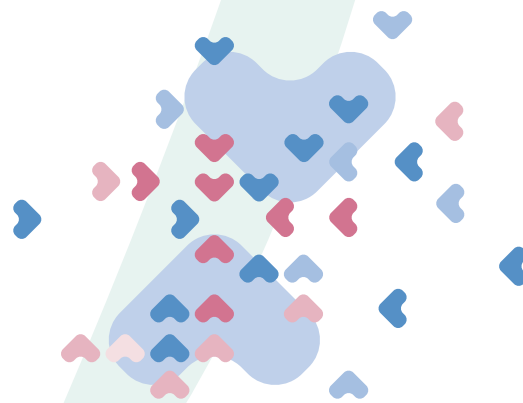




Creating Positivity

SUSTAINABILITY REPORT 2020



About This Report

Reporting Scope

This is the 15th sustainability/corporate responsibility report of Hysan Development Company Limited (“Hysan” or “Group”) since 2006. The report presents material sustainability aspects in regard to the Group’s headquarters and our portfolio in Hong Kong.

The Report is prepared in compliance with the disclosure references set out in the Environmental, Social and Governance (“ESG”) Reporting Guide described in Appendix 27 to the Main Board Listing Rules and Guidance published by The Stock Exchange of Hong Kong Limited. The Report covers the period from 1 January 2020 to 31 December 2020, unless otherwise specified.

Reporting Assurance

Hysan engaged the Hong Kong Quality Assurance Agency (“HKQAA”) to conduct an independent verification review of this Report. Please refer to Appendix 4 for the independent verification statement.

Report Feedback

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

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Message from the Chief Operating Officer

At Hysan, sustainability means making the right choices to ensure that our stakeholders can continue to work, live and flourish within our portfolio of properties for many years to come.

In 2020, COVID-19 was a severe test of our ability to maintain a safe and enjoyable community for everyone who makes use of our buildings and services. I am glad to report that Hysan's team was successful in providing a secure environment for our tenants, customers and visitors. We began with comprehensive preventive measures and clear communications, followed by swift handling of any potentially infectious situation. In addition, we understood that facing down the threat of the virus to our community involved more than just preventing the spread of disease. With this in mind, we took the decision to help our tenants, both with direct assistance and marketing and operational support. Taken together, Hysan's multi-faceted and dynamic solutions meant that our community was spared the worst of the pandemic in 2020.

Many of Hysan's sustainability efforts were affected by COVID-19 restrictions during the year. However, a community's needs cannot be limited to pandemic prevention alone, no matter how long a shadow it casts.

This Report will give readers insight into Hysan's sustainability efforts, which aimed to bring positivity and hope to the tenants of our properties and members of the surrounding community during these challenging times. With guidance from the Board-level Sustainability Committee, the management team initiated and maintained a wide range of new and existing sustainability



projects, with environmental, social and governance objectives that align with a number of the Sustainability Development Goals ("SDGs") adopted by the United Nations General Assembly in 2015. I am proud to say that our efforts have been recognized by some of the world's top sustainability indices and rating agencies.

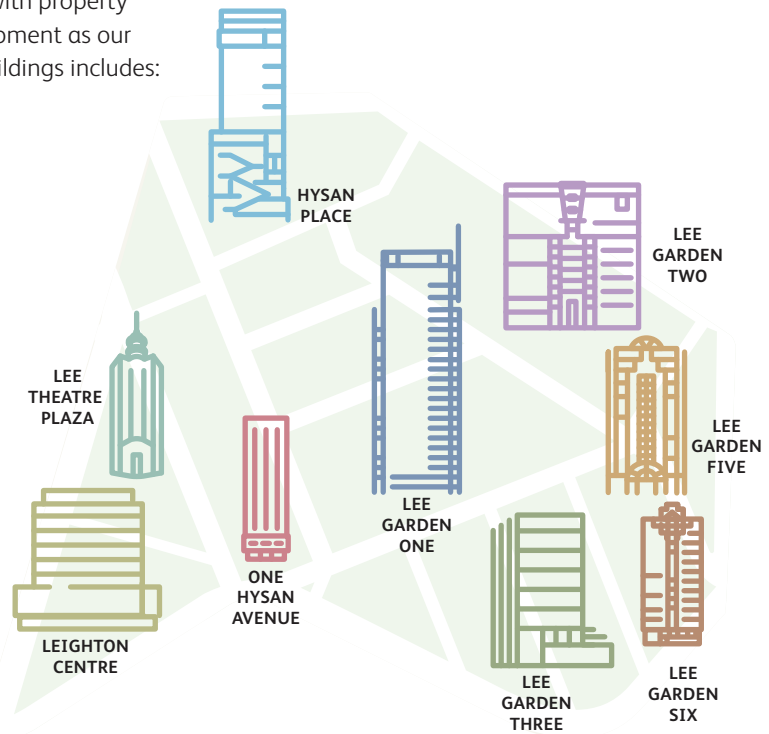
Whether it's earning two extra stars from a top global sustainability measurement index, or simply seeing a smile from a shopper enjoying the brand new murals in Lee Gardens, all of this positive feedback gives us further encouragement to play a bigger part in better curating our portfolio and the community. We would like to thank our stakeholders for joining us to make our home in Causeway Bay a better place, and we hope that 2021 will be a better year for everyone.

Ricky Lui
Chief Operating Officer

About Hysan

Hysan Development Company Limited has been listed on the Main Board of the Stock Exchange of Hong Kong (Stock Code: 0014) since 1981, with property investment, management, and development as our core businesses. Our portfolio of 10 buildings includes:

Aggregate gross floor area (“GFA”):
~4.5 million sq ft located mainly in the prime office and retail district of Causeway Bay, Hong Kong



Vision, Mission, Values

Our Vision is ...

To be the PREMIER property company in its market of choice.

Our Mission is ...

To provide our stakeholders with sustainable and outstanding returns from a property portfolio which is strategically planned and managed by passionate, responsible and forward-looking professionals.

Our Values embrace ...

L E E G A R D E N S
 E X M O C E R N E U
 A C P O C S I T T S
 D E O D O P V R W T
 E L W U E I E O A
 R L E C N C N P R I
 S E R I T T G R K N
 H N M T A / E I A
 I C E I B D N N B
 P E N Z I R E G I
 T E L I U L
 N I V R I
 S T E S T
 H Y N H Y
 I I
 P P

A Unique Sustainable Community Business Model

Located at the heart of Hong Kong's Causeway Bay district, Hysan's roots can be traced back to 1923, when the founding Lee family first acquired plots of land in what was then known as East Point. As a long-term landlord, we are committed to curating a unique community where people can work, live and flourish for generations to come.

We offer first-class business and retail facilities in the Causeway Bay area and own a residential project in Mid-Levels. Forty-six per cent of our portfolio area has green building certifications such as Leadership in Energy and Environmental Design ("LEED") certification from the

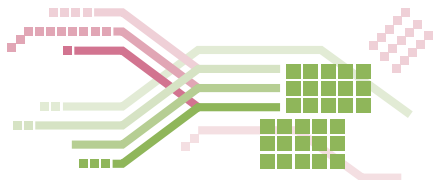
United States Green Building Council ("USGBC") and BEAM Plus certification from the Hong Kong Green Building Council ("HKGBC").

We understand that the way we conduct our business has a significant impact on the urban environment, our neighbourhood and local businesses. For this reason, we work closely with our stakeholders through regular dialogue and long-term partnerships. Together, we strive to build the Lee Gardens area in a smart and sustainable manner, balancing economic, environmental and social interests.



Our Sustainability Strategy

Hysan takes pride in being not only a business that owns and manages properties, but also a Business of Life. The “LIFE” within our Business of Life mindset has become the foundation of our strategic sustainable development principles. We regularly review our strategy and business operations, and continue to support and align our efforts with nine United Nations Sustainable Development Goals (“SDGs”). Our Sustainable Development Principles are:



LEAP INTO SMART AND ECO-BUSINESS



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

TARGETS



Average **20%** reduction in energy purchased by 2024 (baseline: 2005)



20% reduction in carbon intensity by 2024 (baseline: 2005)

2020 PROGRESS

On track

On track

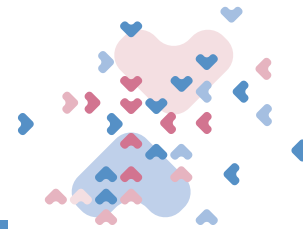
2020 HIGHLIGHTS



Kick-started our renewable energy project and began installing solar panel systems across our portfolio, starting with the rooftop of Hysan Place



Digitalised shoppers’ experience through the Lee Gardens App, issuing over **415,000** paperless e-coupons, transforming Lee Gardens into a digitally savvy district



INTEGRATE WITH OUR COMMUNITIES



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

TARGET



>30,000 beneficiaries (yearly)

2020 PROGRESS

>50,000 beneficiaries

2020 HIGHLIGHTS



Swiftly implemented and continually strengthened measures in response to COVID-19 for the safety of our employees, tenants, community members and shoppers



Engaged over **50,000** stakeholders both locally and internationally through 18 major physical and virtual engagement events, as well as partnerships with non-governmental organizations



Held exhibitions and activities on the themes of cultural heritage, local fashion talent, mural art and the post-pandemic “new normal”



FOSTER PARTNERSHIP WITH OUR PEOPLE



Build a diverse and inclusive workforce, treat our people fairly and help them realize their full potential.

