ensuring secure handling of personal information. Relevant policies and procedures were established and updated as necessary according to the Personal Data (Privacy) Ordinance and other relevant laws and regulations. The Customer Data (Privacy) Policy provides details to our customers about how their personal information is collected, handled and used in order to safeguard confidentiality. In addition, all homebuyers are duly required to sign a Personal Information Collection Statement (PICS) with the preliminary agreement for the purchase of our properties.

The purposes for collecting homebuyers' personal data and how we will handle the information are clearly stated in the PICS. During the reporting year, we invited external professionals to provide training on the latest data privacy regulations and data security issues related to operations, such as the use of video-conferencing tools and direct marketing, to enhance employees' understanding and awareness on data protection.

To raise awareness on cybersecurity among frontline staff, we carry out cybersecurity measures and internal training to equip them with the knowledge and skills in handling customer and company information. Every staff member within the Group is required to follow the latest procedures when handling customer data to prevent any information leaks. The Group also keeps all employees updated on fraudulent emails and the use of phone and USB flash units through issuing cybersecurity alerts and tips on our intranet. To lower the risk of data exfiltration, only endorsed and registered removable drives are allowed to be used. Internet guidelines that detail website production and issues to be aware of are provided, covering the aspects of design, footer, language usage, content and data collection. Obligations for each business unit during each data collection process are also highlighted in the guidelines. In addition, any web page that collects customer data is required to include the Customer Data (Privacy) Policy as stipulated in the guidelines to comply with relevant laws and regulations.

Value Created for Supply Chain



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

Material topics addressed in this section :

- Occupational health and safety
- Anti-competitive behaviour
- Anti-corruption
- Compliance
- Innovation



Strategies and Management

Upholding its belief in Building Homes with Heart, SHKP extends its values by contributing to the creation of a safe, green and sustainable society through its supply chain. We join hands with our supply chain partners to pursue SDGs, specifically in areas relating to regulatory compliance, ethical practice and conduct, as well as health and safety. Green procurement policies are in place to guide the purchase of building materials, building services equipment and office products so as to minimize environmental impacts in the supply chain.

All our suppliers and contractors are required to comply with relevant environmental and social laws and regulations, such as the Waste Disposal Ordinance, the Employment Ordinance and the Occupational Safety and Health Ordinance, as well as to perform in accordance with the Group's environmental policy, occupational health and safety policies, quality requirements, human rights policy, and corporate governance standards as set out in the Code of Conduct. We also encourage our suppliers to act according to the 10 principles of the United Nations Global Compact (UNGC) which are in line with the Group's commitment to human rights. Child or forced labour is thus strictly prohibited along the supply chain and we promote a discrimination-free and inclusive work environment.

We work closely with our new and existing suppliers to monitor their sustainability performance through our comprehensive supply chain management mechanism. This has enabled us to effectively evaluate suppliers' compliance in these aspects using a vertically integrated approach that covers the process of selecting and retaining suppliers, regular assessment of their performance and the development of evaluation systems.

Adhering to Responsible and Sustainable Procurement

Collaborating with a diverse pool of suppliers creates additional value to our business. We worked with over 4,600 suppliers during the reporting year, spending more than HK\$7 billion. To stabilize our product supply, we have deployed multiple sourcing strategies to avoid over-reliance on single suppliers in any specific area. During the reporting year, our five largest suppliers contributed to less than 30% of our total purchases.

	Head Office	Construction	Hotels	Property Management
Number of Suppliers – (Hong Kong)	55	320	1,874	2,300
Number of Suppliers – (Non-Hong Kong)	0	9	41	43

While promoting environmental and social responsibility among our business partners, we are dedicated to integrating social and environmental considerations into our procurement decisions. In our supplier selection process, we give preference to suppliers who have made strong environmental commitments such as adopting ISO 14001 environmental management system standards and implementing green procurement policies. During the reporting year, procurements that took environmental factors into consideration accounted for 41% of our total procurements. We also strive to support small, medium and social enterprises by including them during our procurement process whenever possible. Local suppliers are preferred whenever possible to reduce carbon emissions from transportation and to support local economies. During the reporting year, 98% of our suppliers were based locally.

Case Study – Partnering with Our Contractors to Conserve the Giant Native Twin Trees

The Group seeks to balance development activities and environmental considerations in our projects. For this reason, we practice tree preservation in our development projects and closely collaborate with our contractors to avoid and minimize falling and damage of trees in the course of development. Jointly with our contractor Gammon Construction Limited and with support from inhouse company specialists including arborists, landscaping and project environmental team members, as well as academics, in November 2019, we successfully transplanted the giant native twin trees, consisting of two *Ficus microcarpa* merged into one root system weighing more than 170 tonnes, by using cutting-edge technologies. This tree transplanting exercise not only protected biodiversity but also preserved the characteristics of the rural community in Shap Sze Heung, Hong Kong.

Applying Various Technologies Throughout the Entire Transplanting Process

Prior to the transplanting work, we installed sensors to monitor tree movements and tilts, and utilized a 3D reality platform that integrates the motion data for real-time health and stability monitoring, ensuring the health status of trees before and after the transplanting process. We also paid particular attention to the design and planning of the access route and respective transplanting methods. Given the huge trunk and irregular crown of the twin trees, 3D scanning technology was applied to precisely measure the weight of the tree and its centre of gravity, so as to facilitate the selection of appropriate plant and equipment for lifting and transportation. Various strengthening measures were also carried out through the formation of a temporary lifting platform and access route over the existing box culvert to ensure the whole lifting and transportation process was secure and risk-free.

Deploying the First-ever Two Self-propelled Modular Transporter

Apart from preserving the trees, we also explore ways to lower potential exposure to workers' safety. In addition to a 600-tonnes crawler crane, we applied a Goldhofer integrated double self-propelled modular transporter, the first of its kind in Hong Kong, for the lifting operation. According to the size and weight of trees, the modules can be coupled together to suit different site conditions and transportation purposes, resulting in a significant reduction in labour and safety risks.

For further details on the transplanting project, please watch the video [here](#).



• Conservation of the giant native twin trees in Sai Sha Road Widening Works

Managing and Monitoring Suppliers' Performance

The Group communicates our expectations closely with suppliers and contractors in our tender invitations and contract documents, including stating our requirements for environmental and social performance. Our Property Management division, for instance, requires our suppliers and contractors to sign an Environmental Commitment Form and to follow our environment and energy related policies before approvals are made.

We conduct regular assessments and evaluations of suppliers and contractors who have been accepted on our tender list on their environmental and social performance in addition to other quality-related criteria, to ensure that they are operating according to our requirement on sustainability. In cases where suppliers violate laws and regulations, fail to meet tender requirements, commit misconduct, or fail to achieve satisfactory results during the contract period, we will downgrade or delist them from our tender list.

Our construction subsidiary also develops subcontractor selection requirements and assesses their performance during the tendering process. To monitor potential environmental and social risks arising from the supply chain, we perform bi-annual assessments and evaluations for suppliers and contractors as well as subcontractors. We also carry out inspections on our construction sites periodically to identify and monitor potential environmental issues arising from air pollution, waste management and wastewater treatment. Our Property Management division conducts sustainability evaluations on suppliers and contractors following the completion of their work and during annual performance appraisals, such as cleaning and facilities maintenance services. The results of the evaluations are considered as a vital indicator for our decision in selecting future contractors and suppliers.

In addition to monitoring the supply chain in our construction subsidiary, we offer regular training related to occupational health and safety, environmental management and product quality to raise awareness on various sustainability issues. We also require all staff and subcontractors to attend training on quality assurance at least once every year.

Food safety is one of the key risk factors in our hotel business operation. To this end, we attach great importance to ensuring proper food processing and transportation to minimize food safety risks. Audits and on-site inspections are carried out annually to assess personal hygiene, food-processing and storage conditions, waste management, safety of working conditions, validity of food safety certification, chemical storage management, equipment cleaning and pest control for the fulfilment of public health and food safety standards. In addition, supplier questionnaires, food sample laboratory testing and pre-delivery quality checks are conducted to further guarantee the quality of the products. High-risk foods such as ready-to-eat food and fresh seafood are handled with special attention. In case there is any non-compliance, food suppliers are required to immediately rectify and a re-audit will be arranged. During the reporting year, 100% of our food suppliers met the requirements of our food audits.

