



Going Forward: Sustainability

Corporate Responsibility Report 2012

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Cover photo

Hysan Place's green wall on the building's rooftop:
how a small step can make a real difference

2012 Highlights

Corporate Governance

Gold Award (Non-Hang Seng Index Large Market Capitalisation Category) in the Hong Kong Institute of Certified Public Accountants' Best Corporate Governance Disclosure Awards 2012



Hong Kong Institute of
Certified Public Accountants
香港會計師公會

Best Ranked Corporate Governance Practices in Asia and Pacific in IR Global Rankings 2012



Best Practice in Enterprise Governance Award in Best Practice Management's Best Practice Awards 2012



For more information on Hysan's governance efforts, please refer to the "Corporate Governance" section of our Annual Report 2012

Environment

Carbon Footprint

↓ **39.5%**

Reduced Greenhouse Gas ("GHG") emissions by 39.5%¹ (2005 as baseline);

Energy Conservation

↓ **27.1%**

Reduced purchased electricity by 27.1%¹ (2005 as baseline);

Waste collected for recycling



Included 895,412 kg of paper, 1,931 kg of aluminium cans, 2,290 kg of plastic bottles, 5,400 kg of old clothing

Green building recognitions

- Leadership in Energy and Environmental Design standard ("LEED") Platinum certification for Core and Shell by the U.S. Green Building Council ("USGBC"), achieved by Hysan Place, which is the first mixed-use office and vertical mall complex in Greater China to be awarded at this level
- Provisional Platinum certification under BEAM Plus for new buildings
- Merit Award, New Building – Hong Kong (Building Under Construction) in Green Building Award 2012

Community

- Constituent member of Dow Jones Sustainability Index, FTSE4Good Index and Hang Seng Corporate Sustainability Index, three of the best known indices to track responsible business practices in the world



Dow Jones Sustainability Indexes
Member 2012/13



FTSE4Good



Hang Seng Corporate Sustainability Index
Series Member 2012-2013

- Awarded the 5 Years Plus Caring Company Logo by The Hong Kong Council of Social Service in recognition of Hysan's efforts in promoting corporate social responsibility



Awarded by The Hong Kong Council of Social Service

Remark:

¹ Hysan Place is not included in the calculation due to incomplete data for 2012

Corporate Responsibility Policy

Hysan is guided by the principle of being a responsible business. We aim to achieve our business objectives within a framework of high standards, taking into account the needs of our stakeholders, including impact on the environment and the communities in which we operate.

Our approach is underpinned by our Corporate Responsibility Policy, which sets the framework for the way we manage our corporate responsibilities.

Maintain highest ethical standards

- We aim to maintain the highest ethical standards in the conduct of our business. We are committed to maintaining the highest standards of corporate governance

Focus on health and safety

- Health and safety issues are of fundamental concern to us

Minimise environmental impact

- We aim to minimise the impact of our activities on the environment

Contribute to communities

- We make positive contributions to the communities in which we operate

Respect our staff

- We treat our staff with fairness and respect, and maintain a working environment to realise their full potential

Encourage partners to set high standards

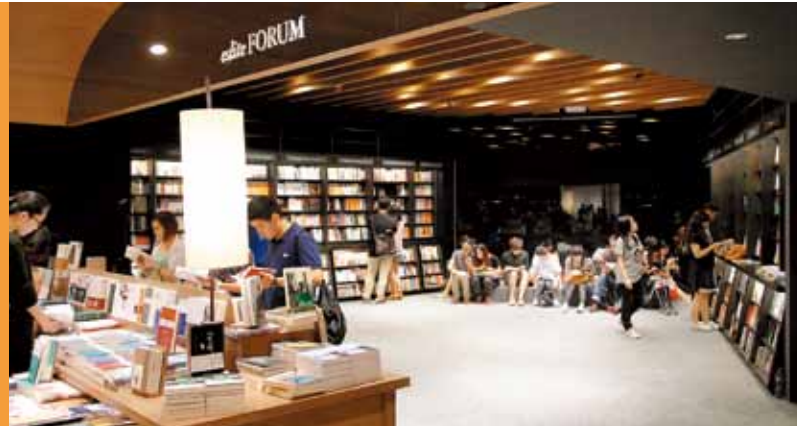
- We encourage our suppliers and contractors to embrace high standards similar to our own

How the Policy is implemented: Hysan's Corporate Responsibility Model

We care not just about results, but believe in the importance of the manner in which we deliver these results. Firstly, we strive to integrate our contribution to society into our core everyday business activities. Environmental, as well as workplace quality solutions, for example, are well incorporated into our core business operations. Secondly, when it comes to community involvement and giving, we sometimes provide financial support, but prefer to offer expertise and manpower, as well as to set up platforms to network talent and resources. These serve to ensure that those in need will receive maximum benefits from Hysan and other givers.



Making its first commercial venture outside of Taiwan in 2012, the renowned Taiwanese eslite bookstore made Hysan Place its home in Hong Kong. The opening in August 2012 saw thousands queuing up to experience at first-hand the much celebrated cultural and lifestyle outlet in Hong Kong's pulsating commercial heart of Causeway Bay.



“After much consideration, we chose Hysan Place. We had long wanted to come to Hong Kong, but did not find the right place with suitable rents. Hysan has its own ideals when it comes to running its businesses in Causeway Bay. It cares about whether the building is good for the environment, and how it can be sustainable when it comes to future changes and positioning. Hysan has long-term plans for Causeway Bay's development. It does not just build and sell, but owns and operates its properties. When you partner such a landlord, you know it has high standards for its projects and brands. This is where we fit each other perfectly. We made everything clear from the start, and cooperated smoothly throughout the project.”

