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Cover and inside front cover photos:
Hysan Urban Farm, its participants and produce

2013 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 2013



Bronze Award (General Category) in The Hong Kong Management Association's 2013 HKMA Best Annual Reports Awards



For more information on Hysan's governance efforts, please refer to the "Corporate Governance" section of our Annual Report 2013

Environment

Carbon Footprint

-16.0%

Reduced Greenhouse Gas ("GHG") emissions by 16.0% (2005 as baseline), even if the new Hysan Place is included in the 2013 calculations

Waste collected for recycling



Included
991,817 kg of paper,
2,214 kg of aluminium cans,
2,412 kg of plastic bottles,
3,840 kg of old clothing

Green recognitions for Hysan Place

- Platinum certification under the BEAM Plus standard for new buildings



- Global Awards for Excellence 2013 by the Urban Land Institute, which recognises, among other factors, a project's contributions to environmental protection and enhancement

- Sustainable Design Award (New Development Category) in the International Council of Shopping Centers' Asia Pacific Shopping Center Awards 2013



Community

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



- Awarded the 10 Years Plus Caring Company Logo by The Hong Kong Council of Social Service in recognition of Hysan's efforts in promoting corporate social responsibility



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 and partnerships. Secondly, when it comes to community involvement and giving, we sometimes provide financial support, but prefer to offer expertise, manpower and venues, as well as to set up platforms to network talent and resources. These contributions serve to ensure that those in need will receive maximum benefits from Hysan and other givers.



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 operating 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 provide a firm foundation to ensure that environmental considerations are an integral part of our culture and thinking.

Highlights of 2013

During the year, Hysan continued to strengthen its sustainability practices strategically on all fronts. Our Environmental Think Tank, as chaired by the Chief Executive Officer, generated new ideas for the Group's green direction. It helped to establish a Go Green Committee led by our Environmental Affairs Manager to enhance company-wide environmental awareness through activities and learning programmes.

For our energy efficiency drive, we proceeded with hardware improvements to integrate environmental performance into our full life-cycle maintenance programme. We enhanced the nearby microclimate with more green oases in Hysan Place, which also helped with the area's biodiversity, and served as a starting point for other green ideas in the rest of our portfolio. Effective recycling at the initial stages of the Sunning Court demolition highlighted our efforts in waste management. We also continued to promote our green engagement with stakeholders as a lifestyle concept, be it in urban farming or indoor temperature changes.

Milestones since 2003

2003

- Environment, Health and Safety Policy established

2003 to 2005

- Energy management objectives identified. Achieved energy savings, initially by optimisation of housekeeping and operations schedule

2004 onwards

- Waste management and recycling: e.g. efforts recognised with “Gold” or “Class of Excellence” Wastewi\$e labels for all of Hysan’s buildings in 2013 (except Hysan Place, since it only began full operation in mid-2012)

2006 onwards

- 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

- Requested all contractors to use eco-friendly cleaning materials and supplies that are less harmful to our environment

2009

- 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

- Energy-cum-Carbon Audit for the entire portfolio by independent third party

2011

- Won “Best Practice in Green Organisation Development” in Best Practice Awards 2011

2012

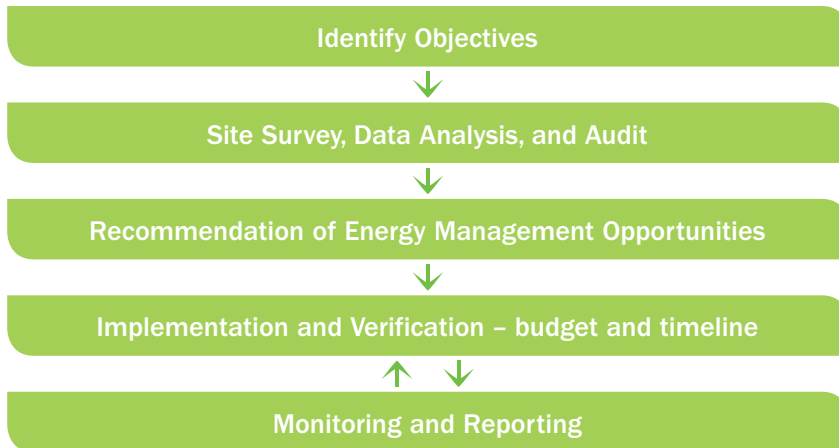
- Newly-completed Hysan Place became the first LEED Core and Shell Platinum mixed-use office and vertical mall complex in Greater China
- Completed water-cooled air conditioning systems conversion in all Hysan existing commercial buildings
- One Hysan Avenue, Sunning Plaza and Leighton Centre received “The top 3 organisations which achieved cumulatively the most number of goals in Wastewi\$e Label in 2011”, with rankings of second and joint-thirds respectively

