

# Driving Change Together

SUSTAINABILITY REPORT 2021

 **Hysan** 希慎

stock code 00014



# About This Report

## Reporting Scope and Boundary

This is the 16th sustainability/corporate responsibility report of Hysan Development Company Limited (Hysan or Group) since 2006. The report presents material sustainability aspects related to the Company's headquarters and our portfolio in Hong Kong.

The Report is prepared in compliance with the disclosure references as set out in the Environment, 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 2021 to 31 December 2021, 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 IV 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](mailto:sustainability@hysan.com.hk)

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# Message from the Executive Director and Chief Operating Officer

The year 2021 saw Hong Kong return to a partial sense of normality following the upheavals of 2020. The government put in COVID-19 containment measures to try to prevent major outbreaks, while the steady progress of its vaccination programme also gave cause for hope.

Hysan contributed to these efforts by partnering with a leading health services provider and a renowned charity to encourage the public to carry out pre-vaccination health checks. We will continue to work closely with relevant authorities in 2022 to urge and enable the community to make vaccination a priority for combatting any pandemic resurgence.

We have also strived to provide the safest possible environment for our stakeholders during these challenging pandemic times. All commercial buildings within our portfolio are now WELL Health-Safety Rating (HSR) certified. Our brand-new office headquarters are also designed based on wellness principles, which has been well received by our staff members.

Hysan has been proactively supporting our tenants since the start of the pandemic. In 2021, an E-commerce platform, *hy!*, was set up for tenants to better engage their customers. Another Hysan measure saw more than 1,000 air purifiers being provided to our restaurant and service industry tenants to help them meet new government air quality standards.

Beyond physical wellness, Hysan recognises mental well-being as a paramount concern of the community. From relaxation sessions during lunch for staff, to urban farming seasons on Hysan Place's rooftop for our neighbours; from instagrammable artwork, cheerful street markets, to heart-stopping skateboarding competitions; Hysan strives to enrich the lives of our stakeholders by bringing forth "normal" slices of life back to Lee Gardens throughout the year.

Healthy communities also depend upon a sustainable and liveable natural environment. For this reason, Hysan has continued to make environmental management, and in particular decarbonisation, a core pillar of its corporate strategies and day-to-day operations. The Group achieved significant headway in this regard during 2021, and will continue to make every effort to develop the right pathway towards a net-zero carbon strategy for Hysan.

Hysan has worked tirelessly to integrate our environmental, social and governance initiatives and they form the basis of our sustainable community business model. We understand, however, that Hysan alone cannot make everything work. We take pride in partnering closely with



our stakeholders through regular dialogue and projects. Hysan and its partners will continue to build Lee Gardens in a smart and sustainable manner.

2021 was a watershed year for Hysan, as the Group made substantial investments both in the familiar environs of Causeway Bay and, in Shanghai. It also secured a wider foothold in the Greater Bay Area with an investment in the flexible workspace sector.

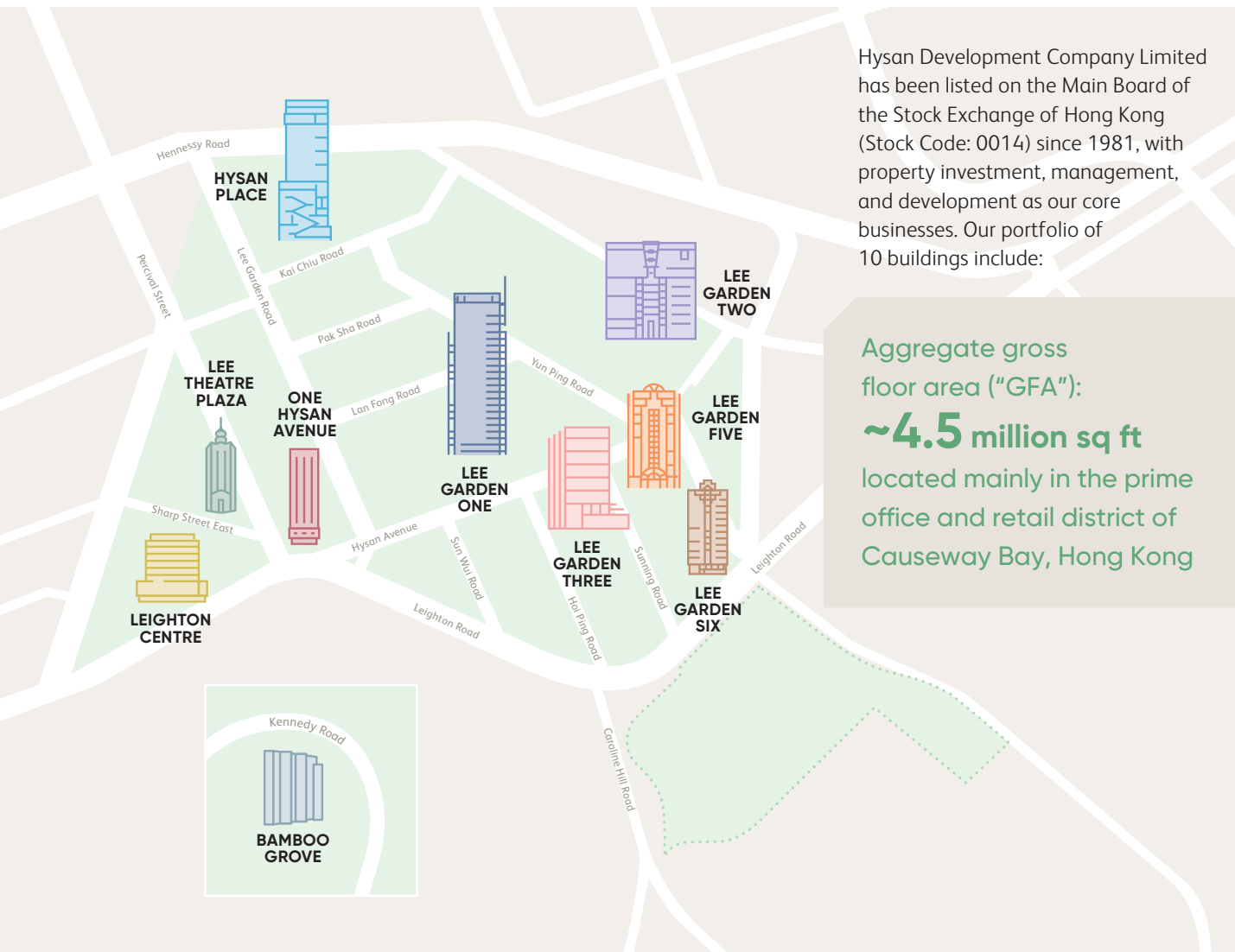
Sustainability will be at the heart of these projects, with a special emphasis on community development. The Caroline Hill Road site in Causeway Bay, for example, will be developed not only as a successful commercial building, but also as an urban oasis which will benefit nearby communities. We also look forward to a future Lee Gardens Shanghai, with the recent acquisition of a commercial complex in the city's Jing'an district serving as the first step of our community building plan.

Thanks to contributions from all members of the Hysan family, the Group continues to improve in the eyes of the world's top sustainability indices and rating agencies. We would like to thank our stakeholders for their continued support during these trying times. In 2022, we will keep striving to make the right choices so that members of our communities can work, live and flourish for years to come.

**Ricky Lui**

*Executive Director and 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 include:

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 S I**  
**S T E S T Y**  
**H Y N H Y**  
**I I I**  
**P P P**

## LEE GARDENS AREA – Showcasing Hysan’s unique sustainable community business model

Framed by Hennessy Road to the north and Leighton Road to the south, the Lee Gardens area in the heart of Causeway Bay is widely renowned as an ideal destination for business and leisure in Hong Kong. Causeway Bay is also home to some of the city’s most tightly knit communities. Some of these have been settled for generations, and while others are only just beginning to put down local roots. The area offers an ever-growing array of fine restaurants, fashion, lifestyle stores, traditional offices, flex workplaces and more.

Hysan’s Lee Gardens offers first class business and retail facilities in the Causeway Bay area. We understand that the way we conduct our business has a significant impact on the urban environment, our neighbourhood and local businesses. As such, we work closely with our stakeholders through regular dialogue and long-term partnerships. Hysan and its partners will continue to build Lee Gardens in a smart and sustainable manner.

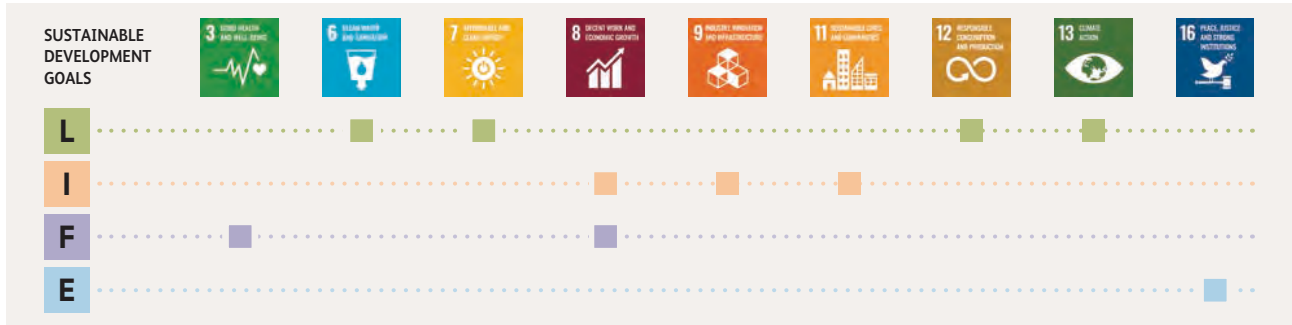




# LIFE – 2030 Strategy and Targets

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”).