TARGET



20% increase in average annual hours dedicated to employee health and wellness

2020 PROGRESS

166% increase with additional **330** hours invested in health and wellness programme compared with 2019

2020 HIGHLIGHTS



Introduced a three-month weight management programme in addition to several office health and wellness activities, engaged cumulative participation of over **1,150** colleagues



Provided a total of **2,137** training hours on safety and health related topics



Launched Learner Reward Scheme and added **100+** online learning modules on our Mobile Learning Platform to support and stimulate employees' continuous development



ESTABLISH STRONG CORPORATE GOVERNANCE



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

TARGETS



Disclose and maintain/improve our performance in major sustainability benchmarks and indices, reflecting the latest ESG requirements and expectations from investors



Strengthen our position in sustainable and green finance through both innovative and traditional financial instruments

2020 PROGRESS

Rated **"three stars"** in the GRESB assessment, **"AA"** in the Hang Seng Corporate Sustainability Index and, **"A"** in MSCI ESG Ratings, and remained a constituent member of the FTSE4Good Index Series

Launched the first sustainability-linked derivative hedging solution among Hong Kong real estate companies in October 2020

2020 HIGHLIGHTS



Established Board-level Sustainability Committee and integrated material ESG-related risks in the Group's risk assessment process

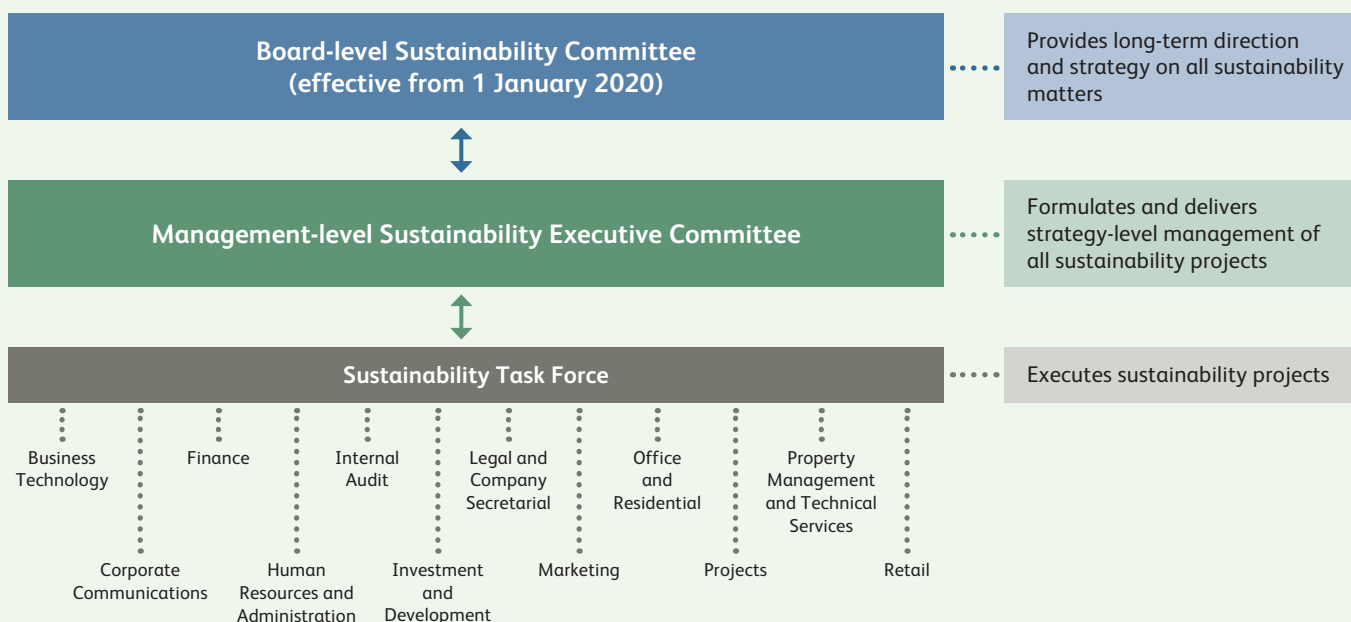


Enhanced **over 10** corporate policies and statements to address business developments and legal updates, and to capture best practices

Sustainability Governance

Fostering the right governance framework is crucial for successful delivery of our sustainability strategy. During the reporting period, we have established a Board-level Sustainability Committee. As stipulated in the [Terms of Reference](#), the Committee, through regular meetings, supports the Board by identifying, reviewing, assessing and making recommendations regarding the Group’s corporate responsibility, sustainability development and climate change position.

At the management level, the Sustainability Executive Committee is chaired by the Chief Operating Officer. This Committee and the operation-level Sustainability Task Force ensure that the sustainability strategies and practices are integrated into the Group’s operations, as well as identifying targets and exploring new initiatives to implement.



Sustainability Policy

Hysan’s Sustainability Policy is formulated by the Sustainability Executive Committee and applies to all properties and business units. The strategic agenda set out in the Policy is distilled into initiatives that are driven forward by the Sustainability Task Force, which comprises representatives from each of Hysan’s departments. The Board-level Sustainability Committee will continue to review this Policy as it provides guidance for the Group’s long-term direction.



Stakeholder Engagement

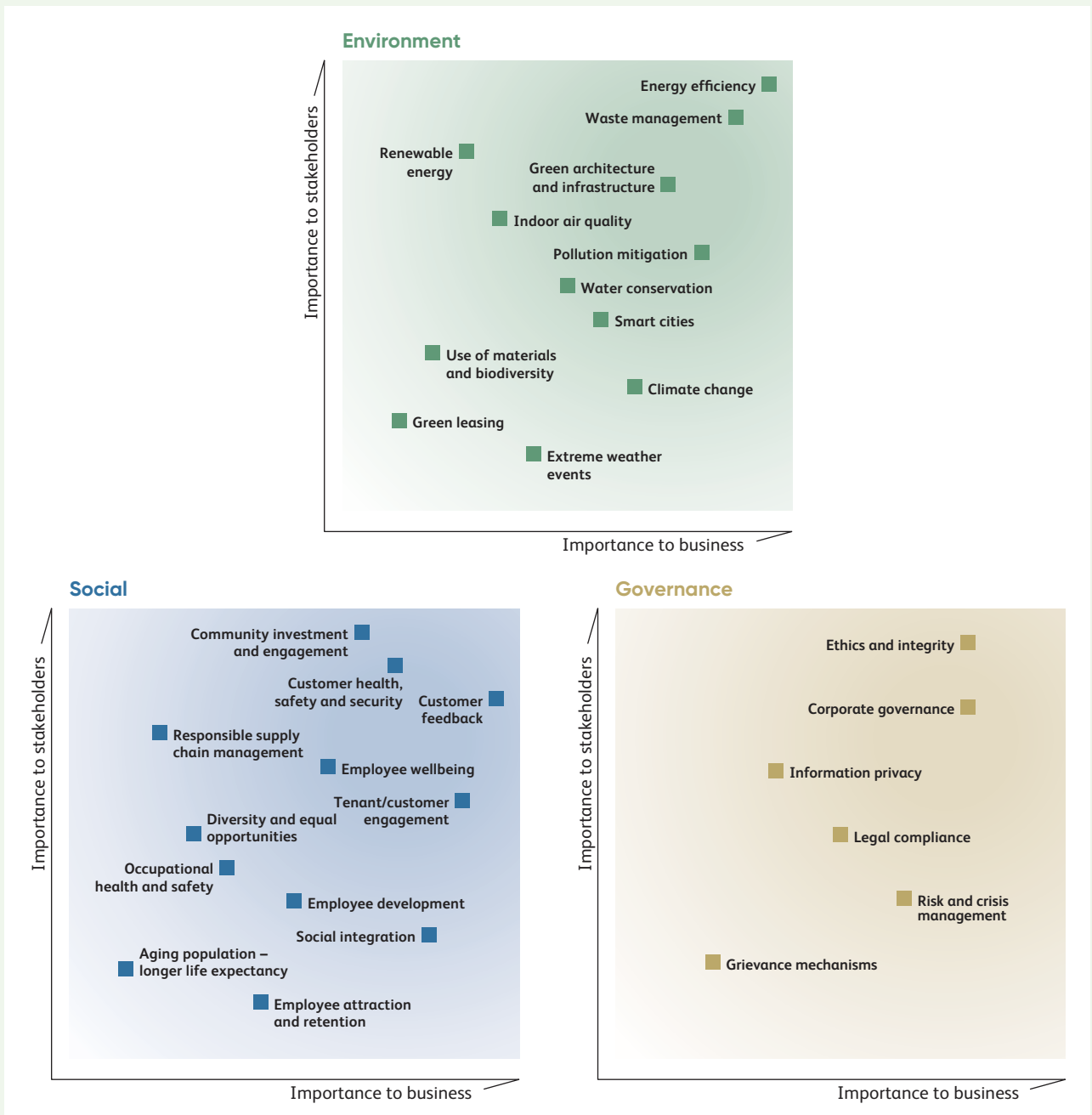
In order to strengthen our understanding of stakeholders' expectations and needs, as well as to identify material issues and assess the effectiveness of our sustainability measures, Hysan maintained regular contact with external and internal stakeholders (including but not limited to investors, shareholders, tenants, customers, suppliers, employees, non-governmental organizations and local communities) through numerous engagement channels throughout the year. It should be noted that some traditional methods of communication such as face-to-face meetings had to be modified to virtual meetings due to COVID-19 disruptions:

<h3>Employees</h3>  <ul style="list-style-type: none"> • Focus groups • Intranet & internal e-newsletter • Training sessions • Social and Task Force committees' activities and meetings 	<h3>Non-governmental organizations ("NGOs")</h3>  <ul style="list-style-type: none"> • Focus groups • Community engagement events • Employee volunteering • Corporate website • Stakeholder tours
<h3>Tenants</h3>  <ul style="list-style-type: none"> • Focus groups • Information kits • Tenant relationship personnel • Mobile app 	<h3>Suppliers & Vendors</h3>  <ul style="list-style-type: none"> • Focus groups • Tendering & procurement process • Briefing sessions • Performance review
<h3>Customers & Local Community</h3>  <ul style="list-style-type: none"> • Public education activities • Community engagement events • Corporate website • Mobile app 	<h3>Government & Local District Council</h3>  <ul style="list-style-type: none"> • Regular and special meetings
<h3>Shareholders & investors</h3>  <ul style="list-style-type: none"> • Annual general meeting and results announcements • Annual and interim reports • Corporate website • Investor conference and meetings • Post-result roadshows 	

SUSTAINABILITY GOVERNANCE

We also appointed an independent consultancy in late 2019 to engage various stakeholder groups and conduct an in-depth materiality assessment on each aspect of ESG. The top material aspects identified included energy efficiency, waste management, community investment and engagement, customer needs, ethics and integrity and corporate governance. This report reflects the progress we have made in each of the identified materiality aspects. The Sustainability Executive Committee and Sustainability Task Forces continue to adopt and integrate these aspects into our business agenda in 2020. With emerging regulatory requirements, growing market demands and increasing stakeholders' appetite on sustainability issues, material topics might change from one year to the next, Hysan ensures our ongoing engagement process match with the pace of changes. We will consider refreshing the materiality assessments when needed, to re-identify material ESG issues and to achieve our best business prioritization and resource allocations.