Safeguarding the Safety and Welfare of Our Construction Workers

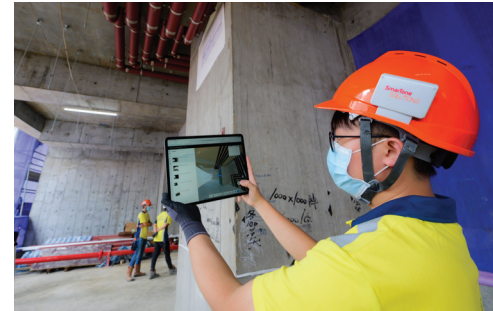
Construction workers are valuable assets to our property development. As such, health and safety remain our top priority at our construction sites. We have established designated safety targets for all construction sites managed by our construction subsidiaries covering all our employees and contractors, including zero fatal accidents, fewer than 0.5 serious accidents¹ per 1,000 workers, and fewer than nine incidents per 1,000 workers, to promote health and safety along our value chain. All contractors who work at our construction sites are protected by the Group's occupational health and safety management system which has obtained the latest ISO 45001 certifications. They are also required to comply with our environmental, occupational health and safety policies and follow strict health and safety protocols to prevent work-related injuries and fatalities. Workers are encouraged to report work-related hazards and hazardous situations to their supervisors or site managers without any fear of reprisals, and may remove themselves from work situations that they believe are unsafe. During the reporting year, an accident rate of 7.98 per 1,000 workers² was recorded for our contractors at construction sites. The rate was much lower than the industry average of 29.0 per 1,000 workers³. Unfortunately, one fatal incident among our contractors was recorded during the reporting period. The site operation ceased immediately, followed by an accident investigation and a review meeting chaired by senior management. Additionally, we further strengthened temporary work-control systems at all sites and reviewed similar operations of different projects to ensure sufficient safe work procedures are implemented in order to prevent the recurrence of similar incidents.

Various health and safety training courses are offered at different construction phases to raise awareness among workers. Before the commencement of any project, tailored training on health and safety issues is provided to all workers, depending on specific conditions of each construction site. During construction, toolbox talks are carried out weekly, or whenever there are changes in procedures. Site-specific training is also provided for complicated procedures that require special technical knowledge. During the reporting year, over 939,000 participants attended health and safety training sessions which covered topics such as the safe use of lifting equipment, working at a height, safety card renewal, manual materials handling, general safety management, on-site housekeeping and hazard identification. Besides, we also provided health talks and training for contractors to promote wellness, such as anti-alcohol, drugs and smoking talks.

The Group actively explores the application of innovative technologies to improve construction safety. For instance, our internal teams have developed and introduced

a smart management solution named SmartWorks at one of our construction sites. The solution equips workers with smart helmets that integrate with IoT (Internet-of-Things) sensors and GPS tracking, allowing workers' real-time health conditions, as well as their attendance records, to be closely monitored on-site. The smart helmet

also has an emergency button that can either trigger an SOS signal automatically or manually in case of accidents. We have also installed radar systems on heavy machines at our construction sites to send alerts when somebody gets too close, as well as facial recognition and smart-video technology to restrict access of unauthorized personnel.



• A worker wears a Smart Helmet integrated with IoT sensors and GPS tracking

To ensure that health and safety performance is fully aligned with the Group's standards and expectations, we arrange internal site safety professionals to perform compliance audits quarterly to assess on-site health and safety risks. External safety audits are also conducted bi-annually in accordance with the Factories and Industrial Undertakings (Safety Management) Regulation. Safety effectiveness evaluations are conducted after the completion of projects to identify areas for improvement in pursuance of enhancing safety performance in future projects. In addition, to encourage the most accurate and reliable data on work-related accidents and injuries, we exempt our contractors from paying any standard industry fees levied on claims for all project sites.

¹ The definition of serious accident refers to work-related injuries that result in hospitalization for more than 21 days, loss of 20% of working ability or fatalities.

² Calculation uses the methodology adopted by the Hong Kong Construction Association.

³ Industry rate is calculated on the calendar year. Reference was made to Occupational Safety and Health Statistics Bulletin (August 2020) from the Hong Kong Labour Department.

Anti-corruption

The Group holds itself to the highest ethical and governance standards and adopts a zero-tolerance approach towards all forms of corruption and bribery throughout the value chain. We ensure compliance over the Prevention of Bribery Ordinance under the supervision of the Board, and clearly set forth our commitment within the Group's anti-corruption policy and Code of Conduct, which prohibit our staff from accepting advantages, gifts or entertainment from our business partners, including suppliers and contractors. These requirements are introduced and explained to all our employees during induction training and are freely accessible on the Group's intranet. To keep our staff vigilant against corruption risk, we offer internal refresher training such as talks and briefings on industry specific anti-corruption practices on a regular basis, and a seminar on business ethics is delivered by the Independent Commission Against Corruption (ICAC).

We also extend our efforts on anti-bribery and corruption to our supply chain. Apart from Board members, our tendering companies are also required to declare any potential or apparent conflict of interest. Our anti-corruption policy covering all suppliers of construction has also been uploaded to our online vendor platform for our business partners' reference. Vendors would be suspended from tendering or removed from the approved vendor list should they be suspected of any bribery activities. During the reporting period, the Group did not knowingly work with any suppliers or contractors who contravened our anti-bribery and corruption policy.

Our robust corporate governance framework lays a solid foundation for our anti-corruption measures. For more information related to our corporate governance structure and practices, please refer to the **Corporate Governance Report** section of our Annual Report 2019/20 for details.

Competition

We embrace fair competition in pursuance of developing a prudent and just supply chain, as well as working in compliance with the Competition Ordinance to prohibit any anti-competitive behaviour. To promote awareness of respective regulations, we invite external professionals to hold training sessions on anti-competitive behaviour. In addition, we regularly update and evaluate our authorized list with qualified and pre-approved companies to prevent bid-rigging in the tendering process. Only companies that are on our list are invited for tendering, and all tender documents explicitly specify our anti-collusion requirements. We also strictly monitor the number of tenders being invited to ensure a competitive tendering process. All tenderers are required to submit an integrity and anti-collusion confirmation letter to declare that there is no anti-competitive behaviour in their operations.

The Group has established a whistleblowing mechanism for our internal and external stakeholders to report any suspected cases of misconduct, malpractice, impropriety, unethical or unfair treatment. Employees may raise their concerns through suggestion boxes. The Head of Human Resources and the Head of Internal Audit are responsible for overseeing and implementing the policy. Major issues relating to the cases will also be reported to the Audit and Risk Management Committee for review. In case of violation of our anti-corruption policy, Code of Conduct or where found to be involved in any anti-competitive behaviour, we will report to the respective law enforcement authorities at once. During the reporting year, there were no material breaches of the Code of Conduct and laws relating to anti-corruption and competition.

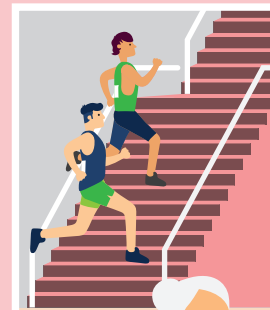
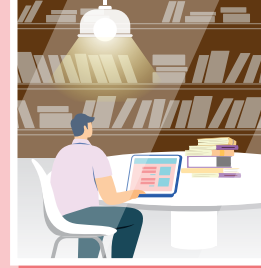
Value Created for Community



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

Material topics addressed in this section :

- Affordable housing in Hong Kong
- Community investment
- Economic performance
- Innovation



Strategies and Management

Embracing our philosophy and the core value of Building Homes with Heart for decades, SHKP has been proactively listening and responding to the needs of the community. Our Corporate Social Responsibility Committee, led by senior executives of the Group, oversees our community investments and partnerships with charitable organizations. To enable effective implementation of our community investment work, we are committed to the following strategies which we have carried out under a three-pronged approach: (1) encouraging reading and holistic development, (2) sponsoring sporting events for charity and healthy living, and (3) providing care for the underprivileged:

- Build close partnerships with non-governmental organizations and other stakeholders;
- Encourage direct participation by actively engaging our staff;
- Promote long-term, sustainable community programmes; and
- Contribute to the community through strategic use of resources and networks as well as applying the skills of our staff.

Apart from introducing community programmes that are in line with our three-pronged approach, SHKP contributed over HK\$71 million to charity and in-kind sponsorships, and made HK\$6,197 million in tax contributions during the reporting year.

For the 18th consecutive year, SHKP was named a 'Caring Company' along with its 85 business units. Among them, 51 were awarded the honour for the 10th or 15th consecutive year, covering a broad range of businesses, from shopping malls and property management to construction and hotels, illustrating our long-term commitment as a responsible corporate citizen to Building Homes with Heart.

Established in 2003, the SHKP Volunteer Team (the Team) served as a platform for our employees to connect with and give back to the community. To encourage employee participation, the Group has provided respective training and insurance coverage for participants. To date, the Team has 2,800 registered volunteers who together have contributed over 100,000 service hours in various types of charity work¹. Committed to the 'ABC caring spirit' philosophy, our volunteers continued to create synergy and positive value for the community.

ABC Caring Spirit

- A: Association to work as a team
- B: Belief in Building Homes with Heart
- C: Commitment to serve the community and reach out to those in need

Since the outbreak of coronavirus in early 2020, we have demonstrated our support for the community in many different ways. The Group successfully purchased surgical masks from overseas during the early outbreak when the demand was huge. Hundreds of thousands of surgical masks were delivered to the Hospital Authority and several non-governmental social welfare organizations, including the Hong Kong Sheng Kung Hui Welfare Council, the Hong Chi Association, and the J Life Foundation, which helped distribute the masks to disadvantaged groups. As the pandemic continued to weigh on a range of industries, SHKP has offered rental concessions for affected tenants to ease their operating pressures, and proactively organized a continuing series of online and offline promotions and extra measures to drive consumption and footfall at malls.



• The SHKP Volunteer Team delivered surgical masks to non-governmental social welfare organizations to help people in urgent need

¹ Volunteer hours are calculated by calendar year.