## L Leap into Smart and Eco-business

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

### Targets and Commitment



#### Climate Resilience and Adaptation

- Achieve 20% reduction in carbon intensity by 2024 (baseline: 2005)<sup>1</sup>  
**2021 progress:**  
**35% reduction**



#### Energy Efficiency & Reduction

- Target to achieve an average of 20% reduction in electricity purchased by 2024 (baseline: 2005)<sup>1</sup>  
**2021 progress:**  
**22% reduction**
- Complete energy audit for 75% of total electricity consumption of building operations by 2025  
**2021 progress:**  
**20% completed**



#### Renewable Energy

- Target to generate a total of 100,000 kWh of renewable energy per year by 2025  
**2021 progress:**  
**14,004 kWh generated**

## I Integrate with our Communities

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

### Targets and Commitment

- Create a vibrant, diverse and inclusive Lee Gardens community  
**2021 progress:**



Over **672,000** people drawn to Hysan campaigns promoting local businesses

including over **38,000** participants engaged in community initiatives

- Promote collaboration with impact organizations

**2021 progress:**



**33** impact partners (NGOs, SMEs) engaged

- Promote public awareness on eco-conscious living

**2021 progress:**



**1,943** people participated in promoting an eco-conscious community

1. We have carried out a thorough reassessment of our carbon and energy reduction potential for the short to medium term. In 2022, we aim to provide 2030 targets which will match industry best practices.

# F

## Foster Partnership with our People

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

### Targets and commitment

#### Health & Safety

- Reduce workplace injury rate to below 0.5% by 2030 and maintain zero work-related fatalities  
**2021 progress:**  
 Injury rate of **2.35%**, zero work-related fatalities

#### Diversity & Inclusion

- Maintain gender balance in management  
**2021 progress:**  
**49%** of management positions held by women

#### Talent Development

- Increase the numbers of learning activities offered by 30% by 2030 (baseline: 2020)  
**2021 progress:**  
**15%** increase
- Increase training hours per employee by 20% by 2030 (baseline: 2020)  
**2021 progress:**  
**9%** increase

#### Talent Engagement and Wellbeing

- Increase the numbers of employee engagement activities offered by 30% by 2030 (baseline: 2020)  
**2021 progress:**  
**10%** increase
- Maintain an annual average employee participation rate of 60% or above  
**2021 progress:**  
**64%**
- Enrich health protection programme covering physical and mental health for all employees  
**2021 progress:**  
 New programmes added include eye-health self exercises, yoga classes, Thai boxing experience, Singing Bowl relaxation sessions, nutrition talks, family care tips for employees with children starting secondary school and vaccine information talks

# E

## Establish Strong Corporate Governance

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

### Targets and commitment

#### Sustainability Benchmarks and Indices

- Maintain global recognition from major benchmarks and indices  
**2021 progress:**  
 Obtained four stars and a score of "A" for public disclosure in the 2021 Real Estate Assessment of the GRESB

#### Green and Sustainable Finance

- Target to have 40% of debt financed by sustainable finance by 2030  
**2021 progress:**  
**21%** of debt financed by sustainable finance

# Sustainability Governance

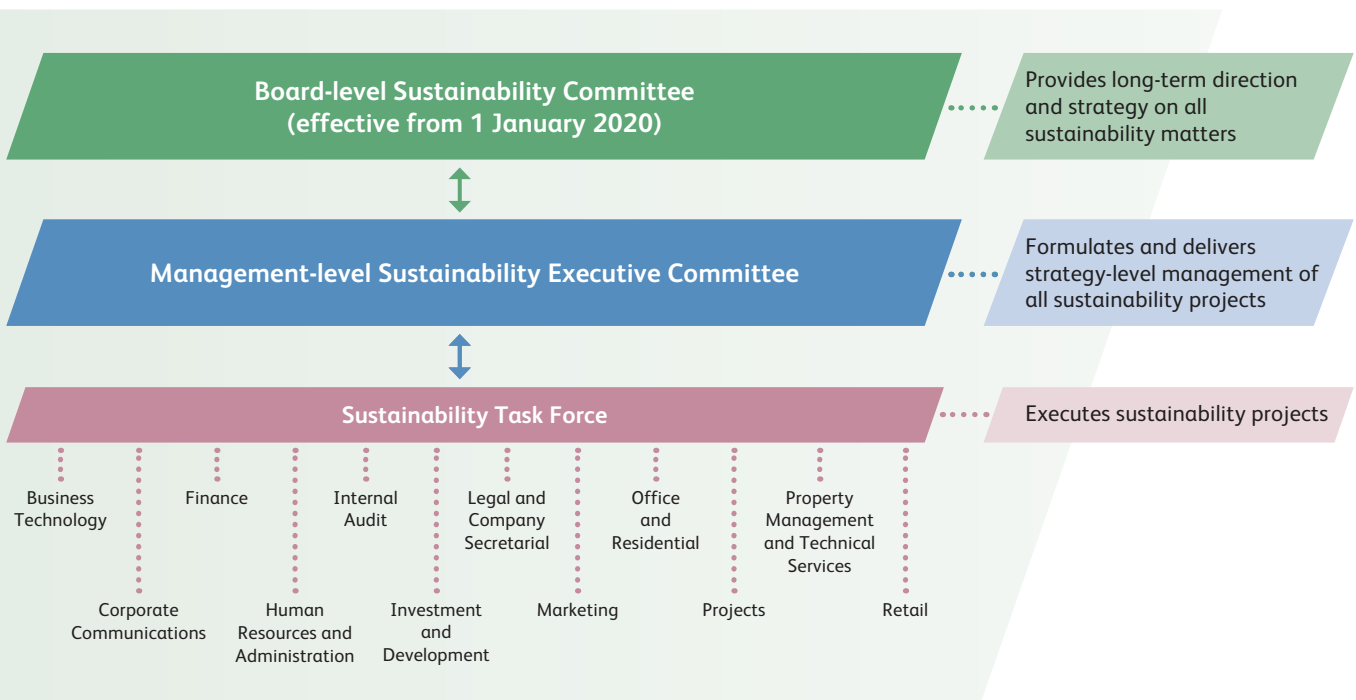
## Governance Structure

The Board is our highest governance body and assumes responsibility for promoting the success of the Group and ensuring the effectiveness and adequacy of its corporate governance system. The Board is supported by four Board Committees, with the Sustainability Committee being most involved in corporate sustainability matters.

As stipulated in its [Terms of Reference](#), the Board-level Sustainability Committee met in 2021 and reported to the Board regarding the Hysan’s existing sustainability strategy and performance, forthcoming approaches to achieve environmental, social, governance and climate goals, the cultural inheritance of Hysan and uniqueness of

the Lee Gardens community, and the promotion of Hysan’s sustainability branding through various stakeholder engagement channels. For details of the Sustainability Committee, please refer to the Sustainability Committee Report of our Annual Report.

The Management-level Sustainability Executive Committee, chaired by the Executive Director and Chief Operating Officer, involves department heads on formulating sustainability strategies, Hysan’s pathway to net-zero, and major stakeholder engagement campaigns. This Committee, together with the operation-level Sustainability Task Force, ensures the proper execution and embedding of sustainability concepts, principles and best practices into our daily business operations.



## Sustainability Policy

Hysan’s [Sustainability Policy](#) is formulated by the Sustainability Executive Committee and applies to all properties and business units. Projects and initiatives based on the strategic agenda set out by the Policy are executed 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 which guides the Group’s long-term direction.



# Materiality & 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.

## Engagement Channels



### Employees

- Intranet & internal newsletter
- Training sessions
- Social committee meetings
- Staff engagement events
- Focus groups and interviews



### Non-governmental organizations (NGOs)

- Community engagement events
- Employee volunteering
- Corporate website
- Stakeholder tours
- Focus groups and interviews



### Tenants

- Information kits
- Tenant relationship personnel
- Mobile app
- Focus groups and interviews



### Suppliers & Vendors

- Tendering & procurement process



### Customers & Local Community

- Public education activities
- Community engagement events
- Corporate website
- Mobile app
- Focus groups and interviews



### Government & Local District Council

- Regular and special meetings



### Shareholders & Investors

- Annual general meeting and results announcements
- Annual and interim reports
- Corporate website

## MATERIALITY & STAKEHOLDER ENGAGEMENT

In addition, an independent consultant was appointed to engage various stakeholder groups and conduct an in-depth materiality assessment on each ESG aspect. The top material aspects identified included energy efficiency, waste management, community investment and engagement, customer needs, ethics and integrity and corporate governance. In 2021, we also engaged external experts to conduct further stakeholder engagement and carried out a community survey to understand and measure Hysan's social impact. This research identified partnership and collaboration with our neighbourhood businesses and community as key areas on which to focus.