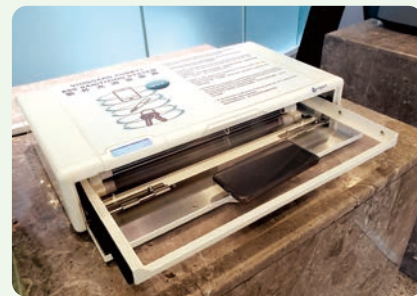
Materiality Matrix



Protecting our Community during the Pandemic

Protecting our Tenants and Visitors against the Virus

In this challenging pandemic environment, we have had to adapt our business practices accordingly. To protect and ensure the health and safety of our tenants and visitors, we swiftly implemented virus protection measures in our retail and office portfolio in early 2020. As well as posting comprehensive information notices on methods for preventing the spread of the disease, we introduced a wide range of virus prevention solutions. These included temperature sensors in office lobbies, anti-bacterial treatments for lifts and door handles, automatic sterilization of escalator handrails, upgraded sanitation standards, more powerful air filters and purifiers, and disinfection and sanitisation devices at retail lobbies. These hardware improvements and services continued throughout 2020 as Hong Kong faced multiple waves of COVID-19 infections. On the rare occasions when tenants or visitors tested positive for the virus, swift and extensive cleaning and disinfecting measures were put in place. Stakeholders were provided with clear communications on the latest incidents as well as information on measures taken.



Supporting our Tenants, Local Businesses and the Community through Difficult Times



Hysan understood that our community needed more than just disease prevention measures. We acted quickly to learn more about our tenants' difficulties and worked out sustainable solutions together. These dynamic and multi-faceted solutions included rental assistance in the form of concessions or deferment, lease restructures, and targeted marketing and operational support. Working closely as partners during the crisis has deepened our mutual understanding and strengthened our relationships. Hysan also launched "Power Up" and other campaigns to stimulate consumption by offering attractive deals and we reminded people that they needed to enjoy life. Furthermore, we combined technology, marketing know-how and strong tenant relationships to create integrated digital platforms which could link e-recruitment of Lee Gardens club members, e-payment and e-redemption, and refined our shopper, tenant and landlord ecosystem throughout the challenging period.

Leap into Smart and Eco-business

LEAP INTO SMART AND ECO-BUSINESS



TARGETS (BY 2024)



Average **20%** reduction in energy purchased by 2024 (baseline: 2005)



20% reduction in carbon intensity by 2024 (baseline: 2005)¹

2020 PROGRESS

On track

On track



Climate Resilience

We are committed to reducing our carbon emissions. As part of Hysan's decarbonization journey, we aim to lower the carbon intensity of our daily operations by investing in renewable energy and green buildings, increasing system efficiency, optimizing the way we use our resources, and exploring innovative solutions to further minimize the impact of our business operations. In terms of transitional risks, our Sustainability Executive Committee examines the climate risks and

1. Include Greenhouse Gas Emissions (Scope 1 and 2), excluding head office operations.

opportunities arising from our operations, closely observes potential policy changes and market shifts, and reports to the Board-level Committee to ensure relevant climate risks are integrated into our risk management process. In terms of physical risks, we have procedures in place to handle different types of climate disruption such as flooding, heavy rainstorms, and other extreme weather conditions.

We support the Hong Kong SAR Government's decarbonization vision and initiatives such as Carbon Reduction Charter and Carbon Footprint Repository for Listed Companies in Hong Kong, and the Business Environment Council's Low Carbon Charter as we undertake to implement climate actions and make smart decisions to help build a climate-resilient city.

Environmental Management System

Hysan's [Environmental Policy](#) focuses on measuring and reporting carbon reduction efforts, promoting waste reduction at source, enhancing green purchasing and improving stakeholder engagement. We obtained ISO 14001 Environmental Management System certification for our head office in order to align our corporate environmental management efforts with international standards, and to strengthen our measures for monitoring, reviewing and minimizing the environmental impact of our operations. We also developed a Sustainable Office Guide for our colleagues. The Guide presents simple steps and tips, as well as resources and training related to green office management. We aim to nurture a green office culture and promote greater awareness among employees.



Touchless Parking

Our new touchless parking service with available space guiding system reduces exhaust emissions and air pollutants by cutting waiting times and distances travelled in the car park.

Digitalization

Throughout the year, we continued to move towards more digitalized, productive operations by reducing our reliance on paper. Across departments, we identified and optimized many of our core operation workflows and systems. We also hosted more internal and external meetings via video communication apps. For our shoppers, the use of the Lee Gardens App helped digitalize over 415,000 coupons. Our new Club Avenue Lounge is equipped with various online systems, further transforming Lee Gardens into a digitally savvy district and minimizing the environmental impact stemming from paper consumption.





Energy Efficiency and Renewables

We implemented a new building analytic system and obtained ISO 50001 Energy Management System certification to identify optimization opportunities to further improve energy consumption. In addition to solar lights and panels installed at Hysan Place, Lee Garden Three and Bamboo Grove³, we also commenced the installation of a larger-scale solar system on the rooftops of our portfolio properties. This project is estimated to generate 39,000 kWh of green energy per year. Furthermore, to promote a greener lifestyle among our shoppers and tenants, we installed eco-exercise-bike chargers, which charge phones using kinetic power generated by exercise bikes at Hysan Place and Lee Garden Three. Overall, we achieved a 6% reduction in both electricity consumption and energy intensity compared with 2019.

Renewable energy generated
6,409 kWh

Target to achieve an average of **20%** reduction in purchased electricity by 2024² (baseline: 2005): **On track**



Green Buildings

Forty-six per cent of Hysan's portfolio area has green building certifications such as the LEED certification by USGBC and BEAM Plus certification by HKGBC. For our forthcoming Tai Po residential development, we are adopting green building features and obtaining green building certifications that will highlight the better building efficiency and climate resilience measures that we have taken.



Waste Management

Our property management sector handles a large volume of waste in its day-to-day operations. Hysan is always looking for ways to reduce waste at source and increase recycling rate. Our tenants and shoppers can easily locate and make use of our recycling facilities within Hysan's portfolio. The waste collected is carefully sorted and transferred to licensed recycling companies and municipal waste collectors. Our waste management strategy focuses on implementing waste reduction and recycling initiatives through tenant partnership while raising awareness among shoppers and other members of the community.

2. Energy reduction target references the baseline level in 2005 and the baseline level in the first year of the complete reporting year of data available for newly added properties. Reduction in purchased electricity is calculated based on individual buildings' energy performance.

3. The solar photovoltaic ("PV") system is connected to the grid, which is under the Feed-in Tariff ("FiT") Scheme, a Hong Kong SAR Government's initiative to combat climate change.



Reuse

We engaged a local designer to design new uniforms for staff that make use of fabric from previous uniforms.



Reduce

Water refilling stations have been set up at Lee Garden Two and Hysan Place for shoppers and tenants, as well as in 100% of our building management offices for our frontline employees. We encouraged stakeholders to refill their own containers and bottles with quality filtered drinking water, so as to reduce the impact of beverage packaging. Since 2017, we have successfully avoided sending over 279,000 single-use plastic bottles of 500ml to landfills. During the rainy season, we supported the reduction of waste plastic umbrella bags by setting up eco-friendly alternative facilities and solutions at all of our portfolio properties' entrances. **We were recognized with a Gold Level award from the Greener Action's Umbrella Bags Reduction Accreditation Program 2020.**



In January 2021, we decided not to print traditional Chinese New Year lai see packets which helped save an estimated 77,000 pieces of A4 paper. The cost saved was donated to a local elderly home for an aquaponics project and this measure thus achieved several sustainability goals.



Recover

We invited F&B tenants to join our food waste collection programme, which sends food waste to the Organic Waste Treatment Facility operated by the Hong Kong government's Environmental Protection Department. We collected 32 tonnes of food waste in 2020. Our target is to work closer with more of our tenants in the coming years to further improve the effectiveness and efficiency of our waste management system.



Recycle

A reverse vending machine ("RVM") has been installed at Hysan Place, which collected and recycled over 3,400 plastic bottles from shoppers and other members of the community in 2020. In addition, we continued to engage more of our office tenants to join paper recycling campaign, and partnered with NGOs such as Greener Actions and Redress to donate used lai see packets, used clothes and mooncake boxes. We supported the Hong Kong Computer Society's initiative and donated over 200 used monitors and laptops to disadvantaged students and underprivileged children in December 2020.



Mobile Well#

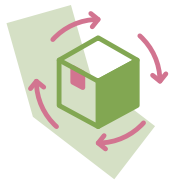
Lee Garden One: Mobile Well# pop-up in June 2020: Echoing the environmental message of our retail tenant Anya Hindmarch, we brought in a mobile filtered water machine to raise awareness among shoppers regarding waste/used plastic bottles



Water Conservation

Over the past decade, Hysan has carefully considered the issue of water conservation whenever we construct new buildings. We have also carried out several water-saving initiatives such as installing a rainwater system and recycling rainwater for irrigation and/or general cleaning purposes, installing automatic water meters, and collaborating with a local university on the development of an upper-floor urban wetlands. During the reporting period, we have implemented water-saving measures in all our buildings especially the renovation, alteration and redevelopment projects. Our newly renovated washrooms at Lee Garden Two and Hysan Place both feature water efficient faucet and toilets.