Mercy Wu, Vice Chairperson | **eslite**



Kohn Pedersen Fox is a leading international architectural firm and was the Design Architect for the Hysan Place project.

“Hysan's approach to sustainability at Hysan Place is notable in that it is as much about benefiting the local environment – either through the elimination of heat buildup along Hennessy Road through the use of wind-focusing sky gardens or through the provision of public open space in an area where virtually none exists – as it is about the more broadly accepted definition of sustainability as a means to reduce energy usage and thus the buildup of greenhouse gases around the world. It is both a local and global approach to the environment.”

Paul Katz, President | **Kohn Pedersen Fox Associates PC**



Environment

The Overview: Our Environmental Impacts

As a property company with a focus on investment and management, we believe our impacts on the environment are mainly as follows:

- GHG emissions from our operations
- Indoor environmental quality
- Waste generation
- Water consumption

Environment, Health and Safety Policy

Hysan's Environment, Health and Safety Policy has been in place since 2003. It is one of the main branches of our clearly defined Corporate Responsibility Policy. Under the Environment, Health and Safety Policy, Hysan will:

- Stay current with all relevant legislation and ensure staff and contractors' compliance
- Advise and actively encourage tenants to follow good health, safety and environmentally-friendly practices
- Reduce energy consumption whenever possible without compromising service, and market the need for energy-efficiency practices to tenants and staff
- Monitor air quality within our buildings to ensure that all the working/living environments are healthy
- Review the use of environmentally-friendly and recyclable materials and supplies in project works and operations wherever appropriate and stay alert for new developments in recycling technology
- Recycle consumables and waste whenever practical in daily operations
- Provide regular environment, health and safety training to employees and continue to raise corporate and individual awareness of our policy

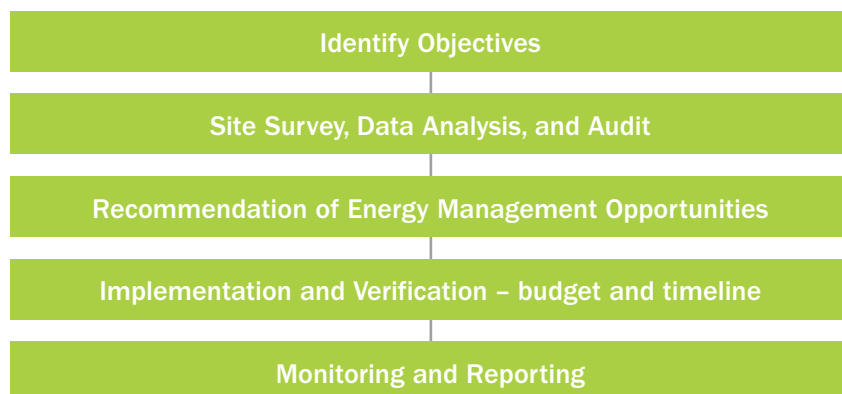
The environmental aspects of this policy laid the groundwork to ensure environmental considerations are an integral part of our culture and thinking.

Milestones since 2003

2003	<ul style="list-style-type: none"> Environment, Health and Safety Policy established
2003 to 2005	<ul style="list-style-type: none"> Energy management objectives identified. Achieved energy savings, initially by optimisation of housekeeping and operations schedule
2004 to 2012	<ul style="list-style-type: none"> Waste management and recycling: efforts recognised with “Gold” or “Class of Excellence” Wastewi\$e labels for all of Hysan’s buildings
2006 onwards	<ul style="list-style-type: none"> Took energy conservation into account in the context of full life-cycle maintenance programmes for buildings: e.g. started converting air-cooled air conditioning systems to more energy-efficient water-cooled air conditioning systems; also began to adapt energy-efficient lighting and energy saving equipment, starting with car parks, and some common areas for appropriate buildings.
2008	<ul style="list-style-type: none"> Requested all contractors to use eco-friendly cleaning materials and supplies that would be less harmful to our environment
2009	<ul style="list-style-type: none"> Ensured sustainability in new building design, with Hysan Place being the first building in Hong Kong pre-certified for U.S. Green Building Council’s (“USGBC”) Leadership in Energy and Environmental Design standard (“LEED”) highest Platinum level
2010	<ul style="list-style-type: none"> Energy-cum-Carbon Audit for the entire portfolio by independent third party (CLP Engineering Ltd.)
2011	<ul style="list-style-type: none"> Won “Best Practice in Green Organisation Development” in Best Practice Awards 2011
2012	<ul style="list-style-type: none"> Newly-completed Hysan Place became the first LEED Core and Shell Platinum mixed-use office and vertical mall complex in Greater China; also awarded Provisional Platinum certification under BEAM Plus for new buildings Completed water-cooled air conditioning systems conversion in all Hysan existing commercial buildings One Hysan Avenue, Sunning Plaza and Leighton Centre received “The top 3 organisations which achieved cumulatively the most number of goals in Wastewi\$e Label in 2011”, ranked second and joint-thirds respectively The next level: further strengthened tenant engagement on sustainable interior design and fitting-out work, beginning with the new Hysan Place