2013

- Hysan Place:
 - awarded Platinum certification under BEAM Plus for new buildings
 - won the Urban Land Institute’s Global Awards for Excellence 2013, which recognises, among other things, a project’s contributions to environmental protection and enhancement
 - won the International Council of Shopping Centers’ Sustainable Design Award (New Development Category) in the Asia Pacific Shopping Center Awards 2013
- The Lee Gardens, Lee Gardens Two and One Hysan Avenue were among the winners of “The top 5 organisations which achieved cumulatively the most number of goals in Wastewi\$e Label in 2012”
- Set up Go Green Committee to enhance Group-wide environmental awareness
- Continued hardware improvements that integrate environmental performance into our full life-cycle maintenance programme
- New Urban Farm and other greeneries in Hysan Place helped to improve the microclimate and biodiversity
- Engagement to promote green lifestyle concept:
 - Urban Farm showcased organic farming in urban areas
 - Encouraged tenants’ indoor temperature adjustments
 - Further partnered tenants for sustainable interior design and fitting out works

Energy Efficiency

Hysan's Energy Management Model



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

Starting in 2003, we identified a number of energy management objectives for our buildings, and began energy savings efforts with some operational rescheduling like lighting and fresh air adjustments, as well as optimisation of lift operation schedules. The next steps were the installation of more energy-efficient hardware for lighting, ventilation and lifts. Between 2006 and 2012, air-cooled air conditioning systems were converted to more efficient water-cooled ones in our commercial buildings. In general, we have been focusing on integrating environmental performance and resources efficiency considerations into our full life-cycle maintenance programme.

Monitoring and reporting

Our senior management receives annual energy efficiency review reports from our property services team to gauge the project and cost effectiveness of our energy initiatives. In 2013, we conducted another independent Energy-cum-Carbon Audit for the entire portfolio to confirm our own achievements and look for ways to improve. Our team also benchmarks our energy saving works against government standards and best practices within the property industry.

Energy saving initiatives in 2013

We were most encouraged to find that our tenants put the mixed mode ventilation operable vents in the Hysan Place office zone, which draw in fresh air, to good use. In December 2013 and January 2014, for example, such vents were used in 14 and 25 out of 31 days respectively by our tenants to enjoy natural ventilation while unnecessary air-conditioning to individual perimeter zones was switched off automatically and energy was saved.

As part of our effort to integrate environmental performance and resources efficiency considerations into our full life-cycle maintenance programme, we are in the process of installing higher efficiency motors for our air handling units and chilled water pumps which improve energy efficiency and enhance the reliability of the air-conditioning system. This improvement exercise, which also complies with the latest Code of Practice for energy efficiency of electrical installation issued by the Hong Kong Government's Electrical and Mechanical Services Department, is expected to be completed in 2014.



Energy saving and reduction of greenhouse gas emissions achievements 2005-2013

Issue		2005	2006	2007	2008	2009	2010	2011	2012		2013
									Including HP ^(c)	Excluding HP	Including HP
GHG Emissions for Scope 1 & 2 ^{(a)(b)}	Total (tonnes CO ₂ e)	48,421	47,465	40,263	37,935	37,626	35,813	31,574	34,155	29,295	40,610
Purchased Electricity	Total (MWh)	52,598	51,899	48,479	44,123	43,595	42,592	39,933	44,718	38,349	50,829

Remarks:

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

^(b) The emission associated with the electricity purchased based on emission factors provided by Hongkong Electric in 2012

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

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

Our energy efficiency efforts contributed to a significant reduction in GHG emissions in recent years. Using 2005 figures as a baseline, even if an entire new building such as Hysan Place's GHG emissions were included, a reduction of 16.0% was achieved by the end of 2013. Also using 2005 figures as a baseline, the amount of purchased electricity was also reduced by 3.4%, even if Hysan Place's electricity purchase was included.

For 2013, Hysan's purchased electricity per square metre was 123 kWh/m², which included Hysan Place's electricity purchase.

Hysan Place's retail portion recorded an energy utilization index ("EUI") of 142kWh/m²/year. According to a survey conducted by Greenpeace in 2013, it had the lowest EUI amongst major shopping malls in Hong Kong.

Environmental Quality

Indoor environmental quality

Hysan aims to provide a quality indoor environment for our portfolio. We closely monitor the indoor air quality (“IAQ”) of our buildings, and all the public areas in our buildings. For 2013, all our buildings, excluding Hysan Place which was in parts still being decorated by new tenants, achieved either “Excellent” or “Good” standards in the Hong Kong Government’s IAQ Certification Scheme. Through its fresh air demand controls, we expect Hysan Place to perform well when its air samples are submitted for the first time in 2014.

We also use eco-friendly designs and hardware, as well as green renovation materials in order to ensure a good indoor environment for our residential tenants.

Urban microclimate

Hysan Place is renowned for its Urban Windows to promote better airflow in the middle of Causeway Bay and breakup the canyon effect. The Urban Farm on top of the building, which began full operation in 2013, aims to further lower the heat island effect in the area. This should complement a similar function being delivered by other green roofs on the building, including an artificial wetland area on the refuge floor. Another green roof is also being developed on top of the retail podium at Lee Gardens One.