Managing our Supply Chain

Sustainable Procurement

Hysan recognizes the environmental and social impacts from our supply chain with regards to the service and products we offer to our tenants and shoppers. We are committed to making smarter and more sustainable procurement decisions. To strengthen our influence and supplier alignment with Hysan’s sustainability strategy and environmental policy, we have revised our procurement policy to take greater account of environmental and social considerations when procuring goods and services. Training modules related to best practices in procurement management were also provided to employees through our Mobile Learning Platform.

Starting with our supplier selection and initial engagement process, we assess the vendors and identify potential risks according to multiple parameters, including not just the traditional criteria of job references, company background, cost, and after-sales service, but also the life-cycle impact and environmental and social standards (such as ISO 14001 and ISO 50001) relating to their products and services. We engaged 652 suppliers in our core Property Management services, in which nearly 100% were locally based. We are currently in the process of implementing an e-procurement system to streamline transactions and communication with our suppliers.



Property Management Services	Up to 31 Dec 2020	%
 Total Number of Vendors⁴	652	100%
 Local	650	99.7%
 Overseas	2	0.3%
 Total Purchasing Order Awarded	~412M	

Renovation, Alteration and Development Projects

We communicate our insistence on strong environmental standards with contractors via house rules, tender documents, method statements and continuous monitoring of our standards’ implementation on site. Environment and social priorities are considered in all enhancement works. These include installing energy-efficient lightings and motion sensors, using locally-sourced and low volatile organic compound (“VOC”) materials, implementing dust proofing measures by erecting hoardings to separate tenant and working areas, and overall ensuring that commitment and strong standards are applied to on-site safety measures.



4. The data covers all registered and active vendors.

Integrate with our Communities



INTEGRATE WITH OUR COMMUNITIES

8 DECENT WORK AND ECONOMIC GROWTH **9** INDUSTRY, INNOVATION AND INFRASTRUCTURE **11** SUSTAINABLE CITIES AND COMMUNITIES

TARGETS	2020 PROGRESS
 >30,000 beneficiaries (yearly)	 Benefited over 50,000 stakeholders both locally and internationally through 18 major physical and virtual engagement events and partnership with non-governmental organizations

With roots in the community for nearly 100 years, we treasure our unique position in the Lee Gardens area and continue giving back to the community in many ways, from staff volunteering, media and venue support, monetary donation, to more substantial engagement programmes. We focus on four major areas: Environmental Sustainability, Community Health and Wellness, Family and Children, and Art and Culture.

2020 was a challenging yet pioneering year for our community engagement work. With strict personal and environmental hygiene and social distancing measures in place, some traditional ways of organizing physical events became unviable. In response, we switched our approach and resources to digital platforms and social channels. Moving online, we created new opportunities, and ultimately, succeeded in engaging a larger audience from around the world.

We are committed to monitoring our community impact through such methods as surveys taken during and after activities, stakeholder meetings and tours. Looking ahead to 2021, we plan to conduct an even more comprehensive study of our community's needs and to re-assess our business' impact on the neighbourhood.



Organized and supported **18** community engagement events



Engaged over **50,000** stakeholders



Held **107** environmental education and outreach workshops



Partnered with **15** NGOs



Lee Gardens Association ("LGA")

The local area business association, of which Hysan is a founding member, worked closely with mostly small and medium-sized enterprises during the disruptions of COVID-19 in 2020 to promote the area, with the aim of attracting more footfall and online traffic to the area's businesses.



Community Engagement Programme

Environmental Sustainability

Hysan Urban Farm remains one of our most popular community engagement programmes. Running in partnership with an NGO, the Sustainable Ecological Ethical Development Foundation ("SEED"), our organic farming workshops and activities have hosted close to 6,500 guests since the farm's opening in 2013. Visitors gain practical skills and insights into biodiversity and organic farming whilst they visit our farm in the heart of Causeway Bay. **In the most recent three-month long farming session, 100% of the participants reported in a post-event questionnaire that the workshops brought a positive impact to the local community and improved the farmers' health and well-being. All respondents said they would like to join our workshops in the future, and that they would recommend the workshops to their friends and families.** Hysan also partnered with a local restaurant to pilot a farm-to-table project, sharing portions of the farm's organic produce so that members of the community could also taste the rooftop vegetables and fruits.



INTEGRATE WITH OUR COMMUNITIES

This year, despite the challenges brought on by COVID-19, we successfully hosted Hong Kong's first virtual youth-focused sustainability festival, **GreenFest by Hysan**, with over 380 attendees from 24 countries. Through panel discussions and workshops, we stimulated an exchange of ideas and solutions on the circular economy and further inspired the younger generation to take positive action towards a less wasteful future.

During the reporting period, Hysan supported Food Made Good Hong Kong, a social enterprise that promotes a sustainable food system among the food and hospitality industry. The One Planet Plate campaign, comprising 12 workshops, was well attended by over 50 participants from the industry including Hysan's F&B tenants. The workshops helped to raise over HK\$35,000 for WWF-Hong Kong.

During the Christmas season, Hysan and LGA partnered with 12 Fair Trade vendors from Fair Trade Hong Kong and organized a successful Christmas market featuring Fair Trade products for hundreds of our community shoppers.



Community Health and Wellness

In early 2020, LGA held a Cheers Around Lee Gardens Community Campaign that encourage local SME businesses to produce social media videos with positive messages during peak COVID period. During the year, LGA also launched two significant online wellness projects. In April, LGA invited health and fitness influencers to lead Wellness Live for Charity, a series of online charity high intensity interval training (“HIIT”) and yoga sessions. These attracted a total of 8,860 online views and raised over HK\$27,000 for Save the Children Hong Kong’s COVID-19 support work. Later in August, we engaged 10 yoga and fitness teachers from our community businesses to lead the [#StayWellTogether – Workout at Home Series](#), attracting a total of 26,000 online views on social media platforms.



Family and Children

The outbreak of COVID-19 in 2020 seriously impacted many people’s physical, mental and financial health. LGA’s [Power Up Your Weekend](#) campaign in May featured promotional activities for Lee Gardens retail tenants and injected positive energy into the community. The campaign included a rare 2020 street event, hosting street music performance, family-friendly entertainment, with cheerful installations decorating the area.

Hysan also launched its first children’s academy during the challenging year of 2020. [The Xplore academy](#) teamed up with quality partners to provide a wide range of activities and learning experiences to young children aged 3 –10 years old. During the reporting period, we held workshops on topics such as sports, sustainability, creativity and culinary arts, and helped close to 100 young members unleash their potential despite COVID-related scheduling difficulties.



Arts and Culture

Hysan believes that art and culture is part of our everyday lives and should be easily accessible to all. As part of this vision, our Inclusive Art and Culture Programme (普普文化) regularly invites visitors to enjoy different art and cultural events throughout the Lee Gardens Area. We have also transformed the art and living space Urban Sky on 9/F Hysan Place especially for this purpose. During the reporting period, we hosted and provided venue sponsorship for:



- The Cityscape: Hysan's management trainees commissioned various local artists to craft a four-story tall paper artwork with light and sound to represent Hong Kong's unique cityscape.



- Showcase of Jockey Club ICH+ Innovative Heritage Education Programme: Over 1,000 examples of traditional handicrafts and folk arts, co-created by teachers and students, were exhibited at Hysan Place and in the Lee Gardens neighborhood.

- Hysan Mural Design Competition 2020 and Design Showcase: This competition attracted dozens of talented local artists to share their creative perspective and imagination of the city based on themes such as sustainability and wellness. The two winning works became giant murals on the walls of Lee Garden Two and Leighton Centre.



- Hong Kong Young Fashion Designers' Contest: This event supported and showcased the latest winning collections of local up-and-coming designers who aim to launch their own labels.



- disCONNECT HK: Hysan and LGA joined HK Walls and Schoeni Projects to present a COVID-themed art exhibition, which explored the feeling of alienation during the pandemic. This exhibition and its London counterpart featured live painting sessions, community tours and panel discussions.

NGO Partnership, Venue & Media Support

Throughout the year, Hysan continued to provide venue and media support to more than 10 NGOs and other partners, addressing health, environment, poverty, cultural and other sustainability issues. Our collaboration efforts with Fair Trade Hong Kong, an NGO which promotes ethical consumption and production, were recognized and Hysan was honoured to receive "Gold Award" of Fair Trade Award 2020/21.

Staff Volunteering

The disruptions caused by COVID-19 even impacted Hysan's volunteering schedule. Despite the difficulties of organizing events and visits, the Volunteering Team spent a total of 342 person-hours on pandemic relief measures such as packing hygiene kits and making facemasks, as well as caretaking activities at animal shelters.



Tenant Relations

Hysan maintains strong relationships and partnerships with our valued tenants. We conduct regular meetings and satisfaction surveys with our tenants to better understand their needs. In 2020, we provided green fit-out guides and light sensors for office tenants' design and interior fit-out works. We also organized regular focus groups and individual meetings with our retail tenants on marketing and promotional support and exposure. Additionally, we partnered with our tenants on waste recycling and food waste collection, as well as furniture donations to NGOs. For residential tenants, we have set up a food waste decomposer which recycles organic waste into compost for their urban farming sessions.