Energy Efficiency

Energy Management Model adopted by Hysan



Identify objectives and integrate environmental considerations in full life-cycle maintenance programmes for our buildings

Based upon our policy, we identified a range of energy management objectives for the entire portfolio. We started off with operational rescheduling like lighting and fresh air adjustments, as well as optimisation of lift operation schedules. The next step was to install energy-efficient equipment in appropriate buildings. This included the replacement of traditional fluorescent lighting with more energy efficient ones in some common areas, together with installation of motion sensors and light dimming controls in car parks. The installation of variable speed drives for ventilation systems was also a key component for energy saving. The largest energy saving project, to date, was the conversion from air-cooled air conditioning systems to more energy-efficient water-cooled systems (12,000 ton of refrigeration) in all our commercial buildings, which was completed in 2012. In general, we integrated environmental performance and resources efficiency considerations into our full life-cycle maintenance programme.

Monitoring and reporting

Our Property Services team maintains regular reports and provides an annual energy efficiency review progress report for senior management to review efforts in implementing energy saving measures, as well as investment return. We also conducted an independent Energy-cum-Carbon Audit for the entire portfolio in 2010. Moreover, our team regularly benchmark our energy saving works against government standards and best practices within the property industry.

Developed new property: Hysan Place opened in 2012

Hysan Place, our recently completed mixed-use project, was developed with environmental considerations in mind and incorporated full life-cycle cost analysis in budgeting for both development and eventual operation. After intensive research on energy savings through advanced systems, the following features were incorporated:

- High performance curtain wall system: with sunshades and low-emissivity double-glazing, the curtain wall system allows sufficient visible light entering the building while reducing unwanted solar heat gain and exterior noise at the same time
- Total enthalpy recovery wheels: installed at primary air units to transfer heat from incoming fresh air to building exhaust air so as to reduce the building's cooling load



Hysan Place's features also contributed to the improved urban microclimate of its immediate neighbourhood. Its renowned Urban Windows at low levels of the building break up the canyon effect of Hennessy Road and benefit the airflow of the area. The building's various green roofs also help lower the heat island effect.

- Free cooling: use of outside air for direct space cooling when the right climatic conditions allow
- Mixed mode ventilation: in the right external conditions, occupants on most office floors have the choice to open the top and low level operable vents to enjoy natural ventilation. When the vents are opened, unnecessary air-conditioning to individual perimeter zones will be automatically switched off without wasting energy.
- Photosensors: respond to daylight availability by smoothly dimming lighting at perimeter areas and saving energy
- Energy saving escalators installed in the shopping mall and office lobby to cut down on energy use during non-peak hours

Energy saving and reduction of greenhouse gas emissions achievements 2005-2012

Issue		2005	2006	2007	2008	2009	2010	2011	2012	
									Including HP ^(a)	Excluding HP
GHG Emissions for Scope 1 & 2 ^{(b) (c)}	Total (tonnes CO ₂ e)	48,421	47,465	40,263	37,935	37,626	35,813	31,574	34,155	29,295
Purchased Electricity	Total (MWh)	52,598	51,899	48,479	44,123	43,595	42,592	39,933	44,718	38,349

Remarks:

^(a) Data record period of Hysan Place ("HP") : August – December 2012

^(b) According to Guidelines to Account for Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong (2010 Edition) issued by EMSD & EPD, Scope 1 (Direct emissions and removals e.g. diesel, refrigerant) and Scope 2 (energy indirect emissions e.g. electricity and Towngas) are included

^(c) The emission associated with the electricity purchased based on emission factors provided by Hongkong Electric

All our energy efficiency efforts contributed to a continued reduction in GHG emissions. Using 2005 figures as a baseline, if Hysan Place's emissions were excluded, a reduction of 39.5% GHG was achieved by the end of 2012. Also using 2005 figures as a baseline, the amount of purchased electricity was also reduced by 27.1%, if Hysan Place's electricity purchase was excluded.

For 2012, Hysan's purchased electricity per square foot is 10.26 kWh/ft² (excluding Hysan Place due to incomplete full-year data).

Indoor Environmental Quality

As a landlord of choice, we take the provision of a good quality indoor environment seriously. We take great care in monitoring the indoor air quality (“IAQ”) of our buildings, and all the public areas in our existing buildings achieved either “excellent” or “good” certification in the Hong Kong Government’s IAQ Certification Scheme. As for our residential tenants, we ensure they benefit from a healthy lifestyle through the use of eco-friendly designs and hardware, as well as the use of green renovation materials.

As a building well known for features that benefit its users, our new Hysan Place, completed in 2012, showcases the following to help enhance its indoor environmental quality:

- CO₂ fresh air demand controls: provide energy saving and better indoor air quality, up to 30% more fresh air than international benchmarks, by regulating the quantity of fresh air in response to occupancy levels
- Custom designed light shelves: with profiled reflective ceiling, the shelves reflect daylight deep into the interior office spaces and reduce glare and excessive lighting at perimeter zone, whilst reducing contrast with the interior
- Low emitting materials: adopted at all public areas to reduce the quantity of indoor air contaminants that are odorous, irritating or harmful to the comfort and well-being of occupants

Waste Management, Recycling and Water Consumption

Waste management, and optimising the use of resources (including materials and water) are an important part of our environmental efforts.