We have completed a preliminary outdoor air quality study with regard to different parts of our Causeway Bay portfolio, with an aim to better understand how air quality can be affected by traffic, street and building designs and arrangement. This will help us map out what we can do in the future to further improve the area’s air quality.

We are also considering the green features that can be incorporated into the Sunning Redevelopment project, which would help to improve the neighbourhood’s environment.

Biodiversity

While our properties are all built within busy urban areas and therefore we have not developed a biodiversity plan, we understand and observe the need to protect our earth’s flora and fauna. Both our Hysan Place Urban Farm and the artificial wetland help support a range of plants and other living organisms in an area that may otherwise be relatively hostile to their survival.



Waste Management, Recycling and Water Consumption

We are dedicated to manage our waste in a responsible way, and we strive to optimise the use of our resources (including materials and water).

Waste management

In 2013, 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 except Hysan Place, which only began full operation in mid-2012. In addition, The Lee Gardens, Lee Gardens Two and One Hysan Avenue were honoured as among “The top 5 organisations which achieved cumulatively the most number of goals in Wastewi\$e Label in 2012”. Moving forward, we will further increase our efforts to engage our tenants on recycling.

Waste management achievements 2005-2013^(a)

Issue	2005	2006	2007	2008	2009	2010	2011	2012 ^(b)	2013 ^(c)
Paper recycled (kg)	741,502	737,247	777,170	825,186	795,571	825,715	862,243	895,412	991,817
Aluminium cans recycled (kg)	1,098	1,400	1,137	1,240	1,330	1,564	1,749	1,931	2,214
Plastic bottles recycled (kg)	1,529	1,500	1,314	1,494	1,585	1,820	1,974	2,290	2,412
Old clothing donation (kg)	960	2,760	3,160	4,800	4,150	3,580	3,020	5,400	3,840
Toner/Cartridge recycled (pcs)	206	251	228	249	339	394	486	531	475
Computer and equipment recycled (pcs)	100	134	138	162	134	182	219	189	99

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 was available during the data record period

^(c) Hysan Place included

Use less paper

A “Go Paperless Campaign” was kicked off in Hysan’s own offices in September 2013, and within the first three months of the campaign, which was heavily promoted with the Company’s intranet, there was a 44% reduction in paper usage.

Next step – Recycle food waste

We are starting to recycle food waste generated from Hysan Place’s Kitchen 11 food court, as managed by Hysan, whereby the waste is collected and recycled into animal feed. It is hoped that this measure could set an example for other food and beverage tenants to follow.

Water management

With Hysan Place in its first full year of operation, our water consumption, not surprisingly, went up in 2013 as compared to the prior year. The new building has 17 floors of retail and its consumption characteristics are therefore different from our other buildings. It has more facilities, a much higher shopper traffic count, and extended operational hours.

Much of the overall water usage was for cooling in the commercial portfolio's air-conditioning systems. We are making further efforts to recycle the water used, and have been reusing more air-conditioning systems' cooling water for flushing. Our potable water consumption for properties and landscaping also saw an increase due to Hysan Place's full year operation.

Water management achievements 2005-2013

Issue		2005	2006	2007	2008	2009	2010	2011	2012		2013
									Including HP ^(a)	Excluding HP	Including HP
Water Use	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	83,821
	Potable water used for cooling (m ³)	–	–	36,293	66,849	71,939	77,006	96,314	135,669	113,655	171,012
	Wastewater reuse for flushing (m ³)	–	–	3,629	6,685	7,194	7,701	9,631	13,567	11,366	17,101
	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	75,439

Remark:

^(a) 2012 data record period of Hysan Place: August to December 2012

As mentioned in the Environmental Quality sub-sections, we also have an experimental artificial wetland in Hysan Place. It is designed to help recycle grey water generated in office floors of the building. It is anticipated to be in full operation in 2014.

Sunning redevelopment project's recycling

Prior to the demolition of Sunning Court as part of the works for the combined Sunning Plaza/Sunning Court redevelopment project, more than one tonne of pine wood were collected from the apartments and donated to Woodrite, an NGO specialising in wood recycling, for upcycling as new furniture. Some office furniture from Sunning Plaza was also donated to a number of other charitable organisations.

For the demolition and construction of the redevelopment, we plan to recycle 60% of all construction waste and use environmentally-friendly materials, system formworks and prefabrication to minimise waste generation. We also plan to adopt building materials with recycled content accounting for 10% of total materials value.

Woodrite is a social enterprise set up to upcycle used wood products and furniture in a bid to promote sustainable development. In 2013, it took on more than a tonne of pinewood donated by Hysan from the ceiling panels of Sunning Court, a building that is to be redeveloped. The wood, which is 7,000 square feet in area, is sufficient to make 30 to 40 dining tables.