Foster Partnership with our People



TARGETS



20% increase in average annual hours dedicated to employee health and wellness

2020 PROGRESS



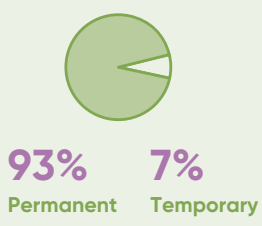
166% increase with additional **330** hours invested in health and wellness programme compared with 2019

At Hysan, we are dedicated to building a diverse and inclusive workforce, and to treating our people fairly and helping them realize their full potential. At the heart of our efforts is a drive to build a vibrant workplace full of talented individuals who thrive on being a part of something larger than themselves. This sense of belonging encourages employees to take pride in their work, stay supportive of their colleagues and be inspired by the larger role and impact we as a company have on the community.

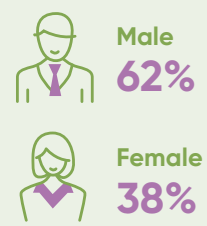


As of 31 December 2020,
Hysan had a total of **500** Employees

By employment contract



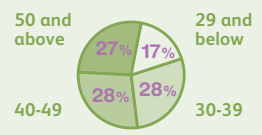
By gender



By geographical region



By age group



Percentage of managerial positions held by women



Employee Health, Safety and Well-being

Protecting our Employees throughout the COVID-19 Period

We implemented timely measures to protect our employees from the risk of COVID-19, such as providing protective and sanitizing equipment in the office, sharing the latest healthcare insights, and proactively sharing information and tips on maintaining efficiency and productivity when adopting flexible working arrangements. During the reporting period, we organized health screenings and workplace massage, and arranged flu vaccinations and health talks for employees. We have also showed our appreciation to our dedicated frontline property services employees for keeping our premises safe and hygienic on our internal communication newsletter – The Hysan People. Hysan also worked closely with a third-party non-governmental organization to implement an Employee Assistance Programme, which provided professional counselling and consultation services for employees and their family members on stress and anxiety issues arising from both work and personal life.



FOSTER PARTNERSHIP WITH OUR PEOPLE



Health and Safety Management and Training

During the reporting period, we reviewed and updated our [Health and Safety Policy](#) and conducted special-topic training for our frontline and media-facing employees given the challenges of the year. We reviewed and extensively updated our Accident, Incident and Emergency Manual, which sets out the standards and procedures for our employees to handle emergency and crisis situations professionally. Our Safety Committee meets regularly to review and develop our safety strategy, and reports to senior management on issues and plans. The main Safety Management Plan is complemented by regular third-party safety audits of building operations.

We provided 2,137 training hours on safety and health topics during the reporting year, keeping our frontline employees abreast of the latest work safety guidelines and requirements from the government and updating emergency handling procedures and contractors' safety instructions and safety precautions related to day-to-day operations and assistance for customers and tenants.

Safety on Construction Sites

We communicate our health and safety standards to contractors via tender documents and method statements, and continuously monitor their implementation of standards on site through routine site

inspections. At our Tai Po Residential Development Project, all workers entering the site were registered and provided with site induction training and daily morning safety briefings that include emergency responses and preparedness. Hysan also engaged an external safety consultant to conduct bi-weekly inspections of the site and issued professional advice to the contractors for follow-up actions. We aim to reduce our accident frequency rate to less than 2% and zero work-related fatalities.



Equal Opportunity, Diversity and Inclusion

In 2020, we adopted a [Human Rights Policy](#) that aligns Hysan's business practice with the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. Together with our Code of Ethics and Respect for People Policy, the Policy highlights our commitment to respect our employees and their rights as well as promoting equal opportunity, inclusiveness and diversity within our business operations. We recruit Management Trainees from all over the world, and we are proud to have employees of different nationalities.

5. Covers our renovation, alternation and Tai Po Residential Development projects.

No employee or applicant for employment will be discriminated against directly or indirectly on grounds of gender, marital status, family status, pregnancy, disability, age, sexual orientation, race, colour, descent, nationality, ethnic origins or religion with respect to recruitment, promotion, demotion, transfer, termination, rates of pay/wages or other forms of compensation and training. A grievance handling procedure is also covered in the Respect for People Policy, which clearly sets out the reporting structure and responsible parties. All complaints will be investigated thoroughly and handled with confidentiality.

Our Employment and Staff Policy stipulates the way we manage human resources for all employees in terms of recruitment, performance management, compensation and benefits such as overtime work, statutory and special leave (such as birthdays, studies, marriages, and paternity time), medical coverage and retirement benefits. During the reporting period, we further upgraded the medical and dental insurance plans to provide enhanced protection to all employees.



Keith Pang

Senior Officer, Property Management
Hysan Development

“Hysan always puts health and safety high on its agenda and the company’s swift response to COVID-19 in Hong Kong clearly demonstrates its care for its stakeholders. The latest is to provide air purifiers for all our F&B tenants and the plan was already in place before the government announced the stringent regulations. We really do go the extra mile.”

“Under COVID-19, we redoubled our effort to maintain a safe environment for our customers and I am thrilled that our efforts are recognized by our warm customers. The extra hardware help, too, like the escalator handrail sterilizers and the disinfection facilities for staff. Just happy to be part of the team to help keep the community safe.”



Hui King Chun

Cleaning Supervisor
Lee Garden One





Talent Engagement and Development

Hysan has various recruitment programmes to strengthen the Company’s talent pipeline:

- **Management Trainee Programme:** We recruit university graduates and help them build all-round business skills and perspective through structured rotation among departments. Since 2017, we have recruited 14 young talents, and they were offered placements that match their career aspiration after completing the programme.
- **Three-year Apprenticeship Scheme⁶:** We hire young apprentices with educational attainment at sub-degree level or below and provide them with comprehensive building management technical training covering air-conditioning, plumbing, electricity and fire prevention. The apprentices with satisfactory performance are offered permanent employment with Hysan.



Learning and Career Development

The pandemic has changed our ways of learning. Flexible working arrangements, in particular working from home, led us to step up our game in stimulating employees’ learning interests. We continued to explore different innovative learning methodologies and tools in order to achieve the best learning effectiveness. Our ultimate aim is to equip our employees with skills and knowledge in line with changing business needs and market growth. The tools below helped make our learning programmes more effective in 2020:

- **Hysan Learner Reward Scheme:** a newly launched scheme in 2020 to encourage continuous development. “Learning Credits” would be granted when employees participated in learning activities. Upon reaching certain credits levels, employees could redeem prizes such as bookstore coupons, an additional training sponsorship quota, and theme-park tickets.
- **Lunch and Learn:** monthly lunchtime talks featuring external professionals sharing insights on a range of topics, from mental health, sustainable lifestyle, balanced diet to smart technology and wealth management. Employees’ post-learning feedback and suggestion are considered in deciding future topics.
- **Hysan Mobile Learning Platform:** 200+ online learning modules with live videos and interactive features on industry knowledge, client relationship, workplace diversity, marketing, positive mindset, sustainability and environmental conservation, compliance, and health and safety. Employees can



6. We also support the Labour Department of Hong Kong SAR Government’s Young Employment and Training Programme through our Apprenticeship Scheme.



learn anytime, anywhere, and at their own pace. During the reporting period, a learning campaign featuring three home-made mini movies was launched to enhance employees' soft skills on leadership, emotional control and team collaboration.

- **Hysan Forum:** internal subject-matter experts from different business functions share the latest business trends and industry knowledge in their areas. During the reporting period, one session of "Exploring the Future of Customer Journey" was held.
- **Training and Education sponsorship:** provides financial support to employees who pursue external professional training (such as seminars, workshops, and academic qualifications) that supports their career development.

Performance Management

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



Internal Engagement

To cultivate a caring and lively atmosphere in the workplace, we organized festival celebrations and a wide variety of after-work activities. Moreover, we have developed multiple initiatives and channels to encourage open communication and respect for different opinions and diversity among employees:

Hysan Pulse: a self-developed intranet to provide a one-stop information platform for different teams to share the latest company happenings and events, new learning initiatives, tips on physical and mental wellness, sustainability news, market trend and business insights among other topics.

Hysan Wall: a channel to reach out and recognize employees' voices by sharing their thoughts and ideas on different company related issues and trends.

Hysan Mart: a platform for employees to trade, exchange or donate unwanted/used items, which promotes a sustainable lifestyle and the concept of reuse in the workplace.

The Hysan People: a quarterly newsletter that aims to share inspiring stories of our employees, promote mutual understanding, show appreciation, and learn from each other. Four editions were published in the reporting period covering topics like Heroes fighting COVID-19, and Inclusion & Diversity (covering ethnicity issues) among others.



Establish Strong Corporate Governance



E STABLISH STRONG CORPORATE GOVERNANCE



TARGETS



Disclose and maintain/improve our performance in major sustainability benchmarks and indices, reflecting the latest ESG requirements and expectations from investors



Strengthen our position in sustainable and green finance through both innovative and traditional finance instruments

2020 PROGRESS



Rated “**three stars**” in the GRESB assessment, “**AA**” in the Hang Seng Corporate Sustainability Index and, “**A**” in MSCI ESG Ratings, and remained a constituent member of the FTSE4Good Index Series



Launched the first sustainability-linked derivative hedging solution among Hong Kong real estate companies in October 2020



ESG Ratings and Awards

In 2020, our ESG efforts gained recognition in major sustainability ESG benchmarks and indices:



Achieved **three-star** rating and received **"Green Star"** designation in the Global Real Estate Sustainability Benchmark ("GRESB")



Hang Seng Corporate Sustainability Index Series Member 2020-2021

Received **"AA"** Rating in Hang Seng Corporate Sustainability Index



Received **"A"** Rating in MSCI ESG Ratings assessment



FTSE4Good

Remained a **constituent member** of the FTSE4Good Index Series



Risks Management and Internal Control

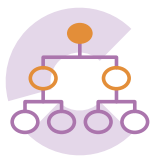
Hysan has adopted a risk management and internal control model which is based on that of the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in the U.S. and tailored to fit our business and organizational structure. ESG risk assessment is a key focus under this framework. Hysan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

During the reporting period, the half-yearly compliance reporting was conducted electronically, through which compliance and connected transactions reporting were signed off by all department heads for 1st and 2nd half of 2020. To strengthen management's assurance to the Audit and Risk Management Committee and the Board, self-assessment questionnaires on internal control effectiveness were distributed to all departments at the

end of 2020. Department heads were required to review and verify the effectiveness of their departmental controls, including the identification of any control issues. ESG-related risks are also covered in the annual risk assessment process of the Group. Departments/units highlight key sustainability risks in their portfolio and assess the risk level in the aspects of likelihood, impact and risk velocity based upon a defined risk-scale system. The final risk assessment, including those ESG-related risks, is summarized and shared to Board-level Audit and Risk Management Committee, Sustainability Committee and Management-level Risk Management Committee as a whole.