Waste management

We have been an active participant in waste management campaigns over the years. In 2012, we were awarded another full set of “Class of Excellence” Wastewi\$e labels under the government’s Hong Kong Awards for Environmental Excellence scheme for all buildings in our portfolio. In addition, One Hysan Avenue, Sunning Plaza and Leighton Centre received “The top 3 organisations which achieved cumulatively the most number of goals in Wastewi\$e Label in 2011”, ranked second and joint-thirds respectively.

Waste management achievements^(a) 2005-2012

Issue	2005	2006	2007	2008	2009	2010	2011	2012 ^(b)
Paper recycled (kg)	741,502	737,247	777,170	825,186	795,571	825,715	862,243	895,412
Aluminium cans recycled (kg)	1,098	1,400	1,137	1,240	1,330	1,564	1,749	1,931
Plastic bottles recycled (kg)	1,529	1,500	1,314	1,494	1,585	1,820	1,974	2,290
Old clothing donation (kg)	960	2,760	3,160	4,800	4,150	3,580	3,020	5,400
Toner/Cartridge recycled (pcs)	206	251	228	249	339	394	486	531
Computer & equipment recycled (pcs)	100	134	138	162	134	182	219	189

Remarks:

^(a) Data record period from 1 September (of previous year) to 31 August (of year stated)

^(b) As Hysan Place opened in August 2012, no data available during the data record period

New Hysan Place's recycling, use of recyclable and local materials

During the construction of Hysan Place, we recycled 75% of all construction waste and used environmentally friendly materials, system formworks and prefabrication extensively to minimise waste generation in construction activities. We also adopted building materials with recycled content accounting for 20% of total materials value, as well as materials extracted and manufactured locally, making them account for 20% of total materials value.

Water management

Due to our gradual conversion to more energy efficient water-cooled chillers for the commercial portfolio's air conditioning systems, our water consumption has increased on the whole in recent years. However, we are making efforts to save and recycle the water used. We have been reusing more air conditioning systems' cooling water for flushing, which helps to reduce total wastewater discharge. In addition, our potable water consumption for properties and landscaping, excluding Hysan Place, has seen a decreasing trend since 2009, due to the installation of water saving devices in selected buildings as part of our toilets renovations programme. These include water taps and toilets with sensors and dual-flush toilets. For 2012, potable water used for properties and landscaping is 15.57L/ft².

Water management achievements 2005-2012

Issue	2005	2006	2007	2008	2009	2010	2011	2012	
								Including HP ^(a)	Excluding HP
Potable water used for properties and landscaping (m ³)	62,665	62,345	62,500	63,050	63,450	62,355	60,176	64,514	58,182
Potable water used for cooling (m ³)	0	0	36,293	66,849	71,939	77,006	96,314	135,669	113,655
Wastewater reuse for flushing (m ³)	0	0	3,629	6,685	7,194	7,701	9,631	13,567	11,366
Wastewater discharged from properties and landscaping (m ³)	56,399	56,111	56,250	56,745	57,105	56,120	54,158	58,063	52,364

Remark:

^(a) Data record period of Hysan Place ("HP"): August – December 2012

The new Hysan Place uses a technically-advanced rainwater harvesting system to collect rainwater at the roof levels, exterior walls and ground levels for irrigation and air-conditioning make-up water purposes. Such rainwater reclamation and other water saving devices are expected to reduce potable water use in Hysan Place by up to 30% as compared to buildings without such features.

The Next Stage: Partnering with Stakeholders

Tenants

Taking Hysan's sustainability efforts to the next stage, we believe we should further involve our stakeholders to take part in our building of a sustainable community in Causeway Bay. We believe our tenants are our good partners in this respect, having gained support from our commercial and residential tenants in the past. For Hysan Place, we provided tenants with "green shopping mall fit out guidelines" to encourage incorporation of environmentally-friendly elements into tenants' daily operations. We also provided office and retail tenants with information kits, with the aim of supporting our tenants in implementing sustainable design and fitting-out in the context of LEED commercial interiors. We worked closely with green-minded tenants in their pursuit of the respected international sustainability standard.

Other green partnerships

Hysan supports a number of green organisations with active staff participations and sponsorships. The organisations include:

- Business Environment Council
- Hong Kong Government Environmental Protection Department's Carbon Reduction Charter
- Hong Kong Green Building Council
- WWF: Hysan was one of the first sponsors of WWF's Earth Hour in Hong Kong

We also share knowledge with local and international professional groups and the wider community. This includes conducting regular talks and tours on sustainable buildings, including the LEED Platinum-standard Hysan Place. A number of colleagues have attained LEED AP and BEAM Pro qualifications.

We believe in sustainability and as per our Corporate Responsibility Policy, we encourage our partners to maintain high standards on green issues. For instance, our procurement for the construction of Hysan Place has taken environmental issues into consideration.



DFS's T Galleria Hysan Place worked in collaboration with 30 brands on green initiatives and became the first Hong Kong retail store to achieve a LEED Gold certification.

“ We have partnered with a number of truly exceptional brands and worked together to incorporate green initiatives during the development of T Galleria Hysan Place, supported by the ideal infrastructure of Hysan Place itself. This collaboration has demonstrated that businesses can combine sustainable actions with commercial incentives to achieve improved business and environmental performance. We are looking forward to continuing this collaborative approach and knowledge transfer with our brand partners in other locations. ”

Kevin Tranbarger, Vice President, Global Store Development | **DFS Group**



KPMG, the international accounting firm, has designed an office interior with staff-well being in mind. It has been certified at Platinum level for LEED commercial interiors.