Promoting a Reading Culture

Reading and Holistic Development	
Objective	<ul style="list-style-type: none"> Promote a happy reading and learning culture among youths
Approach	<ul style="list-style-type: none"> Spread the joy of reading in the community through assorted reading promotion programmes and initiatives under SHKP Reading Club Arouse young people's reading interest by sharing aspects of reading experience and recommending good books on our 'Read for More' free reading platform

SHKP believes that reading can promote one's holistic development and the society as a whole, and has focused resources to more effectively engage the young generation in reading to encourage them to build up a lifelong passion for books. With this belief in mind, SHKP Reading Club was established as an open and complimentary hub to provide reading activities, programmes and competitions with a particular focus on the youth. The Club has attracted over 59,000 members to date. This year, we continued to enrich the 'Read for More' online reading platform by adding inspiring multimedia content with lifestyle themes. Other highlight reading events, including 'Read to Dream' and 'Read & Share', have also been lined up to foster a richer reading atmosphere among students, young people and the wider public.

'Read for More' Online Reading Platform

Launched in 2019, 'Read for More' has provided the young people with a down-to-earth and engaging reading platform, introducing them to the world of reading. A wide range of content, from book recommendations to inspiring life stories and sharing from popular writers, celebrities and travel veterans, is available on the platform to enrich lives and foster personal growth of readers. To celebrate the six-month milestone of 'Read for More', the Club at its booth of the Hong Kong Book Fair 2019 recruited voice and writing talents to aid with producing more youth-oriented content on the platform. 'Read for More' has accumulated over 270,000 users and one million page views since its inception.

Visit **'Read for More'** for more details about the platform.

Read to Dream

Read to Dream is one of the SHKP Reading Club's signature events. In collaboration with St. James' Settlement (SJS) and Hong Kong Trade Development Council, the Club sponsored over 1,200 underprivileged students to visit the Hong Kong Book Fair. Students were accompanied by SHKP volunteers and each student was provided with a HK\$250 allowance to purchase his or her favourite books. The Club also organized a series of celebrity and author talks and creative workshops to enrich the book-search journey of students during the book fair visit, encouraging them to develop a reading habit since a young age.



• Our volunteers accompanied students to read and purchase books

Read & Share School Programme

For the sixth year in a row, the 'Read & Share' programme, which supports teachers with its wide range of school-based reading promotion initiatives, has reached out to 240 primary and secondary schools. Partnering with the Hong Kong Aided Primary School Heads Association, the programme recognizes students who stand out at activities, as well as teachers and their respective schools who are dedicated to promoting a reading culture through quarterly and year-end awards. A total of 71 teachers and students received the Outstanding Performance Awards at a presentation ceremony in 2019. In recognition of its enthusiastic support, Shek Wu Hui Public School in Sheung Shui received the Most Active Participation Award.

Promoting Reading in the Community

To further spread the fun of reading to the wider public, the Club organized activities in collaboration with different partners, including the celebrity talk 'Detective On Stage: Transformation From Text To Theatre' with the troupe Theatre Space, a guided 'Kowloon City tour: food and culture' with a cultural enterprise Walk In Hong Kong. During the tour, participants were given the chance to explore historical remains of Kowloon City and taste local delicacies along the way. In addition, relevant books about the district were recommended to deepen participants' understanding of the community's heritage and vibrancy today.

Case Study – Encourage Continuous Learning and Reading amid School Suspension Period

SHKP Reading Club is committed to spreading the joy of reading through its 'Read & Share' programme. This spirit has remained unabated despite the suspension of activities due to the closure of schools during the pandemic. Instead, the Club has enriched the platform by developing more content that connects and inspires young people to make reading part of their daily lives, as well as launching a three-month online campaign, titled 'Read at Home with You', to encourage students to continue sharing the joy of reading.



Under the 'Read at Home with You' campaign, primary and secondary students were invited and recruited as 'Read For More' contributors to transform their creative ideas into articles, video clips or audio books after having read the designated series in 'Read For More'. Shortlisted works revolving around travelling, family and growth will be published on 'Read for More' to inspire more people to develop a passion for reading. To date, the campaign has considered over 100 candidates and 20 of them were shortlisted for sharing on our platform. Hong Kong Management Association K S Lo College and SKH Kei Wing Primary School won the highest participation award in the secondary and primary school sections respectively and were awarded certificates and book coupons.

To keep the platform fresh and appealing to its readers, SHKP Reading Club has enriched the content of 'Read For More' with new items, including video clips in the 'Bookshelves' section which features a variety of good book recommendations in a lively manner, as well as an exclusive serial fiction by popular writers and special articles such as the 'Poet's Corner', 'Workplace Rookies' and 'Witty Quotes'.

Exercising for a Good Cause

Sports for Charity and Healthy Living	
Objective	<ul style="list-style-type: none"> Encourage healthy lifestyles and sports for charity
Approach	<ul style="list-style-type: none"> Organize and sponsor signature charitable sporting events and other initiatives to advocate the spirit of 'Exercise for Good' Promote the fun of exercise and a healthy and sustainable lifestyle to the public

Adhering to its commitment to 'Sports for Charity', SHKP seeks to combine promoting healthy lifestyles and supporting good causes through sponsoring and organizing charity sporting events. Throughout the year, the Group has organized and sponsored a series of sporting events with a dual focus of promoting the joy of sports and supporting the welfare of underprivileged children and young people.

SHKP Sports-for-Charity Initiatives

SHKP Vertical Run for Charity – Race to Hong Kong ICC and the Sun Hung Kai Properties Hong Kong Cyclothon are two signature Sports for Charity events. To ensure the safety of participants and other members of the public, both events were cancelled during the reporting period due to social incidents. Nonetheless, SHKP continued with its extra donations to ensure the original charitable programmes of beneficiary charities for underprivileged children and young people remain unchanged.

Together with other SHKP Sports for Charity initiatives, a total of HK\$9 million was raised in 2019 to support eight projects dedicated to underprivileged children and young people, benefitting over 10,000 people. These include 'SHKP Rainbow with KIDS' project which provides mental support for children and young people who have been facing family hardships, as well as the 'SHKP – Science & Innovation Project for the Gifted' initiative which promotes STEM education. Joining hands with the Hong Kong Council of Social Service (HKCSS), the Boys' & Girls' Clubs Association of Hong Kong, the Community Chest of Hong Kong and other beneficiary charities, SHKP will continue to promote the sports for charity spirit and spread positive energy, particularly during this difficult time.

Visit 'Sports for Charity' for more details about the initiatives.

SHKP Sports for Charity Carnival 2019

To promote 'Sports for Charity' spirit and to spread positive vibes through exercise, we organized the SHKP Sports for Charity Carnival 2019 for people of all ages. A total of 16 interesting sports activities were featured at the event, including a virtual cycling world championship, an experiential game of vertical running and the SHKP Cycling Academy 4km ride challenge. Over 1,000 members of the public, including about 200 beneficiary children and young families from various charity organizations, had fun exercising for a good cause. SHKP turned approximately 60,000 calories burned by the participants into donations of HK\$3 million to fund projects for underprivileged children and young people.



• Over 200 children participated in an exciting balance-bike competition

SHKP Cycling Academy

Hosted by the Cycling Association of Hong Kong, China, SHKP continued to sponsor the SHKP Cycling Academy to promote cycling and 'Exercise for Good' in schools. The Academy provides systematic track cycling training to secondary school students and organizes inter-school cycling competitions to popularize cycling in schools with the objective of nurturing cycling talents as elite athletes for Hong Kong. Since its establishment, about 300 students from nearly 21 secondary schools have joined the Academy, with over 100 students received track cycling passes and about 3,200 students on record participated in the cycling promotion activities.



• Students received track cycling training from former Hong Kong Cycling Team members and registered track cycling coaches from the Cycling Association of Hong Kong, China

SHKP Supernova Cycling Team

SHKP officially sponsored the SHKP Supernova Cycling Team in September 2019, demonstrating a continued and strong commitment to promoting cycling amongst the young generation. The programme aims at providing systematic cycling training to underprivileged young talents aged between 12 and 18 who have a passion for cycling. To date, about 90 youngsters have received road cycling lessons and nine of them were selected to become Hong Kong Junior Cycling Team members, representing Hong Kong in international events. One of the members was recruited to join a six-month overseas professional training programme competing with high-level European racers.



• The SHKP Supernova Cycling Team has nurtured top cycling stars with an aspiration to join the Hong Kong Cycling Team

Sun Hung Kai Properties Hong Kong 10K Challenge 2019

SHKP collaborated for the first time with the Hong Kong Amateur Athletic Association to become a title sponsor of the Sun Hung Kai Properties Hong Kong 10K Challenge in 2019. The event promotes healthy and sustainable living, and encourages people to exercise for a healthier and more balanced life. Over 180 employees and their families have participated in the 10K Challenge to show support for the event.