This sustainability report reflects the progress we have made in each of the identified materiality aspects. The Sustainability Executive Committee and Sustainability Task Forces will continue to adopt these aspects into our business agenda in 2022. Given emerging regulatory requirements, new business development, growing market demands and increasing stakeholder interest in sustainability issues, we will consider refreshing our materiality assessments when needed, to re-identify material ESG issues and achieve optimal business prioritisation and resource allocation.

### Aspects most material to Hysan



#### Environment

- Energy Efficiency
- Waste Management



#### Social

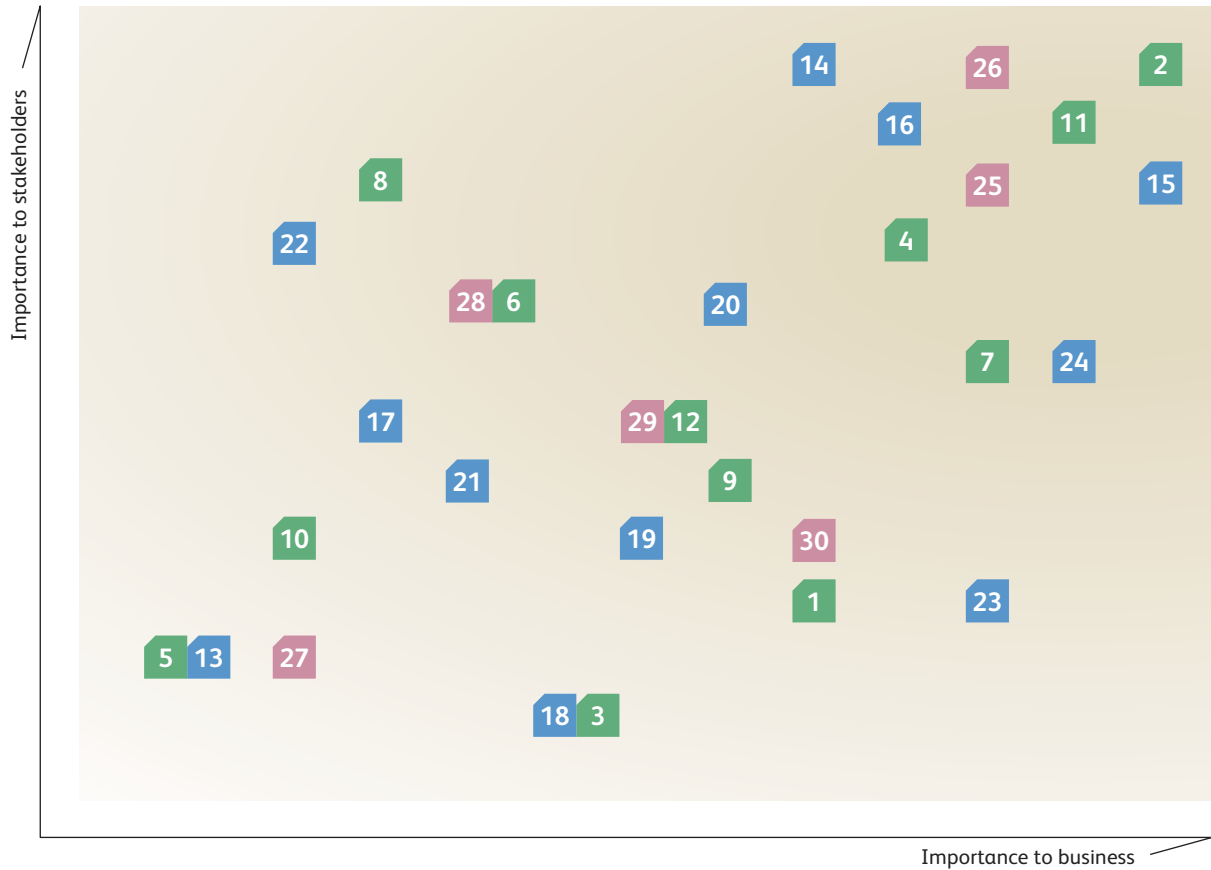
- Community Investment and Engagement
- Customer Feedback
- Customer Health, Safety and Security



#### Governance

- Corporate Governance
- Ethics and Integrity

# Materiality Matrix



Environment	Social	Governance
1 Climate change	13 Aging population – longer life expectancy	25 Corporate governance
2 Energy efficiency	14 Community investment and engagement	26 Ethics and integrity
3 Extreme weather events	15 Customer feedback	27 Grievance mechanisms
4 Green architecture and infrastructure	16 Customer health, safety and security	28 Information privacy
5 Green leasing	17 Diversity and equal opportunities	29 Legal compliance
6 Indoor air quality	18 Employee attraction and retention	30 Risk and crisis management
7 Pollution mitigation	19 Employee development	
8 Renewable energy	20 Employee wellbeing	
9 Smart cities	21 Occupational health and safety	
10 Use of materials and biodiversity	22 Responsible supply chain management	
11 Waste management	23 Social integration	
12 Water conservation	24 Tenant/customer engagement	

# Leap into Smart and Eco-business



## Targets and Commitment



### Climate Resilience and Adaptation

- Achieve 20% reduction in carbon intensity by 2024 (baseline: 2005)<sup>1</sup>

2021 progress: **35%** reduction



### Renewable Energy

- Target to generate a total of 100,000 kWh of renewable energy per year by 2025

2021 progress: **14,004 kWh** generated



### Energy Efficiency & Reduction

- Target to achieve an average of 20% reduction in electricity purchased by 2024 (baseline: 2005)<sup>1</sup>

2021 progress: **22%** reduction

- Complete energy audit for 75% of total electricity consumption of building operations by 2025

2021 progress: **20%** completed

1. We have carried out a thorough reassessment of our carbon and energy reduction potential for the short to medium term. In 2022, we aim to provide 2030 targets which will match industry best practices.

## Climate Resilience and Adaptation

With global leaders adopting ambitious climate targets at the COP26 summit and Hong Kong publishing its own Climate Action Plan 2050 last year, the urgent importance of embedding decarbonisation in Hysan's strategies and daily operations is well recognised by the Group. Buildings contribute significantly to carbon emissions and energy consumption, so reducing our reliance on fossil fuel plays a key role in our business sustainability. Given the clear need to accelerate our progress towards low carbon emissions we have committed to putting our best effort in developing a climate action plan, with reference to the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") for better adaptation and resilience. We have also given serious consideration to the Hong Kong Exchanges and Clearing Ltd ("HKEX")'s recently published Practical Net-Zero Guide for Business in developing our own pathway towards a net-zero carbon strategy.

### Governance

A strong governance structure is crucial to ensure climate-related issues are being addressed, reviewed and managed properly, as well as for identifying and integrating climate risks and opportunities in Hysan's corporate decarbonisation journey. Our sustainability governance comprises sustainability committees and task force across Board, management and operational levels. This helps to setting clear directions and goals across the Group and to translate climate measures and initiatives into our daily operations.

Moreover, we have a robust risk management process to review and communicate risks across the Group's risk governance levels. Climate change-related risks and potential controversies are integrated into this multi-disciplinary risk management system and reported to the Board.

### Strategy

Throughout the year, we held various focus group meetings internally across departments and externally with experts and consultants, developing and reviewing robust strategies and plans to promote decarbonisation as well as possible targets to support a net-zero ambition. Towards the end of 2021, we were further aided in this mission by HKEX's clear and concise Practical Net Zero Guide for Business. We conducted gap assessment and carefully addressed and discussed the potential climate-related risks

and opportunities to our operations and financial planning. We have committed to:

- improving the energy efficiency of our building management and operation
- expanding our capacity in renewable energy generation
- maintaining the existing green building certifications and studying the feasibility of expanding our green building portfolio
- driving a more sustainable procurement culture within Hysan and with our supply chain
- achieving ESG goals through sustainable financing

Our forthcoming partnership with Hong Kong Science & Technology Parks will develop our smart community business model further, and we also have plans to use Lee Gardens as a potential community lab for the final stage testing of commercial and community driven ideas, including those that can tackle the climate change challenges.

### Risk Management

In terms of physical risks, we are identifying and assessing the potential climate impacts to our assets, such as rising sea levels, flooding, extreme rainfall, prolonged heat, as well as more frequent and severe weather events. We are constantly assessing and reviewing the risks and projections under different climate scenarios. No severe, acute or chronic physical risks have been identified, and the design and infrastructural quality of our properties is adequate to handle and adjust quickly to changing climates. Nonetheless, we will continue to improve building resilience and adaptive measures.

Regarding transitional risk, we have conducted a company-wide assessment and discussed with all business units their respective policy and legal risks, technology risks, market risks and reputation risks. Some of the risks and opportunities identified are:

- Changing perceptions and demands of our investors, tenants, shoppers and employees for a lower-carbon economy and, living and working environment
- Potential development and price movements of carbon trading market
- Potential increase of insurance premiums
- Potential exposure to litigation risks due to market and policy transition
- Demand for technological improvement and innovation to improve energy efficiency



## LEAP INTO SMART AND ECO-BUSINESS

- Potential financial impacts from property damages
- Resource substitution and diversification of business activities

In addition to risk assessments, we have implemented ISO 14001 Environmental Management System and ISO 50001 Energy Management System to align our corporate environmental and energy management efforts with international standards, and to strengthen our measures for monitoring, reviewing and minimizing the impacts and risks from our operations.