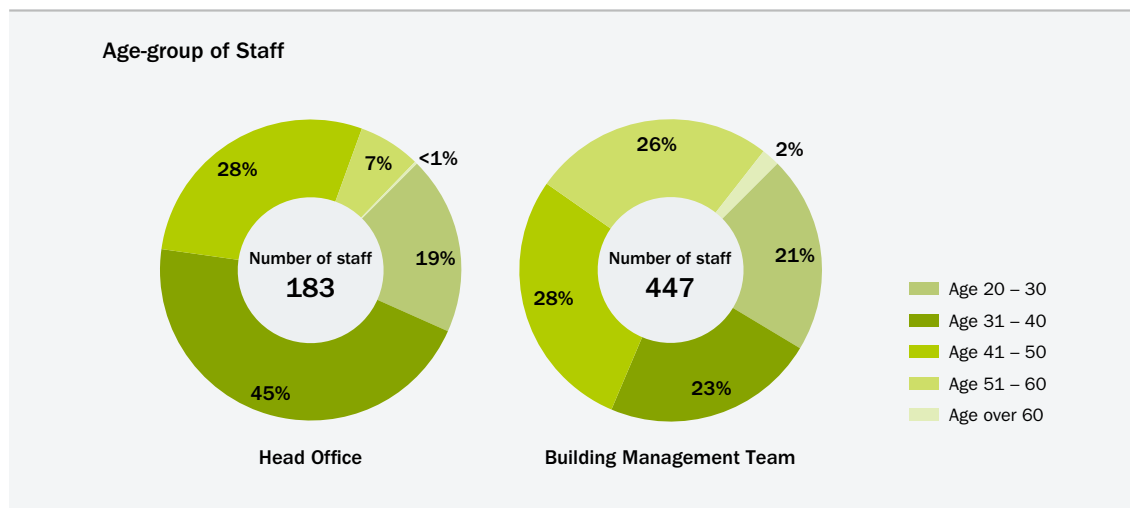
“ People are at the heart of everything we do. We strive to provide them with the finest working environment, and at the same time recognise that as a corporate citizen, we have a great responsibility towards our community. Since 2007, we have set bold targets for reducing our carbon emissions to reduce our environmental impact. We try to integrate our sustainability strategy into our business, so when we decided to expand our Hong Kong offices, Hysan Place – with its environmentally friendly features – was a great choice. All the green attributes in our new KPMG office together with the Hysan Place LEED standard design have also helped us accomplish a ‘Platinum’ LEED certification in February 2013. ”

Ian O'Brien, Partner, Chief Operating Officer | **KPMG China**



Workplace Quality

At Hysan, we strongly believe the key to our continuous growth and success is our passionate and progressive employees. In our quest for business achievements, our staff members also adhere to the Group's core values of being responsible citizens of the community and have deep respect for each individual staff member. As at 31 December 2012, we employed a total of 630 staff, including our Head-Office management team and frontline building management colleagues. All of them are located in Hong Kong. More than 100 new staff members were recruited during 2012, mainly for our new Hysan Place's opening.



Attracting and Retaining Talent

As in 2011, 2012 saw great efforts to attract new talents in preparation for the opening of Hysan Place. New openings were offered in the area of customer service in particular, and also for building and technical services. Our marketing function was also enhanced. We used many recruitment channels, including effective media interviews and advertorials to highlight ourselves as a progressive and caring company providing exciting prospects in thriving Causeway Bay. At the same time, we recognise the labour markets for the property and service industries are highly competitive, and retaining quality staff remains a challenge. Our employee turnover rate in 2012 was 20.7% for our Head Office, and 20.1% for our Building Management Team. Going forward, we aim to further enhance our staff engagement and development efforts to ensure more of our talents are retained.

Employee Engagement

The seamless integration of new staff members into the team requires good staff engagement and team building setup. We use different communication channels to keep our colleagues abreast of the Group's latest developments. An important engagement channel is our off-site Company Day meeting for Head-Office staff and frontline building managers. We use this occasion to communicate our directions and objectives for the year and to align company goals. Line managers are then expected to cascade such information to their team members. Hysan's key event for 2012 was the opening of Hysan Place, and the Company Day clearly reflected the theme with strong team-building exercises.

For Hysan Place's newly assembled team of recent recruits and existing members, there were well structured orientation programmes, accompanied by mentoring activities hosted by experienced Hysan property management staff. As for other staff members who may not be involved directly with the opening, our human resources colleagues helped share first-hand updated information using different channels during the year.

2012 was also the year during which we refined our Group's Vision, Mission and Values. Briefings on the refinements were conducted by the Chairman and Chief Executive Officer to heads of departments, then cascaded to cover the entire organisation. A focus was on incorporating our values in our daily behaviour to achieve Company goals. The briefings were to ensure the entire workforce, as a team, better understand Hysan's future directions, and the event was well-received.



In 2012, we continued with other popular means of engagement. After the annual and interim results announcements, our senior management also held briefing sessions for our staff members to share with them the successes, provide updates and obtain feedbacks. These sessions have proven valuable as avenues of staff engagement.

To further engage with our growing team, we also began the revamping of our intranet system to share the latest company developments with colleagues of all levels. The revised setup will provide platforms for feedback on different company matters, and will also be used to promote knowledge sharing.

Training and Development

Hysan is committed to investing in our people. To help unleash the potential of staff members, Hysan provides various means to further develop their career paths.