Sharing Good Deeds with the Community

Care for the Underprivileged	
Objective	<ul style="list-style-type: none"> Support the needy
Approach	<ul style="list-style-type: none"> Contribute to the society by sponsoring a wide range of charitable and educational projects in Hong Kong and on the mainland Provide timely and immediate support to families in need under our Building Homes with Heart Caring Initiative Encourage volunteering among our employees and their families Support community development and worthy causes through donations and giving

SHKP has been proactively supporting the underprivileged in the community. In partnerships with different organizations, we have initiated and sponsored many community projects over the years. During the reporting period, the Group continued to reach out to people in need through our signature community projects, including the Modern Apprenticeship Programme, the SHKP-Kwoks' Foundation, youth start-up platforms including INDEX by the Federation of Hong Kong Industries, the Hong Kong X-Tech Startup Platform, and Building Homes with Heart Caring Initiatives with the support of the SHKP Volunteer Team.

Building Homes with Heart Caring Initiative

Upholding its Building Homes with Heart philosophy, SHKP has long served the community in a wide range of community activities, helping the elderly and disadvantaged families since 2011.

The programme focused on activities surrounding festive occasions round the year, including the Chinese New Year, Dragon Boat and Mid-Autumn Festival. At the Mid-Autumn Festival, the Team staged a festive event distributing heart-warming mooncakes and stationery to young children with special needs as well as to their parents and carers. During the coronavirus outbreak in early 2020, the Team initiated a Tuen Ng Festival sharing activity for 1,500 elderly singles and senior couples. Wholesome gift bags, with rice dumplings, packaged food, surgical masks and sanitiser gel, were distributed to the elderly in designated districts.

The Team has launched the 'weCare Inclusive Volunteering Scheme' to equip young people with special needs with the ability to serve other needy people in the community. Partnering with the Christian Family Service Centre, the scheme provides systematic volunteer training to the young trainees, enabling them to build an inclusive and resilient community. Our volunteers and young trainees collaborated on the harvesting of vegetables and turned them into snacks as gifts for elderly people.



• For hygiene purposes, volunteers wore masks and gloves when they were packing the thoughtful gift bags



• The farming activity at SHKP's PARK YOHO development enabled young trainees and SHKP volunteers to interact and bond

Making Quality Transitional Social Housing for Underprivileged Families

Joining hands with Sheng Kung Hui Welfare Council, the Group has leased land for the development of a large-scale transitional social housing project, United Court, in Yuen Long that would help ease housing shortages and enhance the living conditions of the underprivileged. The project will introduce a people-oriented community design with facilities and social services ranging from public spaces for leisure and recreational purposes to social enterprise stores and weekend markets. SHKP and the Welfare Council will offer employment assistance and opportunities with appropriate vocational training to residents. The project will provide 1,800 units and benefit 3,600 families upon its completion.

Showing Support to Local Housing Programmes

Leveraging our skills to help improving the living conditions of low-income households, SHKP supported two local housing programmes launched by the HKCSS. Partnering with a longstanding social service operator, Yan Oi Tong, SHKP refurbished 11 transitional social housing units in Tuen Mun which are provided under the Community Housing Movement. SHKP volunteers leveraged their professional skills to assist with multiple repair-and-maintenance tasks at co-living units for needy families. Additionally, the Group has made financial donations to the HKCSS Subdivided Unit Subsidy Programme to provide timely financial support and emergency relief for subdivided households affected by the pandemic.

Modern Apprenticeship Programme

Since 2003, SHKP has partnered with Breakthrough, an established youth-engagement service group, in the Modern Apprenticeship Programme that seeks to provide alternative career training and coaching to underprivileged local secondary school graduates with unfavourable exam results. Young apprentices of the programme are given the opportunity to gain practical work-related knowledge, explore their career and personal development aspirations, and put what they have learnt into practice through on-the-job training under the guidance of staff mentors of the Group.

During the reporting period, a total of 17 youngsters from six local secondary schools took part in internships at SHKP and its subsidiaries across a variety of positions, including construction, property management, shopping mall promotion, hospitality and clubhouse services. Apart from this, new elements have been added to the programme this year, including the chance to work as interns in different non-governmental organizations and visit social enterprises to diversify their knowledge and broaden their horizons. We have also expanded the target group to students as young as 16 years old to help them obtain work experience and identify their aspirations earlier for better life planning.



- The graduation ceremony for the 2019 Modern Apprenticeship Programme themed 'Exploration and Practice in the Workplace', was held to mark the growth of school graduates over a six-month period

Providing Support from SHKP-Kwoks' Foundation

Since its establishment in 2002, the SHKP-Kwoks' Foundation has engaged in extensive education support for underprivileged students in the mainland. The Foundation, joining hands with the Ministry of Education (MOE), offers scholarships at primary schools, secondary schools and universities, organizes overseas exchange programmes, and holds a series of talent-training courses to help outstanding underprivileged students turn a new page in life. In recognition of the Foundation's past contribution, the MOE awarded it with 'The Partnership of Excellence for 2019'.

In line with Central Government policies, the Foundation has extended its efforts into poverty alleviation projects in designated regions of the country. In 2019, the Foundation sponsored a project to pipe in safe and clean drinking water for local farmers in a village in Weiyuan, benefitting 154 underprivileged families. Since 2015, the Foundation has helped to bring safe and clean drinking water to over 1,100 underprivileged families in more than 10 farming villages in Lintao and Weiyuan counties, in Dingxi. Furthermore, the Foundation has aligned its commitment with the country's strategy of eradicating poverty through competency-based education. A donation is made to the Hong Kong Poverty Alleviation Association in support of its Rural Doctors Training Programme, providing advanced training to about 500 rural doctors in Nanjing County.

To date, the Foundation has initiated and sponsored more than 70 projects relating to education and training, research, culture, poverty alleviation, health care and social service, benefitting over 60,000 people from over 25 provinces and cities across the country. The Foundation has donated more than RMB700 million and about 10,000 beneficiaries have since completed their undergraduate studies with the Group's support.

Supporting Youth Development via Startup Platform

The Group supports the pursuit of technological innovation and entrepreneurship, especially among young entrepreneurs. Free fitted office premises for two startup co-working space programmes were offered by the Group, namely INDEX, run by the Hong Kong Startup Council of the Federation of Hong Kong Industries, and the headquarters office for the Hong Kong X-Tech Startup Platform. The programmes enable and encourage young entrepreneurs to pursue their dreams in technological innovation and entrepreneurship. During the reporting year, over 70 activities, including seminars, social networking events and training, with around 2,000 participants, were recorded at the two premises.

Appendix I – Awards, Memberships and Charters

Awards and Recognitions

Organizer	Award	Awarded Unit
Agoda.com	Customer Review Awards 2019	Royal Park Hotel Royal Plaza Hotel
Business Environmental Council Limited and HSBC	HSBC Living Business SDGs Award	
	• Silver Award in Goal 1 – No Poverty	Hong Yip • Cheung Sha Wan 1
	• Bronze Award in Goal 12 – Responsible Consumption and Production	Kai Shing • Landmark North
Booking.com	Traveller Review Awards	Royal Plaza Hotel
Ctrip	Best City Hotel 2019	Royal Park Hotel
Environmental Campaign Committee, Hong Kong Environmental Protection Department and in conjunction with nine organizations	2019 Hong Kong Awards for Environmental Excellence	
	• Property Management (Commercial & Industrial) – Gold Award	Kai Shing • Uptown Plaza
	• Property Management (Residential) – Silver Award	Kai Shing • YOHO Midtown
	• Certificate of Merit	Hong Yip & Kai Shing • 10 properties
	• Outstanding HKAEE Promotional Partner	Hong Yip & Kai Shing • 6 properties
Green Council	Hong Kong Green Awards 2019 • Gold Award • Silver Award • Bronze Award • Merit Award	Hong Yip • 4 properties
Hong Kong Employee Retraining Board	ERB Manpower Developer Award Scheme • ERB Excellence Award for Employers	Hong Yip
Hong Kong Environment Bureau, Hong Kong and Electrical and Mechanical Services Department	Energy Saving Championship Scheme 2019 • RCx Merit Award	Hong Yip • Mikiki • Sun Hung Kai Centre

Organizer	Award	Awarded Unit
Hong Kong Green Shop Alliance	Best Green Practices – Mall • Second Runner-up & Merit	Kai Shing • V city • HomeSquare Hong Yip • Tsuen Wan Plaza
	Best Collaborative Effort of Malls and Shops • Best Sharing Partner Award	Kai Shing • Metropolis Plaza
	• New Alliance Member – Mall	Kai Shing • PopWalk
Hong Kong Retail Management Association	2019 Service & Courtesy Award – Retail Excellence Award	
	• Bronze Award • Certificate of Merit	Kai Shing • Millennium City 1,2,3 & 6 Management Services Office • Landmark North
JobMarket	• Employer of Choice Award 2019 • Appreciation Culture Award	Kai Shing
Occupational Safety & Health Council, Hong Kong Labour Department, Hong Kong Electrical and Mechanical Services Department and The Hong Kong Association of Property Management Companies	Best Property Safety Management Award • Best Property Management Award in Occupational Safety and Health – Bronze Award • Best Safety Enhancement Programme – Silver & Merit Award • Safety Culture Award – Silver Award • Best Property Management Award – Resident's RMAA Works Safety Enhancement Award – Merit Award	Hong Yip & Kai Shing • 5 properties
Occupational Safety & Health Council	The 18th Hong Kong Occupational Safety & Health Award • Work Safe Behaviour Gold Award • Pointing and Calling Bronze Award	Hong Yip • 2 properties
The Asset	The Asset ESG Awards 2019: Platinum Award	SHKP