### Metrics and Targets

The targets we use to assess and manage climate-related risks are given below:

Targets	2021 Progress
Achieve 20% reduction in carbon intensity by 2024 using a 2005 baseline <sup>1</sup>	35% reduction
Achieve an average of 20% reduction in electricity purchased by 2024 using a 2005 baseline <sup>1</sup>	22% reduction
Complete energy audit for 75% of total electricity consumption of building operations by 2025	20% completed
Expenditure on sustainable procurement	HKD 133M
Generate a total of 100,000 kWh of renewable energy by 2025	14,004 kWh generated
40% of debt financed by sustainable finance by 2030	21% of debt is financed by various sustainable finance instruments

<sup>1</sup> We have carried out a thorough reassessment of our carbon and energy reduction potential for the short to medium term. In 2022, we aim to provide 2030 targets which will match industry best practices.

## Green Buildings

Buildings account for most of the city’s electricity consumption. As a property developer and manager, this means that we have a crucial role to play in reducing electricity consumption by optimising the way we design and build our new properties. Forty-six percent of Hysan’s portfolio area has obtained green building certifications including the Leadership in Energy and Environmental Design (LEED) by the U.S. Green Building Council, the Building Environmental Assessment Method (BEAM) Plus by the Hong Kong Green Building Council, and China Green Building Label (CGBL) by the China Green Building (HK) Council. Moreover, during the reporting period, all commercial buildings within portfolio have received WELL HSR certification by the International WELL Building Institute (IWBI). For future development, Hysan will work towards lowering the embodied carbon in our building materials as well as adapting building designs to mitigate potential impacts from rapidly changing climate change conditions. We are committed to maintaining green building certifications for our existing buildings and aim to achieve green building certifications for all new developments.



### Hysan Place



LEED – Platinum



BEAM Plus – Platinum



### Lee Garden Three



LEED – Gold



CGBL – 2 Stars



BEAM Plus – Platinum



### Lee Garden One



BEAM Plus – Platinum





## Renewable Energy

Having completed a feasibility study during the reporting period, we began to install devices to harness solar and wind energy at our properties. In 2021, we generated a total of 14,004 kWh of renewable energy from our commercial and residential portfolio. We also participated in HK Electric's Feed-in Tariff Scheme for our existing solar panel installations and purchased our own clean energy generated at Lee Garden One and Lee Garden Three. We intend to further reduce our reliance on fossil fuels by generating a total of 100,000 kWh per year through renewable energy by 2025.

## Energy Efficiency & Reduction

We have taken a series of measures to continually improve our buildings' energy performance and further reduce energy consumption, such as implementing ISO 50001 Energy Management System and ISO 14001 Environmental Management System, harvesting daylight, upgrading existing building analytic and management systems, installing automation metering and fault detection system, replacing chillers and air handling units, and ensuring widespread adoption of energy-efficient equipment and appliances.

During the reporting period, we also started to conduct energy audits and carried out retro-commissioning in our major commercial buildings. We plan to upgrade and apply the latest technologies and smart energy management platform to further optimise and enhance overall system performance, with the target of an average reduction of 20% in electricity purchased by 2024 using a 2005 baseline. We have carried out a thorough reassessment of our energy reduction potential for the short to medium term. In 2022, we aim to provide a 2030 target which will match industry's best practices.



To promote public awareness, we installed Eco Bike Chargers at Hysan Place and Lee Garden Three, where shoppers and tenants can charge their mobile devices through stationary cycling in the unique relaxing environment offered by our portfolio properties.



A brand-new reverse vending machine (“RVM”) at Hysan Place is a popular addition welcomed and well-used by our community. It successfully collected nearly 20,000 plastic bottles in 2021.

## Waste Management

Hysan devotes great efforts to managing large volumes of waste in its daily operations. Recycling facilities are available within Hysan’s properties for use by tenants, shoppers and local residents. After recyclables are dropped off, we carefully sort and transfer them to licensed recycling companies and municipal waste collectors.

## Single-use and Disposable Plastic

During the rainy season, we supported the reduction of plastic umbrella bag waste by setting up eco-friendly alternative facilities and solutions at all of our portfolio properties’ entrances. We were recognised with a Gold Level award from Greeners Action’s Umbrella Bags Reduction Accreditation Program 2021. We have been running a “Be Straw Free” campaign since 2019 with our food and beverage tenants, and aim to further reduce the use of disposable plastic and promote the use of biodegradable or non-plastic tableware at food premises in the coming years.

## Free Water Refilling Stations

Free water refilling stations have been set up during community engagement events, and at Lee Garden Two and Hysan Place for shoppers and tenants, as well as in 100% of our building management offices for frontline employees. We have plans to provide free water dispensers under our standard “landlord provisions” for new tenants in our commercial portfolio. Overall, we have successfully avoided sending over 338,000 single-use 500ml plastic bottles to landfill since 2017.







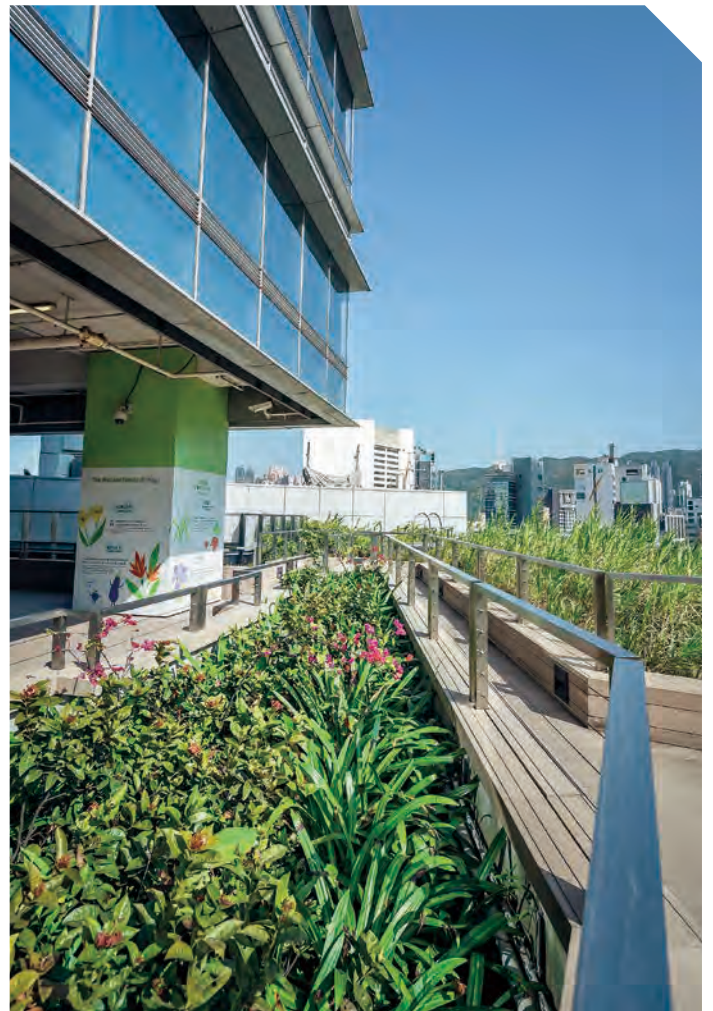
## Food Waste Management

As a participant in the Hong Kong Government's Food Wise Charter Signatory campaign, Hysan is committed to promoting best practices into reducing food waste in our daily operations. Since 2017, we have been actively encouraging our food and beverage tenants to join our food waste collection programme. We offer the service of collecting and sending food waste to the Organic Waste Treatment Facility operated by the Hong Kong Government's Environmental Protection Department. At our residential property, we have set up a food waste decomposer which recycles organic waste into compost. A total of 29 tonnes of food waste were collected and processed during the reporting period. We also partnered with social enterprise, Food Made Good Hong Kong, to organise a sustainability workshop for our F&B tenants, bringing them awareness of food service and supply chain sustainability impacts, particularly around food waste management.

In addition to our existing paper recycling campaign and food waste collection service for tenants, we are developing a comprehensive waste reduction and recycling programme in order to support the implementation of the Hong Kong Government's Municipal Solid Waste Charging Scheme. This will see us work closely with tenants regarding waste management, including providing training.

## Water Conservation

Hysan carefully manages its properties and carries out regular technical assessment of buildings' water usage and performance, as well as installing leak detection systems and metering. We adopt and practise water-efficient measures for our cooling towers and irrigation systems, and have installed water-saving fixtures and appliances as part of renovation projects. Moreover, our rainwater harvesting system collects and reuses rainwater for irrigation and general cleaning purposes, while the Sky Wetland at Hysan Place helps to clean and filter grey water from the building's offices, as well as providing water for wetland species.





## Sustainable Procurement

In 2021, both the Group and its core property management operations, have reviewed and updated the supplier code of conduct and procurement policies to support Hysan's commitment to integrate our sustainability-specific requirements into its supply chain and manage supply chain risks. Our [Sustainable Procurement Policy](#) emphasises reduced consumption, ethical and responsible sourcing, life-cycle impacts and closer engagement with our contractors, suppliers, and supply chain partners. The policy aims to both comply with and exceed environmental and social standards.