In 2012, the Leadership Excellence Programme was launched to strengthen managers with key leadership skills. Four modules were conducted, including “Role of a leader”, “Managing for performance”, “Coaching for improvement and development” and “Building a high performance team”. The Programme was well attended by managers of all levels, and we plan to expand it to cover supervisory colleagues within Building Management Team.

For frontline staff, we continue to provide training to enhance their technical competency, and topics include operation procedures (our Service Scan which details standard service levels dealing with customer requests and complaints), safety management training, first-aid training, as well as legal and technical knowledge for property management. New Hysan Place team members have an additional 3-month familiarisation programme on operations and customer service. Meanwhile, there is a special focus on “green-related” training. A number of colleagues were sponsored by Hysan to take part in green building training with an aim to obtain qualifications of LEED AP and BEAM Pro, two of the best recognised industry qualifications for the sustainable building industry in Hong Kong.

All the in-house training are complemented by our education and training sponsorship policy, in place since 2004, as well as the Examination leave policy, both of which ensure staff can pursue self-development that can also help fulfill business needs. To broaden employees' horizons and to create a learning atmosphere, we unveiled a “Lunch and Learn” series. Among the topics are those that highlight aspects of our industry and our community. These are complemented by seminars on staff well-being and related topics.

In all, Hysan provided an average of 9.4 hours of training per Head-Office employee, and 11.2 hours of training per Building Management Team employee (with a focus on Hysan Place-related training) in 2012.

Health and Safety

Health and Safety Policy

As a property investment company, Hysan has a low safety risk profile, but potential injury hazards from manual handling, slips, trips and falls for our frontline staff remain. We, therefore, still put great importance on the issue of health and safety. We currently have a Safety Committee chaired by the General Manager of Property Services. The Committee's role is to monitor health and safety performance, and to report to senior management on hazards and unsafe practices. Under the Committee's auspice, a Safety Management Plan has been in place since 2011 which covers health and safety measures. These are to ensure a safe working environment and proper procedures for frontline Property Services staff.



In 2012, there were 22 work injury cases, a vast majority of which did not incur more than 5 sick leave days. There were 425 lost days due to work injury.

Hysan cares and supports employees' total well-being. Apart from ensuring physical safety, the Group has put in place an Employee Assistance Programme providing professional counselling and consultation service for employees and their family members. It is operated by an external service provider, and aims to help members cope with issues arising from work-related problems and personal life aspects.

Requirements for partners

As per our Corporate Responsibility Policy, we encourage our external partners and contractors to achieve high standards in health and safety. During Hysan Place's construction, independent safety consultants were engaged to advise and monitor contractors and their work. In-depth safety management audits were conducted. A clear accident reporting system was present. Hysan Place's accident rate per 1000 workers was 11.7 for 2012, which was far below the latest Hong Kong construction industry figure of 49.7 per 1000 workers.

Human Resources Policies

All of the above initiatives are well supported by our human resources systems and policies, underpinned by management's commitment to follow a structured and transparent approach. A key policy, Employment and Staffing Policy, has been in place since 2006. It details our policies on recruitment, employee movement, salary adjustments and promotions, separation of employment, as well as equal employment opportunities, including no discrimination against sex, marital status, disability, age, race, family status, sexual orientation, nationality and religion.

Our Code of Ethics applies to Directors, officers and employees of Hysan, and is clearly communicated to all, including new recruits. It is based on three main guiding principles: firstly, respect for people; secondly, ethics and business integrity; and thirdly, meeting our responsibility. Among the topics dealt with by the Code include:

- Non-disclosure of confidential information
- Corporate and financial reporting
- Protection of copyright
- Data protection
- Computer security
- Conflicts of interest
- The Prevention of Bribery Ordinance
- Personal benefits
- Relationships with suppliers and contractors
- Equal opportunities

Take consumer data protection and privacy policies for example, staff are required to comply with the Personal Data (Privacy) Ordinance. Personal information of customers and tenants should be used in the proper context only for authorised business purposes and will be accessible only to those staff who have a legitimate need to know. In light of proposed new laws in this area with a focus to regulate the use and sale of personal data in direct marketing, we have reviewed our marketing practices and refined our systems to comply with the prescribed procedures under the new laws.

As for the handling of any breach of the Code, we have in place a “whistle-blowing” system. It is monitored by an independent third-party service provider with direct reporting to the Audit Committee Chairman.

Community



Hysan's involvement in community projects includes the provision of financial support, expertise and manpower, as well as platforms to network talent and resources. Our work has been recognised by the Hong Kong Council of Social Service with a 5 Years Plus Caring Company Logo in 2012, noting our contributions in corporate social responsibility since 2003.

Activities During the Year

Our "Hysan Healthy Hike and Run" has gone from strength to strength and around 1,000 runners and hikers took part in the Tai Lam Country Park event. Organised by Action Asia Foundation, the event highlighted Hysan's determination to promote healthy and green living. It even attracted participants who flew in specially for the race, and a number of Hysan commercial and residential tenants also took part in this family-friendly event.

Hysan's colleagues took the idea of healthy living to heart, and formed teams to take part in a number of Hong Kong's high profile sporting events. They raced in the Green Power Hike across the hills of Hong Kong Island, took part in Salvation Army's Hong Kong and Macau O! Day in urban orienteering, as well as the MTR Racewalk, ran in Jones Lang LaSalle's Mount Kellet Relay, and took to the basketball courts to compete in Hong Kong Real Estate Hardwood Classic.