For details of the risk management and internal control activities on ESG related matters, please refer to Risk Management Committee section in the annual report.





Corporate Governance Structure

The Board is our highest governance body and assumes the responsibility of promoting success of the Group and ensuring the effectiveness and adequacy of the Group’s corporate governance system.

The Board is supported by 4 Board Committees, with the Sustainability Committee and Audit and Risk Management Committee mostly involved in ESG matters. The Executive Committee and Management Committees are empowered with the implementation and execution of the business goals and strategies as determined by the Board.

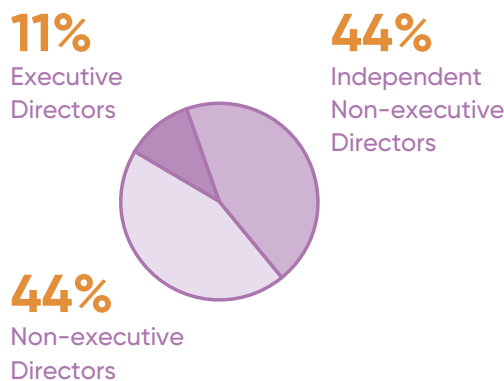
Hysan recognizes the importance of diversity among its Board members, and regularly reviews and enhances the Diversity Policy (updated in January 2021). The Diversity Policy requires the Nomination Committee to annually review the following and report to the Board:

- structure, size and composition of the Board; and
- diversity of background, skills, and experience (including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board.

As at 31 December 2020, there were 9 directors on the Board: the Chairman and 8 non-executive directors (including 4 independent non-executive directors). Our Board, comprising 7 male directors and 2 female directors, is committed to improving gender diversity as and when suitable candidates are identified.

Our directors are from diverse and complementary backgrounds, including strategic planning, risk management, ESG, financial services and investment, financial acumen, customer and retail, people and culture, international and mainland China backgrounds, property investment and technology. As at 31 December 2020, the Nomination Committee was satisfied as to the composition, size, diversity, commitment, and independence of the Board. For details of the Board and the Group’s corporate governance system, please refer to Corporate Governance Report section in the annual report.

The Board



Compliance and Whistleblowing

Hysan is committed to maintaining a high standard of integrity and ethical behaviour in its business practices. Hysan believes that a reputation for honesty, trustworthiness and fair play is an important business asset and is essential to the long-term growth and success of the company.

Our Code of Ethics covers a wide range of areas, including conflict of interest, bribery, competition and antitrust, privacy compliance, and equal opportunities. All directors, officers and employees of the Group are required to fully comply with the Code of Ethics. Each of them is required to confirm that he or she has read and understood the Code upon recruitment.

Our Policy of Compliance sets out clear procedures for ensuring compliance. Each business unit is required to report any irregularity or non-compliance immediately to the compliance team. In addition, each business unit has to submit full compliance reports twice a year, which will be reported to the Audit and Risk Management Committee.

To ensure that our business affairs are operated in compliance with our corporate policies and applicable laws, we have long maintained a whistleblowing policy that allows anyone within the Group to report any irregularity or non-compliance to an independent third party, and ensures whistleblowers will be treated fairly and with legal protection. No material whistleblowing case was reported in the year of 2020.





Enhancements in 2020

Establishment of Sustainability Committee

Sustainability is vital in promoting our Group's corporate governance. With the aim of promoting long-term sustainable growth, we established the Sustainability Committee in 2020. During its first year, the Sustainability Committee made significant impact on Hysan's sustainability journey. The Committee stimulated a stronger commitment and more collaboration from business units to work towards shared sustainable development goals, ESG-related risk management and climate change matters aligning with our "LIFE" strategy.

For the details of the Sustainability Committee's activities, please refer to the Sustainability Committee Report section in the annual report.



Data Protection Review

Hysan respects personal data privacy and is committed to implementing and complying with data protection principles under the Personal Data (Privacy) Ordinance of Hong Kong. In 2020, we conducted a comprehensive data protection review amongst the major business units. The results revealed that our internal controls and handling of personal data were adequate and satisfactory.

The relevant business units were required to disclose their personal data collection, use, storage, and retention procedures and practices, which were carefully reviewed and vetted against our relevant corporate policies and statements.

Subsequent to the personal data review, over 10 of our corporate policies and statements were enhanced to address business developments and legal updates, including:

- Group-wide internal privacy compliance policy
- Departmental internal privacy compliance procedures
- Various public Personal Information Collection Statements
- Group-wide public Privacy Policy Statement

Comprehensive trainings were given through our group-wide Hysan Mobile Learning platform, as well as to targeted audience through our interactive online platform.

Cyber Security

As data communication between systems and data exchange among applications increases, Hysan has put policies in place to safeguard the security of our system, network and data. We engage third-party professionals to conduct regular audit of our cyber security risk management and mitigation plan. During the reporting period, we further enhanced our cyber resilience by performing vulnerability scanning and assessment and by implementing multiple layers of security control and protection for our internal systems.



Compliance Policies

All directors, officers and employees of the Group are required and expected to strictly comply with all applicable laws and regulations. Our Policy of Compliance sets out clear procedures for ensuring compliance and reporting non-compliance for all departments to adhere.

To further enhance our corporate governance, we formulated and adopted the following policies in 2020 and early 2021:

- Anti-Fraud Policy – our Group strictly prohibits acts of fraud, and is committed to the prevention, deterrence, detection and investigation of all forms of fraud. This new umbrella policy sets out our fraud handling responsibilities and principles together with comprehensive long standing fraud handling policy and procedures to control and aid in the detection and prevention of fraud.
- Human Rights Policy – Hysan is committed to a fair, inclusive, diverse and supportive workplace. This policy sets out our principles and labour practices.
- Tax Governance Policy – Hysan has developed a Tax Governance Framework to provide guidance on how its tax affairs should be managed. This policy sets out the group’s principles of the Tax Governance Framework.

In addition, Hysan has made advancements to a wide range of more than 10 of compliance policies to capture best practices, including the following:

- Diversity Policy*
- Nomination Policy*
- Corporate Governance Guidelines*
- Schedule of Corporate Matters reserved for the Board*
- Auditor Services Policy*
- Terms of Reference for Audit and Risk Management Committee*
- Terms of Reference for Remuneration Committee*
- Terms of Reference of Nomination Committee*
- Terms of References for Sustainability Committee*
- Competition Compliance Policy
- Personal data policies (please refer to “Data Protection Review” section)



Continual Structured Compliance Trainings

During the year of 2020, Hysan made use of various digital means, including our unique Hysan Mobile Learning, to deliver compliance trainings to Hysan’s personnel. The training materials were designed to be easy-to-comprehend and can be accessed by our personnel any time at their own convenience.



1,595 cumulative training hours dedicated to group-wide compliance training

A total of 1,595 training hours were accumulated in the year of 2020, with topics ranging from data protection, directors’ duties, connected transactions, anti-corruption, anti-competition law, corporate disclosure, privacy workshop, risk management, leasing protection, tenancy law, and non-disclosure agreement. These trainings were particularly useful for the necessary knowledge and awareness required for big data projects and dealing with the uncertain market conditions.

In October 2020, we organised a Corporate Disclosure drill with the support of external professionals to deepen the knowledge of key responsible departments. Through this drill, our personnel were able to understand more about the sensitivity of inside information and the assessment procedures.

Following our privacy review and changes to the data protection policies, as well as the changes to the Competition Compliance Policy, we have provided or updated our trainings to refresh knowledge in accordance with the relevant changes.

* please refer to our corporate website – [Group Policies and Governance Guidelines](#) for policy details.



Green and Sustainable Finance

Our green and sustainable finance journey began in 2018 when we established our [Green Finance Framework](#) (the “Framework”). The Framework is referenced to the Green Bond Principles and Green Loan Principles and was reviewed by Sustainalytics, an independent environmental, social and governance research, ratings and analysis firm. The Framework drives the creation of quality buildings with green and sustainable features as well as initiatives that support our Environmental Policy. In 2019, we issued HK\$1,550 million of green bonds, with the total net proceeds being fully allocated to our green building category.

In October 2020, we launched the first-ever sustainability-linked derivative hedging solution from a Hong Kong real estate company which also featured the longest ESG KPI commitment duration executed in Asia, marking a significant development for the company’s sustainable finance ambitions. This transaction was featured as a case study for the Hong Kong Stock Exchange’s Sustainable & Green Exchange (“STAGE”) and was also



recognized as “the Most Innovative Deal” in the “Deal of the Year – Real Estate” in The Asset Triple A Sustainable Capital Markets Regional Awards 2020. Under the terms of a near-15-year sustainability-linked hedge of US\$125 million, Hysan commits to:

1. Remain a constituent member of the Hang Seng Corporate Sustainability Benchmark Index, which ranks the top 20% of Hong Kong companies according to their sustainability performance on broad metrics, for the period of 2021 – 2024.
2. Reduce its energy consumption by 20% by 31 December 2024.



We recognize the critical role that the real estate sector must play in fighting climate change, given that buildings consume around 90% of Hong Kong’s electricity and generate over 60% of all its carbon emissions. These undertakings signal our company’s commitment to continue to contribute to this increasingly important area.