"Hong Kong does not have laws to stipulate how developers must deal with used wood, and often we see decent wood being sent to the landfill. Hysan took the initiative to ask Woodrite to collect the pinewood for upcycling, a type of wood that is well liked by consumers in general. This batch is particularly good for making furniture as Sunning Court was built at a time when designers favoured solid wood ceilings, and they were well made and easy to dismantle without breaking. It is often easy to make the poor choice to throw away good wood. We just hope that others can follow Hysan's lead to recycle wood and support sustainable development."

Sue Wong
Designer, Woodrite



Partnering with Stakeholders

Tenants

We continue to seek and gain support from our commercial and residential tenants to help go green. Two of our Hysan Place tenants, KPMG and DFS T-Galleria have achieved LEED commercial interior Platinum and Gold standards respectively. We are engaging other tenants and providing them with information kits to support them to implement sustainable design and fitting out in LEED's context. We understand at least one more tenant has submitted an application for a LEED commercial interior provisional certification.

Our green message does not end with hardware partnership. While taking part in the Hong Kong Government Environment Bureau's Energy Saving Charter on Indoor Temperature to maintain a number of our malls' temperatures to an average of 24 to 26 degrees from June to September 2013, we also successfully engaged 38 of our retail and office tenants to sign on to the Charter. Each month during the period, our property management colleagues visited the tenants and provided them with more tips on temperature control and measurements.

Dozens of our commercial and residential tenants' staff have taken part in farming sessions at Hysan Place's Urban Farm where they can learn more about green lifestyle in the heart of the city. Please refer to the 'Urban Farm' sidebar story for more information.

Other green partnerships

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

- Business Environment Council
- The Conservancy Association
- Environmental Protection Department, the Government of the HKSAR (Carbon Reduction Charter)
- Greeners Action
- Green Sense
- Hong Kong Green Building Council
- World Wide Fund For Nature

We are also in close dialogue with a number of other green organisations to learn more about their work and aim to create further partnerships with them in the coming years.

We have been sharing our information, in particular about green buildings' construction and operation, with many local and international professional groups and the wider community, through talks and building tours. Among the visitors to Hysan Place were the Mayor of Malmo, Sweden, representatives from the Urban Land Institute, and members of other foreign and Hong Kong governmental and business organisations as well as education institutions.

Hysan channels its beliefs in sustainability towards its business partners and encourages them to maintain high green standards. Our Property Services division refined its tender document in 2013 with a revised section on Environment Health and Safety that included a focus on controlling dust, noise and wastewater emissions. Environmental issues have been taken into consideration regarding procurement in various areas. These include the purchasing of cleaning products and photocopy paper for our daily operations. For the redevelopment of Sunning Plaza/Court, we also plan to use materials extracted and manufactured locally, making them account for 10% of total materials value.

Urban Farm

The April 2013 unveiling of the Urban Farm provided much impetus to our drive to partner with stakeholders and promote green. Since the end of 2012, around 210 urban farmers have taken part in farming sessions on the rooftop of Hysan Place, each for a three-month period, to grow vegetables in an organic way. Those who have taken part included staff from Hysan's office tenants (e.g. KPMG, Manulife, Oracle, National Australia Bank), retail tenants (e.g. DFS T-Galleria, eslite bookstore) and residential tenants (e.g. Bamboo Grove); students from nearby schools (e.g. two Hong Chi schools); underprivileged children from social services units (e.g. St. James Settlement, Po Leung Kuk) and many more. A large number of other

professional groups and charities have also visited the site, which is co-operated by Hysan and SEED, an enthusiastic organic farming organisation. The 650 farmers and visitors showed their deep appreciation of Hysan's efforts to demonstrate how this sustainable activity can be practiced only steps above some of Hong Kong's busiest shops and offices.



Hong Chi Association

is a non-profit making organisation dedicated to serving 7,000 people of all ages and all grades of intellectual disabilities and their families. In 2013, Hysan teamed up with Hong Chi to provide tours for dozens of their students to learn about organic farming at Hysan's Urban Farm, and we supported the Association's school management staff development programme.



"I see Hong Chi special schools having many things in common with Hysan Development. We both have strong beliefs in what we do and we walk the talk in our everyday work. We are really glad to have partnered with Hysan and have used the Urban Farm to teach green and healthy living to our students with intellectual disabilities. We also very much appreciate Hysan's support for our schools' professional development programme by arranging a comprehensive corporate visit for more than 30 school senior management staff. We will incorporate organic farming lessons at Hysan Place into the weekly curriculum at two of our special schools. We believe that our students will truly benefit from this."