Organizer	Award	Awarded Unit
The Hong Kong Council of Social Service	15 Years Plus Caring Company Logo	SHKP, Hong Yip, Kai Shing, Sanfield, Royal Park Hotel, Royal Plaza Hotel, The Royal Garden Kai Shing • 3 properties
	10 Years Plus Caring Company Logo	Royal View Hotel Kai Shing • 26 properties
The Hong Kong Institute of Facility Management	Excellence in Facility Management Award 2019	
	• Grand Award (Public Rental & Subsidized Purchase Housing)	Kai Shing • Tin Shing Court
	• Excellence Award • Merit Award • Theme Award - Asset Enhancement (Commercial) – Bronze Award	Hong Yip & Kai Shing • 60 Properties
The Hong Kong Chapter of International Facility Management Association (IFMA)	IFMA Asia Pacific Awards of Excellence 2019 • Excellence Award • Certificate of Merit	Kai Shing • 5 properties
The Hong Kong Police Force and the Vocational Training Council	2019 Security Services Best Training Award • Award of Gold	Hong Yip
TripAdvisor	Certificate of Excellence	Royal Park Hotel
World Green Organisation	Green Office Awards Labelling Scheme (GOALS)	Hong Yip • 5 properties Kai Shing • 33 properties
WWF Hong Kong	Low-carbon Office Operation Programme (LOOP)	
	• Platinum Label	Kai Shing • Millennium City 5 • Landmark North
	• Gold Label	Kai Shing • ICC
	• Certified Label	Kai Shing • New Town Plaza

Memberships and Charters

Memberships

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

Charters

- Charter on External Lighting of Hong Kong Environment Bureau (Signatory since 2016)
- Energy Saving Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2016)
- 4Ts Charter of Hong Kong Environment Bureau and Hong Kong Electrical and Mechanical Services Department (Signatory since 2017)
- 'Let's Save 10L Water' 1.0 & 2.0 Campaign of Hong Kong Environment Bureau and Hong Kong Water Supplies Department (Signatory since 2015)
- Carbon Reduction Charter and Carbon Audit Green Partner of Hong Kong Environmental Protection Department (Signatory since 2009)
- Charter on the Sales of First-hand Residential Properties of Estate Agents Authority (Signatory since 2018)
- Organ Donation Promotion Charter of Department of Health (Signatory since 2016)

Please visit our [website](#) for awards and recognitions relating to corporate governance performance.

Appendix II – Stakeholder Engagement Process and Materiality Analysis Methodology

Stakeholder Engagement Process

SHKP has engaged stakeholders via extensive surveys and focus groups to communicate and gather feedback on our sustainability strategy and performance since 2013. This has allowed SHKP to review the priorities of an array of sustainability topics and enabled us to make informed decisions to prepare for future sustainability challenges. Building on our previous efforts, we decided to invite a more focused group of stakeholders to provide in-depth feedback on an annual basis, and will continue to engage with a more extensive group of stakeholders every three years to maintain an ongoing and consistent communication from 2018/19 onwards. Feedback from our stakeholders will be acknowledged and addressed accordingly.

We regularly engage stakeholders through corresponding methods as listed below.

Stakeholder Group	Method of Engagement
Customers and Tenants (including residents, commercial and industrial building tenants and hotel corporate clients)	<ul style="list-style-type: none"> • Customer satisfaction surveys • SHKP Club • SHKP Malls App and 'The Point by SHKP' • Club Royal • Concierge, retail stores, call centres, customer hotline, online and mobile phone applications • Website and social media
Employees	<ul style="list-style-type: none"> • Interviews • Meetings • Intranet • SHKP Quality Academy • Quality-Raising Suggestion Scheme • Work Safety Suggestion Scheme • Employee engagement activities • Ongoing engagement
Government and Regulators	<ul style="list-style-type: none"> • Interviews • Meetings • Public consultation
Professional Bodies and Academia	<ul style="list-style-type: none"> • Interviews • Industry forums
NGO Partners	<ul style="list-style-type: none"> • Interviews • Community programmes run by the SHKP Reading Club, SHKP Vertical Run for Charity and the SHKP Volunteer Team
Shareholders and Investors	<ul style="list-style-type: none"> • Investor meetings and conference calls • Overseas roadshows • Investor forums and conferences • Analyst briefings and annual general meetings • Annual and interim reports • Investor Relations page on SHKP's website

Stakeholder Group	Method of Engagement
Suppliers	<ul style="list-style-type: none"> • Interviews • Audits and assessments • Ongoing direct engagements
Media Partners and Social Media	<ul style="list-style-type: none"> • Press conferences • Meetings • Website and social media
Joint-Venture Partners	<ul style="list-style-type: none"> • Real estate industry trade associations and advisory groups

Materiality Analysis Methodology

We adopt a three-step approach to identify, prioritize and validate the materiality of relevant ESG topics for management and disclosure. The approach is guided by the AA1000 Stakeholder Engagement Standard and with reference to the principles of inclusivity, materiality, responsiveness and impact of the latest AA1000 Accounting Principles.

Step 1: Identifying ESG Topics

With reference to previous materiality analyses, we further refine the list of ESG topics based upon the consideration of stakeholders' feedback and the latest sustainability trends in the industry. ESG topics are categorized into six key themes:

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

Step 2: Ranking ESG Topics

Extensive group of stakeholders were engaged through online surveys on a regular basis, from which they ranked the relative importance of ESG topics to the Group on a scale of 1 to 6 (with '1' being not important at all and '6' being very important). They were also asked to review the material topics of the preceding year, determining whether the topics should remain unchanged and whether additional topics should be considered.

Step 3: Validating the Results

We collected qualitative feedback from stakeholder review panels and through benchmarking exercises to validate the ranked results. The final materiality analysis results were reviewed and endorsed by the Sustainability Steering Committee.

Appendix III – Performance Tables

Environmental Performance

	Unit	2019/20 ¹	2018/19 ²
Greenhouse gas (GHG) emissions within the Group			
Direct GHG emissions (scope 1)	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	42,750	57,112
Indirect GHG emissions (scope 2)	tonnes CO ₂ e	266,658	321,290
GHG emission intensity			
Head office	tonnes CO ₂ e/m ²	0.076	0.076
Construction	tonnes CO ₂ e/m ²	0.007 ³	0.031
Property management	tonnes CO ₂ e/m ²	0.058	0.064
Hotels	tonnes CO ₂ e/room night	0.045	0.038
Waste disposal within the Group			
General waste	tonnes	91,071	99,644
Construction and demolition waste	tonnes	28,379 ⁴	211,379
Waste recycled within the Group			
Paper	kg	2,770,874	4,160,359
Plastic	kg	37,020	24,442
Metals	kg	15,301	17,988
Used cooking oil	kg	13,928	20,083
Food waste	kg	473,249	405,403
Glass	kg	42,425	45,970
Construction and demolition waste	tonnes	672,583 ⁴	237,197
Energy consumption within the Group			
Total energy consumption	Gigajoules (GJ)	2,514,719	3,102,267
Head office	GJ	9,622	10,050
Construction	GJ	118,556 ³	391,112
Property management	GJ	2,172,285	2,467,345
Hotels	GJ	214,255	233,760
Energy intensity			
Head office	GJ/m ²	0.43	0.45
Construction	GJ/m ²	0.061 ³	0.229
Property management	GJ/m ²	0.47	0.54
Hotels	GJ/room night	0.36	0.29
Electricity consumption			
	GJ	1,735,467	2,071,995
	kWh	482,074,068	575,554,138
Head office	GJ	6,289	6,205
	kWh	1,746,884	1,723,748
Construction	GJ	58,136	347,397
	kWh	16,148,947	96,499,187
Property management ⁵	GJ	1,495,953	1,521,295
	kWh	415,542,421	422,581,990
Hotels	GJ	175,089	197,097
	kWh	48,635,817	54,749,213

	Unit	2019/20 ¹	2018/19 ²
Gas consumption			
Head office	GJ	241	253
Construction	GJ	5,625	0
Property management	GJ	672,448	942,168
Hotels	GJ	38,150	35,390
Fuel consumption			
Head office	GJ	3,092	3,591
Construction	GJ	54,795	43,715
Property management	GJ	3,884	3,882
Hotels	GJ	1,016	1,272
Diesel consumption			
Head office	L	3,405	3,903
Construction	L	1,479,233	1,207,212
Property management	L	107,594	108,747
Hotels	L	12,926	17,726
Petrol consumption			
Head office	L	92,830	107,880
Construction	L	62,074	19,296
Property management	L	1,344	N/A ⁶
Hotels	L	17,341	19,988
Water consumption within the Group			
Total water consumption	m³	3,158,865	3,376,840
Head office	m ³	4,676	4,929
Construction	m ³	367,158	258,627
Property management	m ³	1,846,414 ⁷	1,961,294
Hotels	m ³	940,617	1,151,990
Water intensity			
Head office	m ³ /m ²	0.21	0.22
Construction	m ³ /m ²	0.19	0.15
Property management	m ³ /m ²	0.40	0.43
Hotels	m ³ /room night	1.57	1.43
Major construction materials used			
Concrete	m ³	346,569	313,800
Bricks	piece	1,619,481	2,605,350
Steel	tonnes	81,962	54,942

1. Environmental data of 2019/20 include head office, 34 construction sites, 82 buildings from property management, and 4 Royal brand hotels.
2. Environmental data of 2018/19 include head office, 30 construction sites, 80 buildings from property management, and 4 Royal brand hotels.
3. Data variance is due to a number of construction sites being in near-final phase or having been completed for handover in 2019/20, resulting in a decrease in energy consumption and greenhouse gas emissions.
4. We have enhanced our recycling practice at construction sites and harmonized the calculation methodology recycling data to reflect actual situation.
5. The data refers to electricity consumption of common area and air conditioning system in office buildings, shopping malls and residential properties.
6. Petrol consumption by property management operation was not significant.
7. Water consumption data of the six managed properties remains unavailable from the Water Services Department at the time of the Report publication, thus the respective water consumption is estimated. The data shall be updated in the next Sustainability Report.