Ricky Lui
Chief Operating Officer



Appendix 1: Three-year Performance Data

		2020	2019 ¹	2018
Energy Consumption				
Town gas	Unit	1,858 ²	5,390	5,796
Petrol ³	Litres	2,821	4,055	–
Diesel ⁴	Litres	4,152	3,324	4,410
Purchased Electricity – Total	Mwh	50,788	53,938	51,706
Head Office	Mwh	347	365	–
Properties in Hong Kong ⁵	Mwh	50,441	53,573	51,706
Refrigerant refilled ⁶	Kilograms	818	1,645	733
Refrigerant recycled ⁷	Kilograms	185	200	200
Direct Energy Consumption (Town gas + Petrol + Diesel)	Mwh	92	142	121
Total Energy Consumption	Mwh	50,880	54,080	51,827
Energy Intensity	Mwh/ft ²	0.011	0.012	0.011
Greenhouse Gas (“GHG”) Emission⁸				
Total Emission	Tonnes of carbon dioxide equivalent (“tCO ₂ e”)	35,576	37,560	40,903 ⁹
Intensity	tCO ₂ e/ft ²	0.0078	0.0082	0.0090
Scope 1 ¹⁰	tCO ₂ e	23	42	30
Scope 2 ¹¹	tCO ₂ e	41,139	43,154	40,873
Scope 3 ¹²	tCO ₂ e	(5,781)	(5,636)	–
GHG Offset/Removal ¹³	tCO ₂ e	(5)	–	–
Water Consumption				
Municipal water consumption	m ³	251,860 ¹⁴	241,415	242,237
Intensity	m ³ /ft ²	0.06	0.05	0.05
Waste¹⁵				
Waste Recycling (Non-hazardous waste)				
Total	Tonnes	1,287	1,286	1,247
Paper	Tonnes	1,237	1,213	1,193
Metal	Tonnes	3	3	3
Glass	Tonnes	3	4	9
Plastic	Tonnes	9	4	3
Food waste	Tonnes	32	59	35
Clothing donation	Tonnes	3	3	4
Waste Disposal (Non-hazardous waste)				
Commercial waste	Tonnes	4,614 ¹⁶	4,405	4,426
Waste Recycling (Hazardous waste)				
Fluorescent tubes	Kilograms	2,192	1,100	426

Notes

- Head office operations have been included in the reporting scope since 2019.
- Facilities using town gas were not in service during most of 2020 due to pandemic measures.
- Petrol was not tracked in 2018 as it is used by Head Office only, which was not in the reporting scope until 2019.
- Diesel was used for routine maintenance and checking of emergency generators.
- Electricity consumption refers to the provision of services in common areas of our office, retail and residential properties.
- Refer to refill of refrigerants containing HCFCs and HFCs.
- We continue to remove all appliances using R12 from our portfolio, sending the unused R12 to a licensed collector.
- Calculations were made in reference to Appendix 27 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.
- Only Scope 1 and 2 were reported. Data has been adjusted to reflect the actual situation.
- Scope 1 emissions included town gas, diesel, petrol and refrigerant.
- Scope 2 emission included purchased electricity and town gas.
- Scope 3 emission included paper recycling and electricity used for processing fresh water and sewage. Emission from the Group’s business air travel was insignificant.
- GHG offset/removal included renewable energy generation from our solar PV system at Hysan Place.
- It should be noted that water consumption related to tenants and shoppers was generally lower in 2020. However, as part of our pandemic measures, greater amount of water was consumed for cleaning and disinfection purposes, alongside the adoption of modified data collection methods.
- Sources of waste were collected from head office, tenant and common areas, unless otherwise specified.
- Data collected from Bamboo Grove and Head Office operations have been included.

		2020	2019	2018
Workforce (as of 31 December 2020)				
Total		500	514	485
by Gender	Male	310	317	301
	Female	190	197	184
by Employee Type	Full-time	500	514	485
	Part-time	0	0	0
by Employee Category	Head Office Employee	189	197	191
	Principal Operating Subsidiaries	311	317	294
by Age Group	Aged 29 or below	86	98	92
	Aged 30-39	142	143	145
	Aged 40-49	138	138	130
	Aged 50 and above	134	135	118
by Geographical Region	Hong Kong	500	514	485
Employee Turnover Rate				
by Employee Category	Head Office Employee	7 %	18 %	29 %
	Principal Operating Subsidiaries	13 %	19 %	24 %
by Gender	Male	9 %	16 %	24 %
	Female	14 %	20 %	29 %
by Age Group	Aged 29 or below	20 %	32 %	37 %
	Aged 30-39	13 %	20 %	23 %
	Aged 40-49	9 %	18 %	30 %
	Aged 50 and above	4 %	6 %	16 %
by Geographical Region	Hong Kong	10 %	18 %	26 %
Total Training Hours¹⁷		9,430	12,069	7,779
Total Training Hours on Safety and Health Related Topics		2,137	2,015	1,814
Average Training Hours Completed per Employee				
by Employee Category	Head Office Employee	20.59	20.39	11.05
	Principal Operating Subsidiaries	16.06	25.40	20.10
by Gender	Male	11.63	–	–
	Female	19.44	–	–
Percentage of Employees Trained				
by Employee Category	Head Office Employee	100 %	–	–
	Principal Operating Subsidiaries	100 %	–	–
by Gender	Male	100 %	–	–
	Female	100 %	–	–
Injury Rate				
Employee		3.40 %	2.14 %	2.89 %
Contractor ¹⁸		0 %	0 %	0 %
Work-related Lost Days due to Injuries		204	174	406
Work-related Fatality rate		0	0	0

Notes

17. All employees under the reporting scope are included in the calculation of training data.

18. Covers our renovation, alternation and Tai Po Residential Development projects.

Appendix 2: Sustainability Awards and Recognition

Carbon Reduction Charter – Carbon Audit • Green Partner

Environment Bureau, Hong Kong SAR Government

Low Carbon Charter – Pathway 1 Signatory

Business Environment Council

Energy Saving Charter Signatory

Electrical and Mechanical Services Department, Hong Kong SAR Government

Food Wise Charter Signatory

Environmental Protection Department, Hong Kong SAR Government

Wastewi\$e Certification – Excellent and Good Level

Environmental Campaign Committee

E-waste Recycle Campaign

WEEE • PARK

Indoor Air Quality Certificate Awards – Excellent and Good Class, 10 Years Commitment

Environmental Protection Department, Hong Kong SAR Government

Umbrella Bags Reduction Accreditation Scheme – Gold Level

Greeners Action

Quality Water Supply Scheme for Buildings – Fresh Water (Management System) Certificate

Water Supplies Department, Hong Kong SAR Government

Quality Water Supply Scheme for Buildings – Flushing Water Certificate

Water Supplies Department, Hong Kong SAR Government

Fair Trade Award 2020/21 – Gold Award

Fair Trade Hong Kong

Sustainable Procurement Charter – Established Member

The Green Council

Mental Health Workplace Charter – Mental Health Friendly Organisations

Department of Health, Labour Department and Occupational Safety and Health Council, Hong Kong SAR Government

2020 International ARC Awards – Silver Award (Sustainability Report) and Honours Award (Annual Report)

MerComm, Inc.

2020 Best Annual Reports Awards – Honourable Mention (Annual Report)

Hong Kong Management Association

Investor Relation Awards 2020 – Best IR Company, Best Annual Report, Best ESG-E, Best ESG-S, Best ESG-G (Mid Cap)

Hong Kong Investor Relations Association

2020 ALB Hong Kong Law Awards by Thomson Reuters – Winner of Construction and Real Estate In-House Team of the Year and Finalist of Compliance and Risk Management In-House Team of the Year

Asia Legal Business

HKICPA's Best Corporate Governance Awards 2020 – Platinum Award (Non-Hang Seng Index – Medium Market Capitalization Category)

Hong Kong Institute of Certified Public Accountants

Triple A Sustainable Capital Markets Regional Awards 2020 – Most Innovative Deal – Deal of the Year (Real Estate)

The Asset

Appendix 3: HKEx ESG Reporting Guide Index

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

A. Environmental	Reference in this report
A1 Emissions	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Climate Resilience – Environmental Management System <p>In 2020, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>We regularly monitor the indoor environmental quality such as temperature, humidity, air movement, carbon dioxide, particular matters, ozone, airborne bacteria, etc. Our air-handling units (“AHUs”) are equipped with high efficiency filters for better filtration of environmental contamination and fresh indoor air. At Hysan Place’s Sky Garden, shoppers can also enjoy a breath of fresh air in this open and spacious terrace decorated with water fountains, eco-exercise-bike chargers and greenery.</p>
<ul style="list-style-type: none"> KPI A1.1 The types of emissions and respective emissions data 	<p>In 2020, there were 0.04kg sulphur oxides (“SOx”), 0.90kg of nitrogen oxides (“NOx”), and 0.07kg of particulate matter (“PM”) emitted from our consumption of towngas, petrol and diesel in 2020.</p>
<ul style="list-style-type: none"> KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity 	<ul style="list-style-type: none"> Appendix 1: Three-year Performance Data
<ul style="list-style-type: none"> KPI A1.3 Total hazardous waste produced and intensity 	
<ul style="list-style-type: none"> KPI A1.4 Total non-hazardous waste produced and intensity 	
<ul style="list-style-type: none"> KPI A1.5 Description of emission target(s) set and steps taken to achieve them 	<ul style="list-style-type: none"> Our Sustainability Strategy Climate Resilience – Environmental Management System
<ul style="list-style-type: none"> KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them 	<ul style="list-style-type: none"> Energy Efficiency and Renewables Waste Management
A2 Use of resources	
<ul style="list-style-type: none"> General Disclosure 	<ul style="list-style-type: none"> Climate Resilience – Environmental Management System Energy Efficiency and Renewables Green Buildings Waste Management Water Conservation
<ul style="list-style-type: none"> KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity 	<ul style="list-style-type: none"> Appendix 1: Three-year Performance Data
<ul style="list-style-type: none"> KPI A2.2 Water consumption in total and intensity 	
<ul style="list-style-type: none"> KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them 	<ul style="list-style-type: none"> Our Sustainability Strategy Energy Efficiency and Renewables
<ul style="list-style-type: none"> KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them 	<ul style="list-style-type: none"> Water Conservation <p>In 2020, we did not encounter any problems in sourcing water and no untreated wastewater was discharged from our daily operations.</p>
<ul style="list-style-type: none"> KPI A2.5 Total packaging material used for finished products 	<p>Not applicable as our business operations do not involve any packaging.</p>
A3 The environment and natural resources	
<ul style="list-style-type: none"> General Disclosure KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them 	<ul style="list-style-type: none"> Climate Resilience Sustainability Governance
A4 Climate Change	
<ul style="list-style-type: none"> General Disclosure KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them 	<ul style="list-style-type: none"> Sustainability Governance Climate Resilience Risk Management and Internal Control