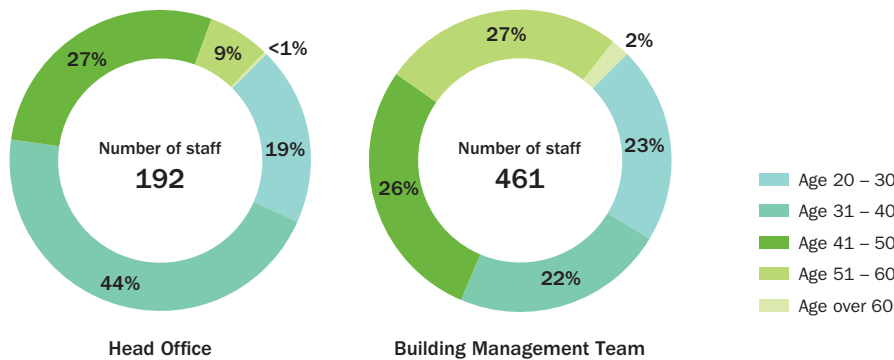
Jovi Lam
Assistant General Secretary, Hong Chi Association



Workplace Quality

Talent management was the key focus of our human resources strategy during the year under review. We placed a strong emphasis on developing, as well as engaging our people. As at 31 December 2013, we employed a total of 653 staff, including our Head Office management team and frontline building management colleagues. All our staff members are located in Hong Kong. Most of the new staff members recruited during 2013 were hired for Hysan Place, which was in its first full year of operation.

Age-group of Staff



Training and Development

Considerable efforts were dedicated to training and development during the review year across the organisation, covering our managers as well as frontline colleagues.

All managers successfully completed the Leadership Excellence Programme in 2013 which was aimed at improving their leadership skills. To sustain the learning momentum, follow-up sharing sessions were also conducted through sharing and learning from participants' real-life management experiences.

In 2013, in addition to the usual training to sharpen their operational knowledge and technical competency, all frontline staff attended a Service Excellence Programme and a Handling Complaints Programme which helped to align customer service standards and enhance service skills. For 2014, a comprehensive training curriculum for the Building Management Team will be launched, providing a full spectrum of customer service and employee development programmes to front-line staff so that they can further enhance their professional customer service standard skills, personal effectiveness and team supervision.

Our education and training sponsorship policy and the examination leave policy ensure that staff members pursue continuous self-development, which can also benefit the Company's business needs. Colleagues, for example, attend continuing education courses to maintain their BEAM Pro sustainable building industry qualification, which strengthens their knowledge of green building development and operation, an area of Hysan's business focus.

In all, Hysan provided an average of 16 hours of training per Head Office employee, and 9 hours of training per Building Management Team employee in 2013.



Reward and Recognition

Hysan has always rewarded its staff based on performance and contributions. We have in place a structured performance appraisal system. Our main enhancement in 2013 was the incorporation of our corporate values into the performance appraisal system, further linking our beliefs and commitments with our staff's daily operations and achievements. Moving forward, we shall further align pay and performance to drive the long-term success of the Group.

Attracting and Retaining Talent

The labour markets for the property and service industries generally remained highly competitive in 2013. Our employee turnover rate was 22.5% for our Head Office, and 25.9% for our Building Management Team, while the property industry's turnover rate in general was 23.6%. In general, we continued to use various recruitment channels to highlight the advantages of working for a progressive company which stresses good work-life balance in the heart of Hong Kong.

The opening of Hysan Place led to a significant increase in headcount throughout 2011 and 2012. These new positions, many in customer service, generated a higher than usual turnover in 2013, echoing a trend seen throughout Hong Kong, whereby the largest number of job vacancies was found in the field of customer service, according to Employers' Federation of Hong Kong's Report of Labour Demand Survey released in December 2013. We will strive to enhance our support for employees' growth and development through well-designed training plans, especially those aimed at younger workers. We will also redouble our efforts to monitor the labour market and maintain our competitive position.

Employee Engagement

We believe in the importance of good engagement and communications with employees, whether they are newer or long-serving members, front-line building management people or Head Office staff. Our off-site Company Day meeting remains an important means to communicate our direction and strategy to Head Office staff and building managers, who then share the information learned with colleagues in their departments and teams. The most recent Company Day included sharing by the Chairman, the Chief Executive Officer and operating unit heads of their 2014 objectives. After each and every annual and interim results announcement, the Chairman and the Chief Executive Officer also continue to brief our staff members on the latest achievements. Colleagues appreciate receiving such information first-hand from top management and use these occasions to provide useful feedback or seek clarifications.



The new intranet system, completed in 2013, has proved to be a valuable tool for sharing the Company's latest information (for example quarterly messages from senior management, staff events and activities, and special offers from tenants), as well as supporting team-building. A good example was the news about the training of Hysan's first ever Trailwalker team. The media-style stories on the intranet attracted plenty of in-house attention, and many colleagues took part in the fun hike organised by the Trailwalker team members, while others joined the support team during the event weekend or made generous donations. The intranet is also a useful platform for knowledge sharing, and a main factor in the success of our in-office paper-saving campaign was a series of "Do You Know That" messages highlighting simple but effective ways to save and to recycle.