The Group also continues to lead in activities to promote youth development. For the sixth year in a row, Hysan worked with partners, including Hong Kong Christian Service and the Hong Kong University of Science and Technology to provide a two-month long summer study-and-career programme for the city's ethnic minority students. As in past years, the university students acted as mentors and guided the minority secondary school students to better plan for their academic and employment future. Hysan also sponsored the National Geographic Channel's photo and documentary awards in 2012. The popular competition was co-supported by the Hong Kong Government's Education Bureau, and held its winners' exhibition in the lobby of The Lee Gardens.

In 2013, Hysan's community involvement looks set to expand. A green roof has already been turned into an urban farm towards the end of 2012. By 2013, we expect to see first batches of greens harvested. The aim of the farm is to provide a green oasis for stakeholders, including some of our sustainability-minded tenants, to learn more about organic farming in an urban setting. Students from nearby schools will also be invited to understand how agriculture can be undertaken in the heart of a commercial district, thus encouraging them to explore beyond their usual learnings from books.



Our Volunteer Team

Hysan's volunteer team has evolved into a major part of the Group's corporate responsibility programme. Our team members provided more than 750 hours of service, with an average of one event per month, to underprivileged children, the elderly and minority families. Activities included "Art Jamming", a visit to the Science Park, toys and clothing drives, and renovation of a home for a disabled person. They partnered the following charitable organisations:

- Habitat for Humanity China
- Hong Kong Movie Star Sports Association Charities Limited
- The Hong Kong Society for the Protection of Children
- Playright
- St. James' Settlement, including its People's Food Bank
- World Vision

Hong Kong Exchanges and Clearing Limited's Proposed Environmental, Social and Governance Reporting Guide

A. WORKPLACE QUALITY		REFERENCE IN THIS REPORT
A1 Working conditions		
<ul style="list-style-type: none">Information on policies; and compliance and material non-compliance with relevant standards, rules and regulations on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, benefits and welfare		<ul style="list-style-type: none">“Workplace Quality – Human Resources Policies”Not aware of any material non-compliance
<ul style="list-style-type: none">KPI A1.1 Total workforce by employment type, age group and geographical region		<ul style="list-style-type: none">“Workplace Quality”
<ul style="list-style-type: none">KPI A1.2 Employee turnover rate by age group and geographical region		<ul style="list-style-type: none">“Workplace Quality – Attracting and Retaining Talent”
A2 Health and safety		
<ul style="list-style-type: none">Information on policies; and compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards		<ul style="list-style-type: none">“Workplace Quality – Health and Safety”Not aware of any material non-compliance
<ul style="list-style-type: none">KPI A2.1 Number and rate of work-related fatalities		<ul style="list-style-type: none">No fatality
<ul style="list-style-type: none">KPI A2.2 Lost days due to work injury		<ul style="list-style-type: none">“Workplace Quality – Health and Safety”
<ul style="list-style-type: none">KPI A2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored		<ul style="list-style-type: none">“Workplace Quality – Health and Safety”
A3 Development and training		
<ul style="list-style-type: none">Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities		<ul style="list-style-type: none">“Workplace Quality – Training and Development”Our focus in 2012 was on leadership training (Head Office), and Hysan Place-related training (for frontline staff). We shall continue to strengthen the capabilities of our Head-Office and frontline staff through different training programmes and activities.
<ul style="list-style-type: none">KPI A3.1 The percentage of employees trained by employee category		
<ul style="list-style-type: none">KPI A3.2 Average training hours completed per employee by employee category		
A4 Labour standards		
<ul style="list-style-type: none">Information on policies; and compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour		<ul style="list-style-type: none">We believe our property investment and management business (with its primary operations here in Hong Kong) has a very low risk profile on use of forced or child labour. We are against the use of forced or child labour.
<ul style="list-style-type: none">KPI A4.1 Description of measures to review employment practices to avoid child and forced labour		<ul style="list-style-type: none">Not applicable
<ul style="list-style-type: none">KPI A4.2 Description of steps taken to eliminate such practices when discovered		<ul style="list-style-type: none">Not applicable