We regularly communicate our environmental standards to suppliers, contractors and vendors, and monitor their performance. We also assess and review our supply chain on a regular basis based on multiple parameters such as cost, quality, life cycle impacts, alignment with our sustainable procurement commitments, and environmental and social standards related to our materials used and services.

During the reporting period, our total estimate expenditure on sustainable procurement was HKD 133 million<sup>2</sup>.



Hysan's green procurement achievements were recognised by the Hong Kong Green Building Council's Hong Kong Green Shop Alliance Award 2021 for the Excellent Green Product Advocate.

### Property Management Services

Up to 31 Dec 2021



Total Number of Vendors

707



Local

705 (>99%)



Overseas

2 (<1%)

In addition, we have improved our procurement system to better capture sustainability data related to the materials, products and services involved in our operations as well as to enhance monitoring of our supply chain's environmental and social performance and impact. We have also integrated sustainability elements into our retail and office fit-out guides, raising awareness and providing guidance to our tenants and suppliers. For our new development, we aim to follow local and international green building standards on procurement practices for low-carbon materials, eco-friendly products, and resource-efficient appliances.

We understand Hysan's Scope 3 emissions come mainly from the energy use of our tenants and supply chains, and reducing Scope 3 emissions will require close partnership with them. We will further review our strategy and work closely together with tenants and suppliers in seeking to achieve net-zero targets by 2050. We are also an established member of the Green Council's Sustainable Procurement Charter, and are committed to educating and promoting good purchasing practices among our stakeholders while communicating our progress and steps taken.

<sup>2</sup> Major sustainable procurement expenditure covers Hysan's procurement for building development projects, property management works and services, and our headquarter operations.

## Biodiversity

Sky Garden and Sky Wetland at Hysan Place offer shoppers and tenants unique outdoor environment to relax, take in some fresh air and enjoy green open space in the middle of a busy shopping district. We organise stakeholder tours of Sky Wetland to demonstrate how a greywater system can co-exist with biological treatment by wetland plants inside a high-rise building like Hysan Place. In addition, specific species were planted at the Butterfly Garden at Lee Garden Three so as to attract butterflies to the area.

Our proudly-owned Hysan Urban Farm has been serving the community and acting as a beacon for biodiversity since 2013. Nearly 7,000 guests have engaged with workshops, stakeholder tours, farm-to-table projects, staff visits and other community initiatives and campaigns. Throughout the year, we co-organise Hysan Urban Farm workshops on the rooftop of Hysan Place in partnership with the Sustainable Ecological Ethical Development Foundation (SEED). These workshops teach participants to



appreciate and support local agriculture, and most importantly to learn traditional organic farming practices such as using farm tools to plough the soil; sowing and fertilising, and facing traditional farming challenges such as dealing with pests and severe weather damages. Only local, organic and seasonal fruits and vegetables are planted at the farm, based on proper crop rotation and maintenance. This attracts a diverse range of fauna, such as grasshoppers, crickets, bees, butterflies, beetles and earthworms, all at 200 metres above ground level. We are very pleased to learn from recent survey that, all workshop participants would recommend the activity to their families and friends, would like to attend future workshop, and believed that the workshop enhances the area's biodiversity and helped to raise their sustainability awareness.





Hysan Urban Farm was featured in the #BuildingABetterFuture series, a series of mini-documentary films exploring green buildings around the world, produced by BBC StoryWorks in partnership with the World Green Building Council. The Hysan Place episode explored how the building and its rooftop farm bring inspiring experiences and sustainable living practices to the communities of today and, hopefully, to future generations.



Scan the QR code for more information

## Integrate with our Communities

# Integrate with our Communities



### Targets and Commitment

- Create a vibrant, diverse and inclusive Lee Gardens community

#### 2021 progress:



Over **672,000** people drawn to Hysan campaigns promoting local businesses

including over **38,000** participants engaged in community initiatives

- Promote collaboration with impact organizations

#### 2021 progress:



**33** impact partners (NGOs, SMEs) engaged

- Promote public awareness on eco-conscious living

#### 2021 progress:



**1,943** people participated in promoting an eco-conscious community

As a major landlord in the Lee Gardens area, Hysan plays a vital role in curating the neighbourhood. This includes giving back to the communities we serve. To do this, we focus on four major areas of positive impact:

**Community Health and Wellness**

**Environmental Sustainability Awareness**

**Family and Children**

**Art and Culture**

Having learnt from the experience of delivering community engagement within tightened COVID-19 and social distancing measures in 2020, we were able to design our 2021 community engagement events to be more versatile and adaptable to ever-changing pandemic situations.

## Community Health and Wellness

Like many communities throughout the world, Hong Kong had been severely affected by COVID-19 since 2020. Lee Gardens is one of Hong Kong's busiest areas with residents, workers and, shoppers numbering in the tens of thousands each day. For this reason, Hysan pushed for Lee Gardens' stakeholders to be as fully vaccinated as quickly as possible.

To that end, we teamed up with Hong Kong Adventist Hospital to provide up to 1,000 health check packages to frontline service industry workers as well as underprivileged members of the community. A pop-up health check centre was set up in Leighton Centre for over a month. These aimed to encourage participants to learn more about their health status in preparation for vaccination. We also made a \$1 million donation to one of Hong Kong's best-known charities, Po Leung Kuk, in part to provide more health check packages for the underprivileged in other parts of Hong Kong. The remaining donated funds were used to support families affected financially by COVID-19-related issues.

On the health and wellness front, Hysan organised two wellness townhalls for the community, inviting medical experts to talk about COVID-19 vaccination and also diabetes. These were live-streamed, allowing more than 300 participants to interact with doctors and had their concerns addressed. Hysan's Island Hike and Run returned as one of Hong Kong's first trail races being held under the COVID-19 restrictions, attracting hundreds of supporters. Hysan Place also hosted a dementia-awareness fortnight to highlight what the community can do for sufferers and their helpers.



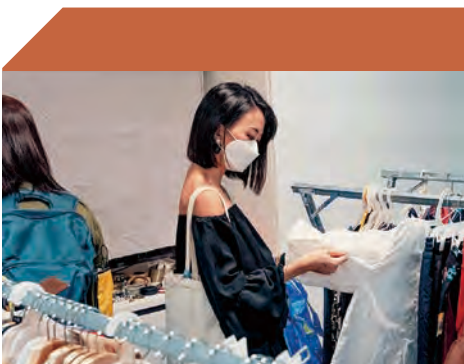




We are increasingly building digital and robotics capabilities to enhance our analytics, efficiency, and performance. Mr. SMART, one of our smart robots in the Lee Gardens, is a good example. Mr. SMART not only serves as a reliable guide to our visitors, but it also monitors all types of environmental quality measurements such as air quality, thermal comfort level, water leakage and smoke detection.

## Environmental Sustainability Awareness

We wish to encourage our community to embrace sustainability for generations to come. Our well-established Hysan Urban Farm workshops continued to attract community members such as shoppers, tenants, staff, NGOs, schools and nearby residents, giving them a chance to learn organic farming techniques and harvest abundant natural produce alongside their families and friends after weekly hard work. Stakeholder tours were organised for NGOs, charities and social enterprises, bringing in a range of visitors from primary school children to retired elders. The tours aim to engage and educate visitors about green building concepts, the sustainability features of Hysan's green buildings, Lee Gardens' history and culture, and the biodiversity of our unique Urban Wetland and Hysan Urban Farm. Furthermore, we sponsored a baking challenge held by a social enterprise, Cookie Smiles, with our organic herbs such as rosemary and peppermint, to help its fundraising drive for local charities.



During the reporting period, we organized COMM UP! Fashion Swap Pop-up, offering the first-ever clothes swap experience for our Lee Gardens community, where people share and swap high-quality second-hand clothes. This event successfully promoted sustainable fashion and lifestyles, and embodied the concept of reduce, reuse and recycle.

## Family and Children

Our Xplore Academy aims to offer fun, creative and inspiring courses to children aged 3-10. Throughout the year, we held a total of 44 classes and activities engaging nearly 400 kids and their parents. Here are some of the highlights:

- Mini-skateboard with All Hong Kong Skateboards Association
- STEM class with Hong Kong Tramways
- Halloween family cooking class with Miele
- Mini-Fencing with Fencing Sport Academy

During Christmas 2021, Hysan worked with First Initiative Foundation (FIF) and pet community leaders on FURRYTALES, a charity event designed to build a more inclusive and caring society and raise awareness of pet welfare.





## Art and Culture

Hysan believes that art and culture is an integral part of our everyday lives and should be easily accessible to everyone. We are proud to have participated in the Hong Kong Museum of Art (HKMoA)'s city-wide art campaign and provided various prime venues for displaying prints and digital interpretations of renowned artwork. We also organised the Hysan Mural Design Showcase at Hysan Place, displaying 20-plus works from local artists, sharing their creative perspective and imagination of the city. Furthermore, we unveiled a major mural at the façade of Lee Garden Two: an artwork promoting recycling which incorporated an installation showcasing a floating lemon tree, to symbolize sustainability.