Employees are also encouraged to express their opinions to senior management through the intranet and its "Employee Feedback Corner". All received emails are addressed by senior management.

One further example of our effort to enhance staff engagement was the inclusion of environmental elements in our new hire induction programme in 2013. Briefings about Hysan's environmental roadmap help enhance staff awareness of the topic in general, and provide a channel to share the Company's current measures and achievements on sustainability issues in particular. These briefings help new members to quickly understand how we put our principle of being a responsible business into everyday action, so that they can also take part and contribute to further achievements for Hysan and the community.

The "Lunch and Learn" series, unveiled in 2012, was very well attended by our colleagues. Popular topics included those on nutrition, relaxation, and other personal and family wellbeing issues. In 2013, we added Friday afternoon gatherings on a monthly basis to help colleagues get to know each other better in a more informal and relaxed setting.

Health and Safety

Health and Safety Policy

Hysan is a property investment company and the nature of our day-to-day operations mean that we have a relatively low safety risk profile. However, our building office staff members still face potential injury hazards from manual handling, slips, trips and falls. There are also construction-related health and safety risks associated with redevelopment and asset enhancement projects.

Our Safety Committee has been in place since November of 2010, and is chaired by our General Manager of Property Services. It monitors the Company's overall health and safety policy, its implementation and performance. The Committee also reports on statistics, trends and performance to senior management, as well as organises safety promotions. A Safety Management Plan, in place since 2011, aims to familiarise

staff members with particulars of the safety policy and plan, in order to create a safe working environment and proper procedures for frontline staff.

To further highlight our commitment to work safety, during the review period a third-party safety consultant carried out a comprehensive safety audit for our new building Hysan Place. It assessed the controls in place to implement the safety management system, and provided suggestions on improvements to the system. The consultant also helped to consolidate a new and comprehensive set of safety work procedures for our frontline workers, and these topics are to be regularly shared to further raise safety awareness.

In 2013, there were 29 work injury cases, a majority of which did not incur more than five sick leave days. There were 757 lost days due to work injury, including 152 days that were brought forward to 2013 from two 2012 sick leave cases, as well as 236 days from one particular 2013 case.

In addition to our efforts to ensure physical safety, Hysan also has an Employee Assistance Programme, operated by a third-party non-governmental organisation, to provide professional counseling services. This programme has successfully helped a number of employees deal with work or personal issues throughout the years.

Requirements for partners

As per our Corporate Responsibility Policy, we actively encourage our external partners and contractors to achieve the highest standards in health and safety. For the Sunning Plaza and Sunning Court combined redevelopment project which kicked off in 2013, there is a project-specific safety committee comprising the developer, demolition contractor, independent safety advisor and other consultants, and meets monthly to review and monitor health and safety objectives for the project. Moreover, a weekly site safety inspection is carried out by the independent safety advisor together with the contractor to ensure health and safety standards are maintained at the highest levels. These “best practices” highlight our commitment as a responsible developer to ensure, without compromise, that safe construction is carried out by our appointed building contractors and their sub-contractors.

Lee Theatre Plaza’s renovation project was completed in December 2013. Our main contractor for the project shared our commitment to lead and manage well its own safety issues as well as those of its construction sub-contractors. The project won a Safety Performance Award granted by the Occupational Safety and Health Council.

For health and safety issues regarding more routine maintenance and cleaning work carried out by contractors, our tender documents, revised in 2013, cover various safety issues in depth to ensure that those working for contractors observe best safety practices.

Human Resources Policies

We have a set of comprehensive human resources policies and a well-structured system to support everything we do in regard to human resources. Our Employment and Staffing Policy states our policies on recruitment, employee movement, salary adjustments and promotions, separation of employment, and equal employment opportunities, including non-discrimination against gender, marital status, disability, age, race, family status, sexual orientation, nationality and religion. Our stance against discrimination is also one of the focuses of our Code of Ethics. During 2013, we did not identify any material non-compliance or breach of legislations related to equal opportunities.

As Hysan’s core leasing business is in Hong Kong, we believe Hysan does not operate in environments with high exposure to risk concerning child labour and forced labour. We fully comply with labour or other relevant legislations that prohibits child labour and forced labour. During 2013, we did not identify any breach in legislation related to these areas.

Hysan respects the right of association and ensures employees enjoy the freedom of joining trade unions. During 2013, we did not identify any material breach of any right to exercise freedom of association and freedom of joining trade unions in our core operations. The Hong Kong Government does not, however, explicitly recognise the right to collective bargaining. Although Hysan does not have a collective bargaining policy or a collective bargaining agreement in place, we strongly support mutual communications between company management and employees. We are committed to good employment practices and have written policies on compensation, work hours, staff training, health and safety, as well as grievance mechanisms. We aim to have a constructive dialogue with our employees.