Social Performance

	Unit	2019/20		2018/19	
Employment practice					
		Permanent	Contract	Permanent	Contract
Total workforce by employment contract ⁸		21,964	4,290	20,166	4,873
Head office	no. of people	1,627	24	1,580	28
Construction	no. of people	2,976	67	2,907	69
Property management	no. of people	15,867	4,113	14,112	4,681
Hotels	no. of people	1,494	86	1,567	95
		Male	Female	Male	Female
Total workforce by gender		14,891	11,363	14,556	10,483
Head office	no. of people	844	807	817	791
Construction	no. of people	2,312	731	2,247	729
Property management	no. of people	10,804	9,176	10,526	8,267
Hotels	no. of people	931	649	966	696
Total workforce by age group					
Head office					
Under 30	no. of people	218		204	
30 – 50	no. of people	949		943	
Above 50	no. of people	484		461	
Construction					
Under 30	no. of people	527		504	
30 – 50	no. of people	1,407		1,368	
Above 50	no. of people	1,109		1,104	
Property management					
Under 30	no. of people	1,916		1,868	
30 – 50	no. of people	5,860		5,490	
Above 50	no. of people	12,204		11,435	
Hotels					
Under 30	no. of people	388		432	
30 – 50	no. of people	807		828	
Above 50	no. of people	385		402	
		Male	Female	Male	Female
New hire by gender (number and rate ⁹)					
Head office	no. of people	87	92	87	119
	%	10.3	11.4	10.7	15.0
Construction	no. of people	415	197	428	207
	%	17.9	26.9	19.1	28.4

	Unit	2019/20		2018/19	
Property management	no. of people	4,011	4,259	3,878	3,382
	%	37.1	46.4	36.8	40.9
Hotels ¹⁰	no. of people	81	85	358	248
	%	8.7	13.1	37.1	35.6
New hire by age group (number and rate¹¹)					
Head office					
Under 30	no. of people		86		89
	%		39.4		43.6
30 – 50	no. of people		86		110
	%		9.1		11.7
Above 50	no. of people		7		7
	%		1.4		1.5
Construction					
Under 30	no. of people		197		203
	%		37.4		40.3
30 – 50	no. of people		215		228
	%		15.3		16.7
Above 50	no. of people		200		204
	%		18.0		18.5
Property management					
Under 30	no. of people		1,115		1,206
	%		58.2		64.6
30 – 50	no. of people		2,258		2,050
	%		38.5		37.3
Above 50	no. of people		4,897		4,004
	%		40.1		35.0
Hotels¹⁰					
Under 30	no. of people		52		220
	%		13.4		50.9
30 – 50	no. of people		63		287
	%		7.8		34.7
Above 50	no. of people		51		99
	%		13.2		24.6

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

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

10. The business was influenced by the outbreak of coronavirus during the second half of the reporting year. We recorded a more stable headcounts with less turnovers and new hires as a result.

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

	Unit	2019/20		2018/19	
Employee turnover ¹² by gender (number and rate ¹³)					
Head office	no. of people	36	66	47	75
	%	4.3	8.2	5.8	9.5
Construction	no. of people	134	48	202	79
	%	5.8	6.6	9.0	10.8
Property management	no. of people	1,479	1,454	1,757	1,858
	%	13.7	15.8	16.7	22.5
Hotels ³	no. of people	125	122	360	233
	%	13.4	18.8	37.3	33.5
Employee turnover ¹² by age group (number and rate ¹⁴)					
Head office					
Under 30	no. of people	38		50	
	%	17.4		24.5	
30 – 50	no. of people	56		67	
	%	5.9		7.1	
Above 50	no. of people	8		5	
	%	1.7		1.1	
Construction					
Under 30	no. of people	70		115	
	%	13.3		22.8	
30 – 50	no. of people	76		99	
	%	5.4		7.2	
Above 50	no. of people	36		67	
	%	3.2		6.1	
Property management					
Under 30	no. of people	478		710	
	%	24.9		38.0	
30 – 50	no. of people	815		1,012	
	%	13.9		18.4	
Above 50	no. of people	1,640		1,893	
	%	13.4		16.6	
Hotels ¹⁵					
Under 30	no. of people	60		168	
	%	15.5		38.9	
30 – 50	no. of people	93		311	
	%	11.5		37.6	
Above 50	no. of people	94		114	
	%	24.4		28.4	

	Unit	2019/20		2018/19	
Occupational health and safety					
Total number of work-related fatalities	no. of people	0		0	
Work-related fatalities rate	per 1,000 workers	0		0	
		Male	Female	Male	Female
Injury rate ¹⁶	per 1,000 workers	17.12	24.82	21.43	32.15
Lost days ¹⁷	days	12,786	21,010	11,957	23,772
Lost day rate ¹⁸	%	0.23		0.25	
Absentee rate ¹⁹	%	0.91		1.05	
Development and training					
		Male	Female	Male	Female
Average training hours per employee by gender and employee category					
Managerial	hours	14.8	15.5	16.8	18.6
Office-grade	hours	16.9	18.8	14.7	16.6
Supporting ²⁰	hours	3.4	5.2	10.1	5.6
Operational ²⁰	hours	5.5	3.1	10.8	7.0
Total / Average training hours for health and safety at construction sites	hours	333,952		321,037	
	hours per employee	12.7		12.8	
Anti-corruption and anti-competition					
Reported case of corrupt practices	no. of cases	0		0	
Reported case of anti-competitive behaviour	no. of cases	0		0	

12. In 2018/19, the definition of employee turnover refers to employees who leave the company voluntarily or due to retirement, dismissal or other reasons. In 2019/20, the definition of employee turnover follows respective industry standards according to business nature. For our hotel business, turnover is defined as employees who leave the company voluntarily or due to retirement, dismissal or other reasons. For our head office, construction and property management business, voluntary turnover is included in the calculation.

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

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

15. The business was influenced by the outbreak of coronavirus during the second half of the reporting year. We recorded a more stable headcounts with less turnovers and new hires as a result.

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

17. Lost days refers to sick leave due to all types of work-related injuries.

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

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

20. We have reduced physical training sessions amid of the outbreak of coronavirus, causing a drop in the overall training hours delivered to employees. Nonetheless, we have been increasing the number of online trainings to ensure continuous learning.

Appendix IV - HKEx ESG Reporting Guide Index

General Disclosures and KPIs	Description	Reference (Page number)	Remarks
Environmental			
Aspect A1: Emissions			
General disclosure		Value Created for the Environment (9-16)	There was no material non-compliance regarding the emission of greenhouse gas, water and waste during the reporting period.
KPI A1.1	The types of emissions and respective emissions data	N/A	Air emissions are not material to our operations.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Appendix III - Performance Tables (46-48)	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	N/A	The Group generated no significant hazardous waste during the reporting period.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	Value Created for the Environment (9-16); Appendix III - Performance Tables (46-48)	
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	Value Created for the Environment (9-16)	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	Value Created for the Environment (9-16)	Hazardous waste generation and handling are not material to our operations.
Aspect A2: Use of Resources			
General disclosure		Value Created for the Environment (9-16); Value Created for Supply Chain (30-35)	
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity	Appendix III - Performance Tables (46-48)	
KPI A2.2	Water consumption in total and intensity	Appendix III - Performance Tables (46-48)	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	Value Created for the Environment (9-16)	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	Value Created for the Environment (9-16)	We do not encounter any problems in sourcing water for our daily operations, hence, this is not material to the Group.
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	N/A	The use of packaging material for finished products is not applicable to the Group's business.