In 2021, Hysan and Lee Gardens Association (LGA) joined hands with NGOs, Hysan tenants and LGA members to organise numerous community events such as:

- Lunar New Year and Easter street markets
- Lee Gardens Coffee Festival: A host of coffee-related restaurants and suppliers showcased their wares at busy Hysan Place, attracting hundreds of thousands of participants



- COMM UP! Fashion Swap Pop-up: LGA and Jup Yeah co-hosted a popular swap meet weekend at Bizhouse to encourage recycling, reuse and resource sharing







- Lee Gardens Skateboard Fest 2021: To bring the youthfulness and positivity associated with skateboarding to the community, a rousing street festival with competitions and workshops was held to raise funds for KELY Support Group, which specialises in youth development



## Lee Gardens Association ("LGA")

Hysan is a founding member of Lee Gardens Association, which aims to create a unified business community and promote living, working, commerce, and culture in Lee Gardens to local and international visitors. Throughout 2021, Hysan has sponsored several LGA's campaigns, strengthening the collaboration and partnership with neighbourhood businesses.



## Tenant Engagement

Strong landlord-tenant relationships are essential to building long-term partnerships and cultivating our unique Lee Gardens community.

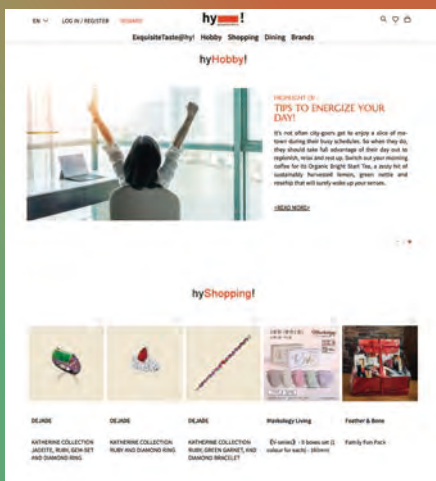
We provided new office and retail tenants with Green Fit-out Guides to encourage and help them to consider sustainability in their interior fit-out works. We also consider implementing “green leases” in the coming years. In addition, we conducted a comprehensive customer service satisfaction surveys in July 2021, with a 65 % of response rate, to understand our tenants’ needs, further enhancing their experience in our building facilities and allow our property management team to serve them better.

Hysan has unveiled our “DineSafe Charter” in early 2021 to promote best safety practices at our food and beverage outlets. We also provided our tenants more than 1,000 Hong Kong designed and developed medical-grade air purifiers in the Lee Gardens Area to help them meet new government air quality standards. We invited our food and beverage tenants to join our food waste campaign, in which we help to collect and send their food waste to the Organic Waste Treatment Facility operated by the Environmental Protection Department. We also invited external professionals to provide trainings for our tenants about food waste reduction and management.

For our residential tenants, we have installed a food waste decomposer which recycles organic waste into compost, helping tenants to live a more eco-friendly lifestyle. We regularly organize tenant engagement activities such as Family Fun Day and Halloween party, helping tenants to



form better bonds with their neighbours. Due to popular demand, we also renovated and increased the capacity of our Bamboo Grove urban farm space so that more tenants can enjoy and learn about organic farming. We appointed a third party to conduct a tenant satisfaction survey for our property management services in September 2021, and then carefully followed up with meetings and action plans to ensure that tenants’ needs and concerns were addressed promptly.



Our newly launched e-commerce hy!Platform, offers an online shopping channel for our visitors and shoppers, and provides support to our retail and F&B tenants as an additional channel to market their products as well as classes and workshops. A range of exciting offers and rewards on traditional food and products celebrating the Year of Tiger were on sale during Lunar New Year, aiding our tenants during a period of COVID-19 restrictions. For details of hy!Platform, please refer to the Review of Operations section in our Annual Report.



## Donation, Venue and Media Support

During the reporting period, Hysan made monetary donations and raised funds for various charities through events and campaigns. Moreover, Hysan's property portfolio is in the heart of Causeway Bay and attracts many visitors on a daily basis. We continued to use our local footprint to offer welcoming venue and media support to charities, helping them to promote public awareness of issues ranging from environmental conservation, food waste, mental health, animal welfare and protection, children with special needs and disabilities, youth programmes, underprivileged families and poverty alleviation.



## Staff Volunteering

Despite the ongoing COVID-19 situation, Hysan's Volunteer Team dedicated 238 hours of volunteering services in 2021 to our NGO partners. This included education on social inclusion through a sports tournament with disadvantaged children; waste reduction and recycling (including soap recycling), visits to the elderly, and rice distribution to the underprivileged. We have been supporting environmental NGO Redress on its Get Redressed Month since 2017 and this year we engaged our employees and tenants to participate in a Hong Kong-wide clothes collection drive, including the sorting of 20 tonnes of second-hand clothes.

## Forthcoming Urban Oasis: Caroline Hill Road Project

Our forthcoming Caroline Hill Road development project, scheduled to be completed in 2026, will continue to evolve and augment our neighbourhood and community vision, further strengthening the Lee Gardens sustainable progressive growth model. The site will feature around 60,000 square feet of greenery for families, office workers and shoppers to relax outdoors.



## Enhance Connectivity and Walkability

A weather-protected walkway is proposed to connect the Caroline Hill Road site with the rest of Lee Gardens and Causeway Bay MTR station. The walkway will heighten the sense of community and shared space within a walkable neighbourhood.

# Foster Partnership with our People

# Foster Partnership with our People



## Targets and Commitment

### Health & Safety

- Reduce workplace injury rate to below 0.5% by 2030 and maintain zero work-related fatalities  
**2021 progress:**  
Injury rate of **2.35%**, zero work-related fatalities

### Diversity & Inclusion

- Maintain gender balance in management  
**2021 progress:**  
**49%** of management positions held by women

### Talent Development

- Increase the numbers of learning activities offered by 30% by 2030 (baseline: 2020)  
**2021 progress:** **15%** increase
- Increase training hours per employee by 20% by 2030 (baseline: 2020)  
**2021 progress:** **9%** increase

### Talent Engagement and Wellbeing

- Increase the numbers of employee engagement activities offered by 30% by 2030 (baseline: 2020)  
**2021 progress:** **10%** increase
- Maintain an annual average employee participation rate of 60% or above  
**2021 progress:** **64%**
- Enrich health protection programme covering physical and mental health for all employees  
**2021 progress:**  
New programmes added include eye-health self exercises, yoga classes, Thai boxing experience, Singing Bowl relaxation sessions, nutrition talks, family care tips for employees with children starting secondary school and vaccine information talks



## Health & Safety

Hysan always strives to provide a safe and high-quality environment for all stakeholders. This year marked an important milestone for health and safety, as all of Hysan's office and retail buildings have obtained the WELL HSR certification. Created by the International WELL Building Institute (IWBI), the WELL HSR is designed to be broadly applicable to general health and safety areas, while also allowing for short-term emergency management measures, including response to pandemics such as COVID-19. The certification addresses operational policies, maintenance protocols and emergency plans, and assists Hysan as a building operator to better prepare for future health and safety related challenges. We have also installed ultraviolet-C disinfection devices in all air-handling units (AHU)/ primary air-handling units (PAU) in our portfolio.

Throughout the year, 3,176 training hours were provided on health and safety topics. This ensured that frontline employees maintained high awareness of the latest government guidelines and requirements on work safety as well as a strong understanding of Hysan's rules and practices, including our [Health and Safety Policy](#), the Accident, Incident and Emergency Manual, emergency handling procedures, contractors' safety instructions, and safety precautions related to day-to-day operations and assistance for customers and tenants.



In 2021, our office at Lee Garden Two was awarded a platinum-level WELL v2 certification, which is the latest version and highest level of the WELL Building Standard. Receiving this certification during the pandemic is a testimony of our continuous commitment and dedication towards providing a safer and healthier workplace environment for our employees.

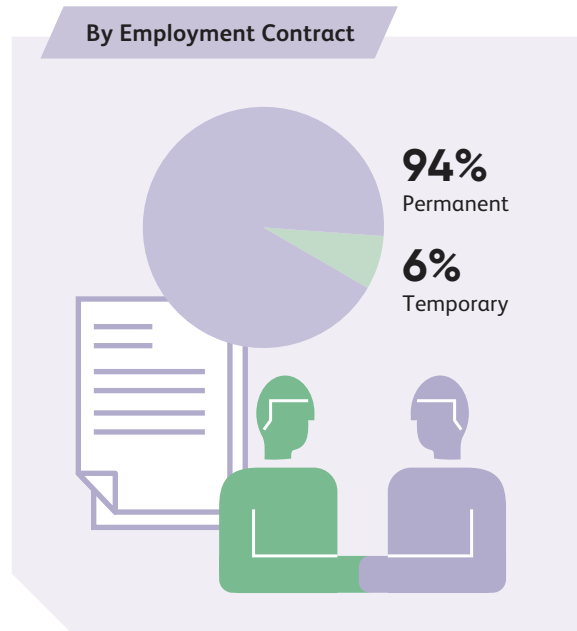


### On-site Safety

We communicate our health and safety standards to contractors via tender documents and method statements, and continuously monitor their implementation 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 included emergency responses and preparedness. Hysan also engaged an external safety consultant to conduct bi-weekly inspections of the site and issue professional advice to contractors for follow-up actions.