B. ENVIRONMENTAL PROTECTION		REFERENCE IN THIS REPORT
B1 Emissions		
<ul style="list-style-type: none"> Information on policies; and compliance and material non-compliance with relevant standards, rules and regulations on air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous wastes, etc. 		<ul style="list-style-type: none"> “Environment – Environment, Health and Safety Policy” “Environment – Energy Efficiency” “Environment – Waste Management, Recycling and Water Consumption” Not aware of any material non-compliance
<ul style="list-style-type: none"> KPI B1.1 Types of emissions and data 		<ul style="list-style-type: none"> “Environment – Energy Efficiency” “Environment – Waste Management, Recycling and Water Consumption”
<ul style="list-style-type: none"> KPI B1.2 Greenhouse gas emission in total 		<ul style="list-style-type: none"> “Environment – Energy Efficiency”
<ul style="list-style-type: none"> KPI B1.3 Total hazardous waste 		<ul style="list-style-type: none"> We believe our business does not generate a material amount of hazardous waste.
<ul style="list-style-type: none"> KPI B1.4 Total non-hazardous waste 		
<ul style="list-style-type: none"> KPI B1.5 Description of measures to mitigate emissions 		<ul style="list-style-type: none"> “Environment – Energy Efficiency” “Environment – Waste Management, Recycling and Water Consumption”
<ul style="list-style-type: none"> KPI B1.6 Description of how wastes are handled, and reduction initiatives achieved 		<ul style="list-style-type: none"> “Environment – Waste Management, Recycling and Water Consumption”
B2 Use of resources		
<ul style="list-style-type: none"> Policies on efficient use of resources like energy, water and raw materials 		<ul style="list-style-type: none"> “Environment – Environment, Health and Safety Policy”
<ul style="list-style-type: none"> KPI B2.1 Energy consumption by type in total and intensity 		<ul style="list-style-type: none"> “Environment – Energy Efficiency”
<ul style="list-style-type: none"> KPI B2.2 Water consumption in total and intensity 		<ul style="list-style-type: none"> “Environment – Waste Management, Recycling and Water Consumption”
<ul style="list-style-type: none"> KPI B2.3 Description of energy use efficiency initiatives and results achieved 		<ul style="list-style-type: none"> “Environment – Energy Efficiency”
<ul style="list-style-type: none"> KPI B2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved 		<ul style="list-style-type: none"> “Environment – Waste Management, Recycling and Water Consumption”
<ul style="list-style-type: none"> KPI B2.5 Total packaging material used for finished products 		<ul style="list-style-type: none"> Not applicable
B3 The environment and natural resources		
<ul style="list-style-type: none"> Policies on minimising the operation’s significant impact on the environment and natural resources 		<ul style="list-style-type: none"> “Environment – Environment, Health and Safety Policy”
<ul style="list-style-type: none"> KPI B3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage 		<ul style="list-style-type: none"> “Environment – The Overview: Our Environmental Impacts” “Environment – Energy Efficiency” “Environment – Waste Management, Recycling and Water Consumption”

C. OPERATING PRACTICES		REFERENCE IN THIS REPORT
C1 Supply chain management		
<ul style="list-style-type: none"> • Policies on risk management of supply chain 		<ul style="list-style-type: none"> • “Workplace Quality – Health and Safety” • “Environment – The Next Stage: Partnering with Stakeholders”
<ul style="list-style-type: none"> • KPI C1.1 Number of suppliers by geographical region 		<ul style="list-style-type: none"> • We shall further strengthen our green partnerships including procurement. For our new Hysan Place project, our procurement has taken environmental issues into consideration.
<ul style="list-style-type: none"> • KPI C1.2 Description of practices relating to engaging suppliers, number of suppliers, and how practices are implemented and monitored 		<ul style="list-style-type: none"> • “Workplace Quality – Health and Safety” • “Environment – The Next Stage: Partnering with Stakeholders”
C2 Product responsibility		
<ul style="list-style-type: none"> • Information on policies and compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling, privacy, methods of redress 		<ul style="list-style-type: none"> • “Workplace Quality – Health and Safety” • “Workplace Quality – Human Resources Policies” (Code of Ethics covers data privacy) • Not aware of any material non-compliance
<ul style="list-style-type: none"> • KPI C2.1 Percentage of total products sold or shipped subject to recall for safety and health reason 		<ul style="list-style-type: none"> • Not applicable
<ul style="list-style-type: none"> • KPI C2.2 Number of products and service related complaints received and how they are dealt with 		<ul style="list-style-type: none"> • Our “Service Scan” highlights customer complaint and request handling. For each service, the service levels are stated, each with an accompanying KPI and monitoring methodology.
<ul style="list-style-type: none"> • KPI C2.3 Description of practices related to observing and protecting intellectual property rights 		<ul style="list-style-type: none"> • “Workplace Quality – Human Resources Policies” (Code of Ethics covers protection of copyrights)
<ul style="list-style-type: none"> • KPI C2.4 Description of quality assurance process and recall procedures 		<ul style="list-style-type: none"> • “Service Scan” details standard service levels and their related KPIs and methods of measurement. Last updated in 2011, it is used regularly to measure tenants’ satisfaction levels for service improvements.
<ul style="list-style-type: none"> • KPI C2.5 Description of consumer data protection and privacy policies, how they are implemented and monitored 		<ul style="list-style-type: none"> • “Workplace Quality – Human Resources Policies” (Code of Ethics covers these)
C3 Anti-corruption		
<ul style="list-style-type: none"> • Information on policies; and compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud and money laundering 		<ul style="list-style-type: none"> • “Workplace Quality – Human Resources Policies” (Code of Ethics covers anti-bribery) • Not aware of any material non-compliance
<ul style="list-style-type: none"> • KPI C3.1 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 		<ul style="list-style-type: none"> • No such cases
<ul style="list-style-type: none"> • KPI C3.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored 		<ul style="list-style-type: none"> • “Workplace Quality – Human Resources Policies” (Code of Ethics)
D. COMMUNITY INVESTMENT		REFERENCE IN THIS REPORT
<ul style="list-style-type: none"> • Policies on community engagement to understand the community’s needs in where it operates and ensuring its activities takes into consideration of communities’ interests 		<ul style="list-style-type: none"> • “Corporate Responsibility Policy”
<ul style="list-style-type: none"> • KPI D1.1 Focus areas of contribution 		<ul style="list-style-type: none"> • “Corporate Responsibility Policy – How the Policy is implemented: Hysan’s Corporate Responsibility Model” (contributions through regular business activities and also giving through community involvement) • “Community”
<ul style="list-style-type: none"> • KPI D1.2 Resources contributed 		<ul style="list-style-type: none"> • “Community”

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