Aspect A3: The Environment and Natural Resources			
General disclosure		Value Created for the Environment (9-16); Value Created for Supply Chain (30-35)	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Value Created for the Environment (9-16); Value Created for Supply Chain (30-35)	
Aspect A4: Climate Change			
General disclosure		Value Created for the Environment (9-16)	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Value Created for the Environment (9-16)	
Social			
Employment and Labour Practices			
Aspect B1: Employment			
General disclosure		Value Created for People (17-21)	Please refer to the Corporate Governance Report (pp.102-119) and Directors' Report (pp. 120-142) sections of our Annual Report 2019/20 for details. There was no material non-compliance regarding employment and labour practices during the reporting period.
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Appendix III - Performance Tables (46-48)	Seasonal and part-time employment does not cause significant variations in the total workforce. Hong Kong is the only location of operations covered in this report.
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix III - Performance Tables (46-48)	Hong Kong is the only location of operations covered in this report.
Aspect B2: Health and Safety			
General disclosure		Value Created for People (17-21)	There was no material non-compliance regarding occupational health and safety during the reporting period.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Value Created for People (17-21); Appendix III - Performance Tables (46-48)	
KPI B2.2	Lost days due to work injury	Appendix III - Performance Tables (46-48)	

KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	Value Created for People (17-21)	
Aspect B3: Development and Training			
General disclosure		Value Created for People (17-21)	
KPI B3.1	The percentage of employees trained by gender and employee category	N/A	All of our employees received regular training relevant to their jobs. We report the average training hours as required by KPI B3.2, which demonstrates our effort in talent development. Please refer to the Value Created for People and Appendix III - Performance Tables sections for details.
KPI B3.2	The average training hours completed per employee by gender and employee category	Appendix III - Performance Tables (46-48)	
Aspect B4: Labour Standards			
General disclosure		Value Created for People (17-21)	Child and forced labour issues are not material to the Group's operations. There were no non-compliance incidents regarding child and forced labour during the reporting period.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A	See remark for Aspect B4 General disclosure.
KPI B4.2	Description of steps taken to eliminate such practices when discovered	N/A	See remark for Aspect B4 General disclosure.
Operating Practices			
Aspect B5: Supply Chain Management			
General disclosure		Value Created for Supply Chain (30-35)	
KPI B5.1	Number of suppliers by geographical region	Value Created for Supply Chain (30-35)	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Value Created for Supply Chain (30-35)	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Value Created for Supply Chain (30-35)	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	Value Created for Supply Chain (30-35)	

Aspect B6: Product Responsibility			
General disclosure		Value Created for Customers (22-29)	There was no material non-compliance regarding product responsibility during the reporting period. Labelling is not relevant to SHKP business.
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A	There were no recalls concerning the provision and use of the Group's products and services that have a significant impact on our operations.
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Value Created for Customers (22-29)	There were no substantiated complaints received during the reporting period.
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A	Intellectual property rights are not material to our operations.
KPI B6.4	Description of quality assurance process and recall procedures	Value Created for Customers (22-29)	Recall procedures are non-material to the Group's operations.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	Value Created for Customers (22-29)	
Aspect B7: Anti-corruption			
General disclosure		Value Created for Supply Chain (30-35)	There was no non-compliance with anti-corruption practice in the reporting period.
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Appendix III - Performance Tables (46-48)	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	Value Created for People (17-21); Value Created for Supply Chain (30-35)	
KPI B7.3	Description of anti-corruption training provided to directors and staff	Value Created for Supply Chain (30-35)	
Community			
Aspect B8: Community Investment			
General disclosure		Value Created for Community (36-42)	
KPI B8.1	Focus areas of contribution	Value Created for Community (36-42)	
KPI B8.2	Resources contributed to the focus area	Value Created for Community (36-42)	

Appendix V – GRI Standards Content Index – Core

GRI Standards Indicator	Detail	UNGC's Ten Principles	Reference (Page number)	Remarks
GRI 101: Foundation (2016)				
General Disclosures				
GRI 102: General Disclosure (2016)				
Organizational Profile				
102-1	Name of organization		Our Reporting Approach (1)	
102-2	Activities, brands, products, and services		Our Business (3-4)	Our principal subsidiaries are listed on pp. 228-233 of our Annual Report 2019/20. None of our products or services are banned in certain markets.
102-3	Location of headquarters		Our Business (3-4)	Hong Kong
102-4	Location of operations		N/A	Hong Kong, Mainland China and Singapore
102-5	Ownership and legal form		Our Business (3-4)	Listed on The Stock Exchange of Hong Kong Limited
102-6	Markets served		Our Business (3-4)	
102-7	Scale of the organization		Our Business (3-4)	As at 30 Jun 2020, SHKP and its principal subsidiaries and joint ventures employed more than 39,500 employees. A detailed breakdown of financial information is presented on pp.4-7 of our Annual Report 2019/20 . More details of our business are listed on our website .
102-8	Information on employees and other workers	Principle 6	Appendix III - Performance Tables (46-48)	Seasonal and part-time employment causes no significant variation in the total workforce. Workers who are not employees are not covered in this indicator.
102-9	Supply chain		Value Created for Supply Chain (30-35)	
102-10	Significant changes to the organization and its supply chain		N/A	No significant change

102-11	Precautionary principle or approach		Value Created for the Environment (9-16)	Our Environmental Policy is listed on our website at: https://www.shkp.com/en-US/sustainable-development/our-environmental-commitment .
102-12	External initiatives		Appendix I - Awards, Memberships and Charters (43-44)	
102-13	Membership of associations		Appendix I - Awards, Memberships and Charters (43-44)	
Strategy				
102-14	Statement from senior decision-maker		Message from the Sustainability Steering Committee (2)	
Ethics and Integrity				
102-16	Values, principles, standards, and norms of behaviour		Our Business (3-4)	More details can be found on our website at: https://www.shkp.com/en-US/about-us/our-values .
Governance				
102-18	Governance structure		Our Approach to Sustainability (5-8)	More details on Corporate Governance can be found on pp. 102-119 of our Annual Report 2019/20 .
Stakeholder Engagement				
102-40	List of stakeholder groups		Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (45)	
102-41	Collective bargaining agreements	Principle 3	N/A	There are no formal collective bargaining agreements in place within SHKP. However, our employees can enjoy the freedom to take part in trade unions and collective bargaining if they wish.

102-42	Identifying and selecting stakeholders		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (45)	Our stakeholder identification and selection process is guided by AA1000 Stakeholder Engagement Standard (2015) while referencing the principles of inclusivity, materiality, responsiveness and impact from the latest AA1000 AccountAbility Principles (2018).
102-43	Approach to stakeholder engagement		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (45)	
102-44	Key topics and concerns raised		Our Approach to Sustainability (5-8)	
Reporting Practice				
102-45	Entities included in the consolidated financial statements		Our Reporting Approach (1)	More details can be found on pp. 228-236 of our Annual Report 2019/20.
102-46	Defining report content and topic boundaries		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (45); Appendix III - Performance Tables (46-48); Appendix VI - Independent Assurance Opinion Statement (57-58)	
102-47	List of material topics		Our Approach to Sustainability (5-8)	
102-48	Restatements of information		Appendix III - Performance Tables (46-48)	
102-49	Changes in reporting		Our Reporting Approach (1); Our Approach to Sustainability (5-8)	
102-50	Reporting period		Our Reporting Approach (1)	

102-51	Date of most recent report		N/A	Our most recent report, Sustainability Report 2018/19 , was published in December 2019.
102-52	Reporting cycle		Our Reporting Approach (1)	We publish our sustainability report annually.
102-53	Contact point for questions regarding the report		Our Reporting Approach (1)	
102-54	Claims of reporting in accordance with the GRI Standards		Our Reporting Approach (1)	
102-55	GRI Content Index		Appendix V - GRI Standards Content Index (51-55)	
102-56	External assurance		Our Reporting Approach (1); Appendix VI - Independent Assurance Opinion Statement (57)	

GRI 103: Management Approach (2016)**Management Approach**

103-1	Explanation of the material topic and its boundary		Our Approach to Sustainability (5-8); Appendix II - Stakeholder Engagement Process and Materiality Analysis Methodology (45)	
103-2	The management approach and its components		See Strategies and Management section in each chapter for details.	
103-3	Evaluation of the management approach		See Strategies and Management section in each chapter for details.	

Economic Topics**GRI 201: Economic Performance (2016)**

Management Approach			Our Business (3-4)	
201-1	Direct economic value generated and distributed		Our Business (3-4); Value Created for Community (36-42)	See Group Financial Summary chapter on pp. 6 of our Annual Report 2019/20 for more details.

GRI 202: Market Presence (2016)

Management Approach			Our Business (3-4)	
202-2	Proportion of senior management hired from the local community		N/A	Hong Kong is our major location of operation. The majority of our executives are hired from Hong Kong. See our website - Directors and Board Committees for details.

GRI 203: Indirect Economic Impacts (2016)

Management Approach			Value Created for Supply Chain (30-35); Value Created for Community (36-42)	Indirect economic impacts include jobs supported in the supply chain and community initiatives.
203-1	Infrastructure investments and services supported		Value Created for Supply Chain (30-35); Value Created for Community (36-42)	We work closely with government and local communities when developing properties and must take into consideration the impact of our developments on local traffic conditions and other infrastructure. While our investments are commercial, we go beyond regulatory requirements to build high-quality properties.

GRI 204: Procurement Practices (2016)

Management Approach			Value Created for Supply Chain (30-35)	
204-1	Proportion of spending on local suppliers		Value Created for Supply Chain (30-35)	Local suppliers are defined as suppliers in Hong Kong. Hong Kong is the only location of operation covered in this report.