### Diversity & Inclusion

Hysan's [Human Rights Policy](#) aligns our business practices with the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights and the International Labour Organization (ILO)'s Declaration on Fundamental Principles and Rights at Work. Our [Code of Ethics](#) and [Respect for People Policy](#) promote equal opportunity, inclusiveness and diversity within our business operation. No employee or job applicant is discriminated against directly or indirectly on 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 are investigated thoroughly and handled with confidentiality.



Our Employment and Staff Policy stipulates the way Hysan manages human resources for all employees in terms of recruitment, performance management, compensation and, benefits such as overtime work, statutory and special leaves (such as leave for birthday, study, marriage, paternity, etc), medical coverage and retirement benefits. During the reporting period, we extended our medical coverage to include mental health support and provided extra wellness benefits including health check-up, vaccination, fitness and eye health coverage, as well as psychological counselling. A third-party nongovernmental organisation has also been engaged to implement an Employee Assistance Programme that, provides professional consultation services for employees and their family members regarding stress and anxiety issues arising from both their work and personal life, including pandemic-related issues.

## Talent Development

We continue to attract and develop talents through our management trainee and mentorship programme for graduates from local and overseas universities. We also host an apprenticeship scheme for young people with no formal education or qualification, 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. In addition, we support the Hong Kong Government's Youth Employment and Training Programme and continue to provide job opportunities to applicants from disadvantaged and ethnic minority backgrounds.

A strong learning culture is essential for equipping Hysan's staff with skills and expertise, retaining our top talent and continuously improving productivity and work efficiency.

- Hysan Mobile Learning Platform: An online platform boasting hundreds of learning modules and resources for staff, including live videos and interactive features



- Lunch and Learn: Regular lunchtime talks from internal and external experts, who share insights and knowledge on a range of topics related to both work and daily life



Our property management and customer service frontline staff also took part in several in-house sessions to enhance their communication skills when handling challenging customer service scenarios, while training sessions for middle management were held to sharpen their skills in teamwork and leadership. We also encouraged staff members to undertake external professional training and education by offering sponsorship and quarterly reward as recognition.

## Performance Management

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



- Hysan Business Vibes: A regular internal bulletin showcasing innovative and inspiring news about retail, brands, marketing, technology and architecture around the world



- "MMT Pro" Training Series: Eight tailor-made training modules on "soft skills" to enhance operation managers' leadership and personal capabilities covering email writing, building a professional image, staff coaching, team communication, etc.

## Talent Engagement and Wellbeing

### Employees and Workplace Wellness

2021 was a transformative year for Hysan staff as our office headquarters was completely renovated and remodelled into an “open office” setting ideal for the creative exchange of ideas. This incorporated efforts to foster a culture of health and wellness through a new office design that promotes comfort, collaboration, sustainability, and flexibility. For example, automated devices monitor thermal and air quality aspects such as formaldehyde, PM2.5 and TVOC levels, as well as enabling both occupant control and auto-adjustment of lighting levels. In addition, our drinking water filtration system meets the leading industry standard, NSF, in over 30 parameters. We also devised an Ergonomic Support Policy and a Stress Management Plan, as well as launching a brand-new wellness awareness programme which infuses elements such as healthy diet, organic farming, meditation, and mind and body relaxation into our staff engagement activities.



- Inspire.Relax Yourself: Lunch-hour exercises taught by professionals to promote mental and physical health, such as tuning fork treatment and therapeutic exercises for adhesive capsulitis (“frozen shoulder”).

- Hysan Care: An internal engagement platform dedicated to sharing the latest health care tips with our staff





- Hysan Recreation Club and Hysan Sustainability: Various fun and engaging activities were organised for staff and their families and friends, such as Happy Treat Day with fruits and ice cream, Movie Night, Christmas Party, Cocktail Tasting Class, a rice harvesting experience, a Fairtrade bazaar and workshop, among others.



Our headquarters' pantry offers cultural and enriching treats for our staff, regularly including products from traditional brands with local ties, such as traditional Chinese New Year confections and sweet treats from our neighbourhood businesses.

## Employee Satisfaction Survey

We conducted a group-wide employee satisfaction survey towards the end of 2021 that achieved a response rate of over 90%. The survey encourages employee to share their views and insights regarding the Company's culture, values, organisation structure, innovations, and reputation, etc. We are now reviewing this valuable feedback with a view to developing initiatives and programmes that will enrich our working environment and fuel the Company's growth in the coming years.



2021 Hysan Island Hike & Run: Six training sessions led by professional trainers were held for Hysan staff and other race participants, preparing them for the challenging trail race competition.

# Establish Strong Corporate Governance



## Targets and Commitment



### Sustainability Benchmarks and Indices

- Maintain global recognition from major benchmarks and indices

**2021 progress:**

Obtained four stars and a score of “A” for public disclosure in the 2021 Real Estate Assessment of the GRESB



### Green and Sustainable Finance

- Target to have 40 % of debt financed by sustainable finance by 2030

**2021 progress:**

**21%** of debt financed by sustainable finance

## Awards and Recognition

2021 was a successful year for our overall governance work, and including our efforts to integrate sustainability governance into the Group's business culture and strategy. Hysan received the following recognitions during the year:



- Hong Kong Management Association (HKMA) – 2021 Best Annual Reports Awards – Environment, Social and Governance (ESG) Report – Excellence Award

- Hong Kong 7<sup>th</sup> Investor Relations Awards (HKIRA) 2021 – Grand ESG Award, Best IR Company, Best ESG (Environment), Best ESG (Social), Best ESG (Governance) and Best Annual Report (Mid Cap)



- Hong Kong Institute of Certified Public Accountants (HKICPA) – Most Sustainable Companies/Organizations Award 2021 (MSCO) – Gold Award in Non-Hang Seng Index (Medium Market Capitalization) Category



- Hong Kong Management Association (HKMA) – Hong Kong Sustainability Award 2020/21 Organization Award – Certificate of Excellence

## Sustainability Benchmarks and Indices

In 2021, we were proud to gain recognition from a number of major sustainability/ESG benchmarks and indices for our ESG achievements:

The infographic features five main sections, each with a logo and a descriptive text box:

- GRESB:** Improved to a **four-star** rating and received **“Green Star”** designation in the Global Real Estate Sustainability Benchmark (“GRESB”), as well as an **“A”** for public disclosure for the third year running.
- Hang Seng Corporate Sustainability Index:** Received **“AA”** Rating and remained as a constituent member of Hang Seng Corporate Sustainability Benchmark Index.
- MSCI ESG RATINGS:** Received **“A”** Rating in MSCI ESG Ratings assessment.
- FTSE4Good:** Remained a **constituent member** of the FTSE4Good Index Series.
- SUSTAINALYTICS:** Rated a **“Low Risk”** in Sustainalytics ESG Risk Rating.

## Ethical Business Practice

Hysan is committed to maintaining a high standard of integrity and ethical behaviour in its business practices. We believe that a reputation for honesty, trustworthiness and fair play is an essential business asset for 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 in writing that he or she has read and understood the Code upon recruitment.

We also have a policy for the Compliance with Competition Ordinance of Hong Kong, which applies to all employees of the Group and stipulates that Hysan employees should not engage in any anti-competitive conduct. In January 2021, we also adopted a separate [Anti-Fraud Policy](#) to further promote an ethical culture and emphasise our “zero tolerance” attitude towards fraud. During the year, no material related issues were raised.

To ensure that our business affairs operate 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 that the whistleblower will be treated fairly and with legal protection. No material whistleblowing cases were reported in 2021.



## Data Protection

Protecting personal data privacy is integral to Hysan's operations. We devoted great time and effort to promote the awareness of, and compliance with, the provisions of the Personal Data (Privacy) Ordinance of Hong Kong, in particular its data protection principles.

The first version of the Data Privacy Inventory of the Group was created in November 2021. Each department specified the following information in its inventory log:

- What personal data privacy information is collected
- The form in which such information is collected
- What personal information details are recorded
- Whether sufficient privacy terms are in place during data collection
- The exact storage location of the data
- Which security controls are applied
- What personnel have restricted access to the data

The inventory log will be used to monitor the privacy risk exposure of the Group and facilitate the future compliance audits.

Going forward, Hysan is committed to upholding data protection protocols and continuing to conduct online training, and periodically revising its policies and procedures to meet the demands of business developments and legal updates. We will also publish a handbook and guidelines, with particular focuses on system development risk, third party access restriction and incident response and escalation procedure. These will enhance our data protection framework so that data privacy matters raised in day-to-day operations across departments will be reviewed and addressed in a timely manner.

## Cybersecurity

The cybersecurity landscape is evolving rapidly as threats to businesses' critical information and assets become more acute. Cybersecurity is a key component of our data protection regime, making it vitally important to implement adequate measures to protect our hardware, software and data from cyberthreats. In 2021, Hysan's web application firewall and endpoint protection were enhanced. An end-user email phishing test was undertaken to strengthen cyberthreat awareness. Implementation of an identity security management system and remote secure access solution enhancement will be completed in early 2022.

During the reporting period, the Audit and Risk Management Committee undertook further deep research into Hysan's cybersecurity measures and protection approach, as well as emerging trends in the field. The Group has adopted the US National Institute of Standards and Technology (NIST) framework for governing its cybersecurity measures.