Through a cross-company compliance programme, we closely monitor our compliance with the applicable legislation outlined above. We have a minority interest in a commercial and residential joint venture development in Mainland China. For 2013 and having made enquiries, we are not aware of any incident of staff discrimination or rights violations.



Code of Ethics

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 are:

- 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

Our consumer data protection and privacy policies, for example, require staff to comply with the Personal Data (Privacy) Ordinance. We ensure that personal information of our customers and tenants is used in the proper context and exclusively for authorised business purposes, being accessible only to those staff who have a legitimate need to know.

New laws in this area focus on regulating 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 these 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 directly reporting to the Audit Committee Chairman.

Hysan's involvement in the community was again recognised by the Hong Kong Council of Social Service, which awarded the Group a 10 Years Plus Caring Company logo in 2013 and noted our decade-long achievements in corporate social responsibility.

Activities During the Year

As mentioned in the sidebar story in the Environment section, the April 2013 unveiling of the Urban Farm was a success both in terms of being a successful sustainability engagement exercise with our stakeholders, and in terms of making direct contributions to the community to lessen the “heat island” effect and act as an educational tool.

Another positive message emphasised by farming on a commercial building rooftop is the need for a good work-life balance. In recent years, Hysan has been active in promoting a healthy lifestyle beyond work. “Hysan Healthy Hike and Run” has become a “must-do” for hikers and runners of different levels of ability. Action Asia Events and the Action Asia Foundation were once again our trusted partners for this third edition, and the course took the participants through some of Hong Kong's most scenic trails. The Group also took part in Oxfam's Trailwalker for the first time. Although the team did not achieve a podium finish, it carried Hysan's flag with honour, raised a healthy amount for charity, and instilled among colleagues the importance of camaraderie and sports beyond the office setting.

As a Company with strong roots in Causeway Bay, Hysan has always valued our relationship with the district's stakeholders. Our heritage exhibition “Lee Gardens On Stage since 1923” brought Causeway Bay's and Lee Gardens' history to life in our portfolio venues. The historical topics ranged from fashion, food and furniture all the way to architecture and poetry! Through months of research and production, Hysan showcased our heritage through photos, videos and models to highlight our involvement with the community over the decades. The exhibition was very well received and we plan to preserve many of the exhibits so that others can still enjoy them for years to come.

Youth development has always been a part of Hysan's corporate responsibility programme and 2013 saw many such activities. “Project Exploration”, our ethnic minority youth study-and-career development project with Hong Kong Christian Service and the Hong Kong University of Science and Technology Business School served more than 30 youngsters for the seventh year in a row. Back in Hysan Place, impaired young artists from KeenAble Creation held a six-week long exhibition at the busy mall's “vertical gallery” to showcase their painting talents. At Lee Gardens, Plan Hong Kong also made good use of the lobby space to hold a pencil collection campaign for Ghana and Mainland China underprivileged girls, receiving more than 100,000 pencils within only ten days!



Project Exploration

was started in the summer of 2007 by Hysan and Hong Kong Christian Service as a study-and-career programme for Hong Kong's ethnic minority students. Since 2008, Hong Kong University of Science and Technology's business school students have joined the programme as mentors to the minority secondary school youngsters.



"I joined Project Exploration in 2009 and helped devise a social enterprise programme with my mentees and other teammates. Within one summer we managed to put together a successful ethnic cultural tour. It formed the blueprint for a permanent tour setup operated by a different NGO, now serving hundreds of Hong Kong residents each year who are interested in minority cultures. Thanks to Hysan and its partners, I have also learned to be much more sensitive to social needs and cultural differences, which has served me well in the professional world."

Kenneth Kan
Banker and Project Exploration Alumnus



Hong Kong Youth Arts Foundation (YAF)

is a charity that provides high quality, non-competitive arts experiences for all young people aged 5 to 25. Hysan partnered with YAF and Standard Chartered Bank (Hong Kong) to bring the Arts in the Park Night Parade to Lee Gardens.



"Over the years, Hysan has been hugely supportive of our work in empowering the young people of Hong Kong through art, including the Hysan Environmental Art Project, as well as through our Art Angels programme. In 2013, Hysan was instrumental in allowing us to present Hong Kong's very first and greatly successful Arts in the Park Night Parade of illuminated artworks at the heart of Causeway Bay. We look forward to collaborating on many more meaningful projects."

Lindsey McAlister, OBE
Founder and Artistic Director, Hong Kong Youth Arts Foundation



The Night Parade, a part of the much celebrated Arts in the Park festival, was held between Lee Gardens One and Hysan Place in November as our last contribution of the year towards youth development. The cool night was warmed by thousands who lined the Causeway Bay streets to witness a parade of huge glowing puppets and glittering young dancers. Standard Chartered Bank (Hong Kong), Youth Arts Foundation and the Wanchai District Council were our partners to bring this feast of surrealist arts to our district. UK's The Lantern Company aided young local artists to design and produce their artwork. Many are already asking about an expanded version of this event for 2014, and all parties have agreed to try to make it bigger and better!