GRI 205: Anti-corruption (2016)

Management Approach		Principle 10	Value Created for People (17-21); Value Created for Supply Chain (30-35)	
205-2	Communication and training about anti-corruption policies and procedures	Principle 10	Value Created for People (17-21); Value Created for Supply Chain (30-35)	
205-3	Confirmed incidents of corruption and actions taken	Principle 10	Appendix III - Performance Tables (46-48)	

GRI 206: Anti-competitive Behaviour (2016)

Management Approach			Value Created for People (17-21); Value Created for Supply Chain (30-35)	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		N/A	There were no legal processes involving anti-competitive behaviour, or involving anti-trust and monopoly practices (if any) in Hong Kong during the reporting period.

Environmental Topics**GRI 301: Materials (2016)**

Management Approach		Principle 7,8,9	Value Created for the Environment (9-16)	
301-1	Materials used by weight or volume		Appendix III - Performance Tables (46-48)	The major materials we use are for construction-related activities. Although timber is not a major material used, all the timber used comes from sources that are certified as sustainable. Use of packaging material for finished products is not considered material to the Group's other operations.

GRI 302: Energy (2016)

Management Approach		Principle 7,8,9	Value Created for the Environment (9-16)	
302-1	Energy consumption within organization		Appendix III - Performance Tables (46-48)	
302-3	Energy intensity		Appendix III - Performance Tables (46-48)	
G4-CRE1	Building energy intensity		Appendix III - Performance Tables (46-48)	

GRI 303: Water and Effluents (2018)

Management Approach		Principle 7	Value Created for the Environment (9-16)	
303-1	Interactions with water as a shared resource		Our Approach to Sustainability (5-8); Value Created for the Environment (9-16)	Municipal water is the only source for entities covered in this report. All water discharged from our operations was transported to the local municipal wastewater systems.

303-5	Water consumption		Appendix III - Performance Tables (46-48)	See remark for 303-1 above.
G4-CRE2	Building water intensity		Appendix III - Performance Tables (46-48)	

GRI 305: Emissions (2016)

Management Approach		Principle 7,8,9	Value Created for the Environment (9-16)	
305-1	Direct (Scope 1) GHG emissions		Appendix III - Performance Tables (46-48)	Direct emissions include fuel, diesel and petrol. The methodology for estimating greenhouse gas emissions comes from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong – 2010 edition.
305-2	Energy indirect (Scope 2) GHG emissions		Appendix III - Performance Tables (46-48)	See remark for 305-1 above. Indirect emissions include purchased electricity and town gas. The emission factors for purchased electricity are illustrated by referring to the information released by CLP and HEC in 2019, and that for purchased town gas is adopted from Towngas in 2019.
G4-CRE3	Greenhouse gas emissions intensity from buildings		Appendix III - Performance Tables (46-48)	

GRI 306: Effluents and Waste (2016)

Management Approach		Principle 7,8,9	Value Created for the Environment (9-16)	
306-2	Waste by type and disposal method		Appendix III - Performance Tables (46-48)	The Group generated no significant hazardous waste during the reporting period.

GRI 307: Environmental Compliance (2016)

Management Approach			Our Approach to Sustainability (5-8)	
307-1	Non-compliance with environmental laws and regulations		Our Approach to Sustainability (5-8)	There was no material non-compliance with relevant environmental laws and regulations during the reporting period.

Land Degradation, Contamination and Remediation

G4-CRE5	Land remediated and in need of remediation for the existing or intended land use, according to applicable legal designations		N/A	The Group purchases land directly from the government.
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Social Topics**GRI 401: Employment (2016)**

Management Approach		Principle 3,4,5,6	Value Created for People (17-21)	
401-1	New employee hires and employee turnover		Appendix III - Performance Tables (46-48)	

GRI 403: Occupational Health and Safety (2018)

Management Approach		Principle 1,2	Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-1	Occupational health and safety management system		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-2	Hazard identification, risk assessment, and incident investigation		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-3	Occupational health services		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-4	Worker participation, consultation, and communication on occupational health and safety		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-5	Worker training on occupational health and safety		Appendix III - Performance Tables (46-48); Value Created for People (17-21); Value Created for Supply Chain (30-35)	

403-6	Promotion of worker health		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
403-8	Workers covered by an occupational health and safety management system		Value Created for People (17-21); Value Created for Supply Chain (30-35)	
GRI 404: Training and Education (2016)				
Management Approach		Principle 6	Value Created for People (17-21)	
404-1	Average hours of training per year per employee		Appendix III - Performance Tables (46-48)	
GRI 405: Diversity and Equal Opportunity (2016)				
Management Approach		Principle 6	Value Created for People (17-21)	
405-1	Diversity of governance bodies and employees		Appendix III - Performance Tables (46-48)	See Directors' Biographical Information section on pp. 143-153 of our Annual Report 2019/20 for details of the diversity information of our Board of Directors.
GRI 413: Local Communities (2016)				
Management Approach		Principle 1,8	Value Created for Community (36-42)	
413-1	Operations with local community engagement, impact assessments, and development programmes	Principle 1	Value Created for Community (36-42)	Community investment and engagement are managed at Group level, so 100% of the businesses in this report implement local community engagement.
GRI 416: Customer Health and Safety (2016)				
Management Approach			Value Created for Customers (22-29)	

416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		N/A	There were no non-compliance incidents in the reporting period.
GRI 418: Customer Privacy (2016)				
Management Approach			Value Created for Customers (22-29)	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data		N/A	There were no substantiated complaints regarding breaches of customer privacy or loss of customer data during the reporting period.
GRI 419: Socioeconomic Compliance (2016)				
Management Approach			Our Approach to Sustainability (5-8)	
419-1	Non-compliance with laws and regulations in the social and economic area		Our Approach to Sustainability (5-8)	We see compliance as a minimum requirement and require all employees and suppliers to comply with all applicable laws and regulations. There was no non-compliance with laws and regulations in the social and economic areas in Hong Kong (if any) during the reporting period.
Product and Service Labelling				
G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		Value Created for the Environment (9-16); Value Created for Customers (22-29)	

Appendix VI – Independent Assurance Opinion Statement

Sun Hung Kai Properties Limited Sustainability Report 2019/20

Statement No.: **SRA-HK-735919**

The British Standards Institution is independent to Sun Hung Kai Properties Limited (hereafter referred to as “SHKP” in this statement) and has no financial interest in the operation of SHKP other than for the assessment and assurance of SHKP Sustainability Report 2019/20 (“Report”).

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

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

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

Scope

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

1. The assurance covers all information and data presented in the Report, and focuses on systems and activities of SHKP and its wholly-owned subsidiaries (“the Group”) in Hong Kong, including property management, construction and hotel businesses during the period from 1st July 2019 to 30th June 2020. The Report is prepared in accordance with the Hong Kong Stock Exchange’s (“HKEx”) Environmental, Social and Governance Reporting Guide (“ESG Guide”) and the Core option of GRI Sustainability Reporting Standards (“GRI Standards”), and with reference to the ten principles of the United Nations Global Compact (“UNGC”).
2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard, AA1000AS (2008) evaluates the nature and extent of SHKP’s adherence to three reporting principles, which include Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the Report has been evaluated.

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

Opinion Statement

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

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance standard, AA1000AS (2008). We planned and performed this part of our work to obtain the necessary information and explanations. We considered SHKP has provided sufficient evidence that SHKP’s self-declaration of compliance with the HKEx ESG Guide and the Core option of GRI Standards, and with reference to the ten principles of the UNGC were fairly stated.

Methodology

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

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

Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness, and in accordance with HKEx ESG Guide and GRI Standards and the ten principles of the UNGC is set out below:

Inclusivity

The Report has reflected a fact that SHKP is seeking the engagement of its stakeholders through numerous channels such as customer satisfaction surveys, SHKP Club, SHKP Malls App and 'The Point by SHKP', Club Royal, concierge, retail stores, call centres, customer hotline, online and mobile phone applications, website and social media, interviews, meetings, intranet, SHKP Quality Academy, Quality-Raising Suggestion Scheme, Work Safety Suggestion Scheme, Employee engagement activities, ongoing engagement, public consultation, industry forums, community programmes run by the SHKP Reading Club, SHKP Vertical Run for Charity and the SHKP Volunteer Team, investor meetings and conference calls, overseas roadshows, investor forums and conferences, analyst briefings and annual general meetings, annual and interim reports, investor relations page on SHKP's website, audits and assessments, press conferences, real estate industry trade associations and advisory groups, and more.

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

Materiality

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

Responsiveness

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

HKEx ESG Guide Reporting

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

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

GRI Standards Reporting

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

In our professional opinion, the report covers SHKP's social responsibility and sustainability issues.

Assurance Level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:



Mr. Chris Cheung
Head of Operations

Hong Kong
10th November 2020



AA1000
Licensed Assurance Provider
000-157

* For Type 1 Moderate Level of Assurance, BSI evaluate the publicly disclosed information, systems and processes the organization has put in place to ensure adherence to three Principles and the performance information that demonstrates adherence from the Report for verification, including evaluation of the application level of the Report. The process involves site visits, interviews, audit trials etc.



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Information for Shareholders

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

Stock Exchange: 16

Bloomberg: 16 HK Equity

Reuters: 0016.HK

Trading Symbol for ADR: SUHJY

CUSIP: 86676H302

ISIN: HK0016000132