B. Social

Reference in this report

Employment and Labour Practices	
B1 Employment	
<ul style="list-style-type: none"> • General Disclosure 	<ul style="list-style-type: none"> • Equal Opportunity, Diversity and Inclusion • Internal Engagement <p>In 2020, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>As a company that treats its employees with fairness and respect, we observe the right of association, and ensure our employees enjoy the freedom to join trade unions. We did not identify any material breach of any right to exercise freedom of association and freedom to join trade unions in our core operations in 2020.</p> <p>We believe in the need for dialogue between the management and other employee members on company issues, even though there is no official collective bargaining policy, nor are we a party to any collective bargaining agreement.</p>
<ul style="list-style-type: none"> • KPI B1.1 Total workforce by gender, employment type, age group and geographical region 	<ul style="list-style-type: none"> • Appendix 1: Three-year Performance Data
<ul style="list-style-type: none"> • KPI B1.2 Employee turnover rate by gender, age group and geographical region 	
B2 Health and safety	
<ul style="list-style-type: none"> • General Disclosure 	<ul style="list-style-type: none"> • Employee Health, Safety and Well-being <p>In 2020, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p>
<ul style="list-style-type: none"> • KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year 	<ul style="list-style-type: none"> • Appendix 1: Three-year Performance Data
<ul style="list-style-type: none"> • KPI B2.2 Lost days due to work injury 	
<ul style="list-style-type: none"> • KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored 	<ul style="list-style-type: none"> • Employee Health, Safety and Well-being
B3 Development and training	
<ul style="list-style-type: none"> • General Disclosure 	<ul style="list-style-type: none"> • Talent Engagement and Development • Continual Structured Compliance Trainings
<ul style="list-style-type: none"> • KPI B3.1 The percentage of employees trained by gender and employee category 	<ul style="list-style-type: none"> • Appendix 1: Three-year Performance Data
<ul style="list-style-type: none"> • KPI B3.2 Average training hours completed per employee by gender and employee category 	
B4 Labour standards	
<ul style="list-style-type: none"> • General Disclosure 	<ul style="list-style-type: none"> • Equal Opportunity, Diversity and Inclusion • Enhancements in 2020 – Compliance Policies • Corporate website – Group Policies and Governance <p>In 2020, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>We believe our property investment and management business (primarily in Hong Kong) has a very low risk profile 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. We did not identify any breach in the said areas in 2020.</p> <p>Please make reference to our Human Rights Policy on our corporate website for further details.</p>
<ul style="list-style-type: none"> • KPI B4.1 Description of measures to review employment practices to avoid child and forced labour 	
<ul style="list-style-type: none"> • KPI B4.2 Description of steps taken to eliminate such practices when discovered 	

Operating Practices

B5 Supply chain management

- General Disclosure

- KPI B5.1 Number of suppliers by geographical region

- KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored

- KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored

- KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored

- Managing our Supply Chain

In our daily operation, Hysan supports green procurement measures such as purchasing Forest Stewardship Council ("FSC") certified office paper products, paper towels made with 100% recycled materials, electrical appliances with energy efficient labels, no or low volatile organic compound ("VOC") paints, and green cleaning products, among others.

All contractors are required to complete the safety briefing and commitment agreement on work safety and risk assessment upon engagement.

For all fitting out works, renovation or reinstatement works, Hysan has set out a standardized House Rules and Fitting Out Guidelines ("Guidelines") to ensure all works comply with applicable statutes, codes, ordinances and regulations, as well as providing safe and fair working conditions. We have also incorporated green initiatives, green design and construction recommendations in the Guidelines to promote sustainable practices for construction activities, water use, energy monitoring and performance, ventilation and thermal comfort, and material and product selection.

B6 Product responsibility

- General Disclosure

In 2020, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.

In addition to our social media platforms and in-mall digital panels, our Lee Gardens App informs shoppers the newest happenings, promotions, rewards in the area, and offers them an easy and efficient shopping and dining experience through digital vouchers and redemption. Complimentary Wi-Fi service is available in all shopping malls. Our media policy outlines our media liaison guidelines and specifies the procedures and protocol for all publications and advertising materials prior to their release and use, which we believe is an appropriate control mechanism for these areas.

Our shopping malls in the Lee Gardens area are surrounded by extensive network of public transportation like MTR, bus, minibus and tram. Our carparks are featured with touchless parking service and electric vehicle charging stations. Bicycle parking spaces are available at our residential property. We also provide services and facilities to accommodate the needs of family, pregnant and elderly shoppers and those with physical disabilities.

- KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons

There was no recalls of products concerning safety and health reasons that have a significant impact on Hysan.

- KPI B6.2 Number of products and service related complaints received and how they are dealt with

In order to effectively handle complaints and requests from tenants and customers, Hysan has an automated case management system with electronic standard operating procedures ("SOPs") to ensure efficient resolution of cases through real time updates and quick access to information. We also have a standardized customer complaint handling procedure to ensure written requests or complaints shall be answered in a timely manner.

In 2020, there were no substantiated complaints received relating to products and services provided that have a significant impact on Hysan.

- KPI B6.3 Description of practices relating to observing and protecting intellectual property rights

As stated in our Code of Ethics, our employees should protect the Company's intellectual property rights in accordance with the relevant Company's requirements and the applicable laws and regulations. Any intellectual property and technology developed by our employees in the course of their employment is the property of the Company. Employees as users shall ensure these facilities are used in an ethical and lawful manner in accordance with the Company's policies and procedures and applicable laws and regulations.

- KPI B6.4 Description of quality assurance process and recall procedures

Recall procedures are not considered as material to Hysan's operations.

- KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored

- Enhancement in 2020 – Data Protection Review
- Enhancement in 2020 – Cyber Security

Hysan respects personal data privacy and is committed to implementing and complying with data protection principles under the Personal Data (Privacy) Ordinance of Hong Kong. Employees are required to comply with the Ordinance and the Group's privacy compliance policies and procedures.

B7 Anti-corruption

<ul style="list-style-type: none"> • General Disclosure 	<ul style="list-style-type: none"> • Corporate Governance Structure – Compliance and Whistleblowing • Corporate website – Group Policies and Governance <p>In 2020, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>Please make reference to our Code of Ethics, Whistleblowing Policy, Anti-Fraud Policy on our corporate website for further details.</p>
<ul style="list-style-type: none"> • KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases 	<p>In 2020, there were no concluded legal cases regarding corrupt practices brought against Hysan or its employees.</p>
<ul style="list-style-type: none"> • KPI B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored 	<ul style="list-style-type: none"> • Corporate Governance Structure – Compliance and Whistleblowing
<ul style="list-style-type: none"> • KPI B7.3 Description of anti-corruption training provided to directors and staff 	<ul style="list-style-type: none"> • Enhancement in 2020 – Continual Structured Compliance Trainings <p>Anti-corruption training is provided to Directors and all employees, including senior management. In particular, the training materials for Directors has been embedded in a comprehensive memorandum on Directors’ Duties and Responsibilities and is available at a separate portal for Directors for assessing anytime and anywhere. Senior management are reminded of their relevant duties on a half-yearly basis and the training materials can be accessed on our Intranet; All employees are required to complete the anti-corruption training courses within the first three months of their employment. The training materials can be accessed anytime on our mobile learning platform.</p>

Community

B8 Community Investment

<ul style="list-style-type: none"> • General Disclosure 	<ul style="list-style-type: none"> • Community Engagement Programme • NGO Partnership, Venue & Media Support • Staff Volunteering
<ul style="list-style-type: none"> • KPI B8.1 Focus areas of contribution 	
<ul style="list-style-type: none"> • KPI B8.2 Resources contributed 	

Appendix 4: Verification Statement



VERIFICATION STATEMENT

Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been engaged by Hysan Development Company Limited (“Hysan”) to conduct an independent verification of its Sustainability Report 2020 (“Report”). The Report outlines Hysan’s continuous commitments towards sustainability for the period from 1st January 2020 to 31st December 2020.

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

The verified data covered including but not limited to the energy consumption data, greenhouse gas data, water data and waste data for the period of 1 January 2020 to 31 December 2020 of Hysan’s whole portfolio including Lee Garden 1, Lee Garden 2, Lee Garden 3, Lee Garden 5, Lee Garden 6, Hysan Place, Lee Theatre Plaza, One Hysan Avenue, Leighton Centre and Bamboo Grove.

Level of Assurance and Methodology

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

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

Independence

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

Conclusion

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

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

During this reporting year, commitment for continuous improvement has been demonstrated through setting up a Board-level Sustainability Committee which provides long-term direction and strategy on all sustainability matters.

Signed on behalf of Hong Kong Quality Assurance Agency

Jorine Tam
Director, Corporate Business
March 2021

Hysan Development Company Limited
50/F Lee Garden One, 33 Hysan Avenue, Hong Kong
T 852 2895 5777 F 852 2577 5153
www.hysan.com.hk