Finally, as a venue partner, Hysan also provided support to Wu Zhi Qiao (Bridge to China) for a book launch ceremony, as well as a month-long fund-raising activity. The Lee Gardens' Office lobby was also the site of the 6th Chinese University Journalism Awards Ceremony and its exhibition to honour top local journalists and their work.

Our Volunteer Team

In 2013, our volunteers gave 1,030 hours of service, with an average of at least one event per month to help those in need within our community. Activities included bringing disadvantaged youngsters to a concert, house painting for the elderly, raising money for the homeless through charity football matches, and visits to families in need during festive seasons. The organisations Hysan partnered included:

- Children's Medical Foundation
- City Chamber Orchestra of Hong Kong
- Habitat for Humanity China
- Helping Hand
- Hong Kong Movie Star Sports Association Charities Limited
- The Hong Kong Society for the Protection of Children
- Oxfam Hong Kong
- Wofoo Social Enterprises
- World Vision

With the number of volunteer hours achieved, Hysan is in the process of applying for the Gold Award from the Hong Kong Government's Volunteer Movement. A number of team members are also being nominated for Social Welfare Department's continuous volunteer service awards, having taken part in many volunteering activities over the past five years.



Hong Kong Exchanges and Clearing Limited's 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”
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 2013 was on leadership training (Head Office), and frontline staff operational/technical training. 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">“Workplace Quality – Human Resources Policies”We believe our property investment and management business (with its primary operations in Hong Kong) has a very low risk profile on use of forced or child labour. We are not aware of any material non-compliance with applicable provisions. We are against the use of forced or child labour.
<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 produced 	<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 produced 	
<ul style="list-style-type: none"> KPI B1.5 Description of measures to mitigate emissions and results achieved 	<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, reduction initiatives and results 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 other 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 them 	<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” (the ‘Requirements for Partners’ subsection) “Environment – Partnering with Stakeholders”
<ul style="list-style-type: none"> KPI C1.1 Number of suppliers by geographical region 	<ul style="list-style-type: none"> “Environment – Partnering with Stakeholders” Environmental issues have been taken into consideration regarding procurement in various areas. For example, regarding the redevelopment of Sunning Plaza/Court, we plan to use materials extracted and manufactured locally for around 10% of total materials value.
<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 – Partnering with Stakeholders”

C. Operating Practices	Reference in this report
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" (the 'Code of Ethics' subsection 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 recalls for safety and health reasons 	<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" (the 'Code of Ethics' subsection 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" (the 'Code of Ethics' subsection)
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" (the 'Code of Ethics' subsection 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" (the 'Code of Ethics' subsection)
D. Community Investment	Reference in this report
<ul style="list-style-type: none"> Policies on community engagement to understand the community's needs where it operates and to ensure 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"

Verification Statement

Third-party Independent Verification



VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency ("HKQAA") has been commissioned by Hysan Development Company Limited ("Hysan") to conduct an independent verification of its 2013 Corporate Responsibility Report ("Report"). The Report states Hysan's performance and efforts towards environmental conservation, social development and corporate governance for the period from 1st January 2013 to 31st December 2013.

The aim of this verification was to provide a reasonable assurance on the completeness and accuracy of the information stated in the Report. The Report covers the Key Performance Indicators defined in the Environmental, Social and Governance (ESG) Reporting Guide of the Hong Kong Exchanges and Clearing Limited ("HKEx").

Methodology

The process applied in this verification was based on the current best practices such as the "ISAE 3000-Assurance Engagements Other Than Audits or Reviews of Historical Financial Information".

The Report was reviewed against the following criteria:

- The principles of completeness, accuracy, neutrality, comparability and responsiveness, as set out in the Institute of Social and Ethical AccountAbility standard AA1000

The verification process included reviewing of relevant documentation, interviewing responsible personnel with accountability for preparing the Report and verifying the selected representative sample of data and information presented in the Report. Raw data and supporting evidence of the selected samples were thoroughly examined.

Independence

HKQAA was not involved in collecting and calculating data, or in the development of the Report. HKQAA's activities are independent from Hysan.

Conclusion

Hysan has continued to make progress towards increasing transparency in reporting by using the ESG Reporting Guide issued by the HKEx for preparation of this Report. Based on our verification, the opinion of the verification team concluded that the contents stated within the Report are accurate and reliable. It provides a structured, balanced and consistent representation of Hysan's performance in 2013. Throughout the years, Hysan has placed efforts to engage with stakeholders in order to seek refinement of its corporate social responsibility practices and identified relevant material issues concerning its business. The Report includes information regarding Hysan's past, present and future initiatives, targets, commitments and possible impacts related to corporate social responsibility. Nothing came to our attention that the report is not presented in all material aspects or misstated.

Signed on behalf of Hong Kong Quality Assurance Agency

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March 2014

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