In February 2021, an information security review was undertaken by an international cybersecurity expert, covering various aspects including firewall controls, patch management, enhanced protection of web servers and technical security management. In response to the review's findings, standard operating procedures for patch management and configuration management were updated. The Active Directory upgrade project to replace a range of legacy servers will be completed in early 2022.

We continue to arrange regular cybersecurity awareness training sessions for general staff, covering topics such as up-to-date internet safety and phishing awareness, as well as providing corporate guidance on safe remote working practices.



## ESG Risk Management

Hysan has a solid risk management process in place to review and communicate risks across the Group. ESG-related risks, climate risks and other potential controversies are integrated into our multi-disciplinary risk management. During the annual risk assessment process, business units are required to identify and highlight key ESG risks in their operations and assess the risk level in the aspects of likelihood, impact and risk velocity based upon a defined risk-scale system. Once the Risk Management Committee has identified and reviewed ESG risks and opportunities, the management-level Sustainability Executive Committee and operations-level Sustainability Task Force communicates them and takes relevant action through initiatives and projects.



In June 2021, the Board adopted a Risk Appetite Statement which articulates the Group’s basic principle regarding risk acceptance in pursuit of its strategic mission and business objectives. The statement defines the type of risk scenarios to which exposure should be avoided, while taking into consideration the varying levels of risk exposure. Scenarios pertaining to health and safety, environmental impact and the Group’s sustainability strategy are also covered in the statement.

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. During the reporting year, the Audit and Risk Management Committee focused their reviews and discussions on corporate risks, including climate-related transition risks, ESG risks and the overall risk management agenda. The Group also reviewed threats arising from the COVID-19 pandemic, including related measures to ensure appropriate safeguards are in place and to avoid or minimise adverse impacts on cybersecurity risks.

To strengthen management’s assurance to the Audit and Risk Management Committee and the Board, annual self-assessment questionnaires were undertaken by senior management. These reviewed and verified internal control effectiveness and identified and gave update on control risks, regulatory risks and ESG-related risks. For further details on risk management and key ESG and climate risk areas identified, please refer to Risk Management and Internal Control Report Section in the Annual Report.

## Compliance Policies & Trainings

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 follow. Each business unit must submit full compliance reports twice a year, which will be reported to the Audit and Risk Management Committee. During the reporting period and up to date, to further enhance our corporate governance and to align with the latest developments and changes to the Listing Rules and other relevant regulatory requirements, we have formulated or updated the following policies:

- 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 our comprehensive and long-standing fraud handling policy and procedures to control and aid the detection and prevention of fraud.
- Tax Governance Policy – Hysan has developed a Tax Governance Framework to provide guidance on how its tax affairs should be managed.
- Diversity Policy
- Nomination Policy
- Corporate Governance Guidelines
- Schedule of Corporate Matters reserved for the Board
- Shareholders Communication Policy
- Terms of Reference for Audit and Risk Management Committee
- Terms of Reference for Remuneration Committee
- Terms of References for Sustainability Committee
- Terms of Reference for Nomination Committee

Please refer to the [Governance](#) section of our corporate website for policy details.

During the reporting period, Hysan continued to leverage various digital means, including our unique Hysan Mobile Learning platform, to deliver compliance trainings to personnel. Training materials were designed to be easy-to-comprehend and can be accessed by our employees any time at their own convenience. During the reporting period, training was provided for Directors and staff on topics such as data protection, Directors’ duties, connected transactions, anti-corruption, anti-competition law, corporate disclosure, privacy, climate risks and impacts, and cybersecurity awareness.

In 2021, following our privacy review and subsequent changes to data protection policies, as well as changes to the Competition Compliance Policy, we have also updated our trainings to refresh staff knowledge in accordance with the relevant changes. Please refer to the Corporate Governance Report of the Annual Report for the details of training provided to Board members and senior management members.

## Green and Sustainable Finance

### Sustainable Finance Framework

Hysan operates under a unique sustainable community business model, with regular dialogue and long-term partnerships aimed at developing our communities and neighbourhoods in a smart and sustainable manner. In July 2021, Hysan recorded a significant milestone in its sustainability journey with the inauguration of its Sustainable Finance Framework (“Framework”). This new Framework expands the scope of our previous Green Finance Framework, which was instituted in January 2019. As per the Framework’s guidance, the financing from sustainability bond will provide funding for projects that meet the eligibility criteria set out in the Framework, including the categories of green buildings, energy efficiency, renewable energy, waste management and recycling, climate change adaptation, affordable basic infrastructure as well as pandemic and infection related investments and expenditure.

Hysan’s Sustainable Finance Framework was reviewed by Sustainalytics, an independent environmental, social and governance research, ratings and analysis firm, which provided second-party confirmation of the alignment of the Framework with the Sustainability Bond Guidelines 2021, Green Bond Principles 2021, Social Bond Principles 2021 and Green Loan Principles 2021.

## First Sustainable Bond

In July 2021, Hysan successfully issued its first sustainable bond under the Framework: a 5-year bond of HK\$400 million at a coupon rate of 1.5%. The Group intends to allocate the net proceeds into social and community projects as well as environmental projects.

The details of this sustainable bond are as below:

Year issued	Issuer	ISIN Number	Principal Amount (HK\$ million)	Coupon	Maturity Date	Credit Rating
2021	Hysan MTN Ltd.	HK0000757457	400	1.50%	27 July 2026	Rated A3 by Moody's

The allocation of net proceeds is as below:

	Energy Efficiency <sup>1</sup> (HK\$ million)	Affordable Basic Infrastructure <sup>2</sup> (HK\$ million)	Pandemic & infection related CAPEX & OPEX <sup>3</sup> (HK\$ million)	Total allocated Proceeds (HK\$ million)	Unallocated Proceeds (HK\$ million)
Sustainable Bonds Issued in 2021	35	32	14	81	318
Grand Total	35	32	14	81	318

- 1 Bond proceeds allocated to finance capital expenditures on energy efficiency initiatives such as the replacement of chillers, air-handling units, primary air units and water pumps, and the upgrade of building management systems, etc.
- 2 Bond proceeds allocated to finance capital expenditures on area rejuvenation and connectivity initiatives for social and community purposes.
- 3 Bond proceeds allocated to finance the expenditures on pandemic infection related items such as disinfection and sanitisation devices, indoor preventative air filters and purifiers, etc.

## First Sustainability-Linked Loan

In October 2021, Hysan secured its first sustainability-linked loan by converting two existing five-year term and revolving credit facilities totalling HK\$965 million, dated September 2019, into a sustainability-linked loan, with financing arrangement directly linked to Hysan's sustainability targets.

Upon achieving mutually agreed sustainability performance targets, Hysan will receive an interest savings on the loan interest rate per year. Targets were set in accordance with the Group's sustainability strategy, mainly including the following criteria:

- Hysan achieves a target reduction in energy consumption and greenhouse gas emissions intensity
- Hysan retains its listing on the Hang Seng Corporate Sustainability Benchmark index
- Hysan commits to improving social and community activities including partnerships with non-government organisation and employee training

## Largest Green Loan in Hong Kong

On 25 January 2022, Hysan executed a HK\$12,951 million 5-year green loan facility with six leading banks for our Caroline Hill Road Project (“Project”) financing, the largest ever green loan in Hong Kong. Proceeds from the facility will be used to refinance the land premium and finance the construction cost of the Project, which is targeted for completion in 2026. The Project aims to obtain the highest ratings of local and international green and wellness certificates, including the China Green Building Label, Leadership in Energy and Environmental Design certification from the United States Green Building Council and BEAM Plus certification from the Hong Kong Green Building Council.

The Facility has received a Green Finance Certificate (pre-issuance stage) from the Hong Kong Quality Assurance Agency (HKQAA) in December 2021.

We will continuously strengthen our sustainable finance portfolio, and reconsider our long-term capital allocation decisions and corporate financing strategy in order to maintain Hysan’s competitiveness.



## Hysan’s sustainable finance journey

### 2019

**Established Green Finance Framework** and issued approximately HK\$1,550 million of green bonds. All bonds’ proceeds have been allocated to refinance the construction cost of Lee Garden Three, which has achieved green building certificates of BEAM Plus Platinum and LEED Gold standard

### 2020

Launched the **first sustainability-linked derivative hedging solution** by a Hong Kong real estate company. This US\$125 million transaction was featured as a case study for the Hong Kong Stock Exchange’s Sustainable & Green Exchange and won **“the Most Innovative Deal”** in The Asset Triple A Sustainable Capital Market Awards 2020

### 2021

Expanded the Green Finance Framework into the **Sustainable Finance Framework** and issued our the first sustainable bonds

Executed our **first sustainability-linked loan** of HK\$965 million which integrating our Hysan’s sustainability targets into financing arrangements

### 2022

Executed **Hong Kong’s largest ever green loan** of HK\$12,951 million to finance a development project, and received HKQAA Green Finance Certificate



# Appendix 1: Three-year Performance Data

		2021	2020	2019
<b>Energy Consumption</b>				
Town gas <sup>1</sup>	Unit	2,947	1,858	5,390
Petrol	Litres	4,200	2,821	4,055
Diesel <sup>2</sup>	Litres	4,383	4,152	3,324
Purchased Electricity – Total	MWh	53,409	50,788	53,938
Head Office	MWh	209	347	365
Properties in Hong Kong <sup>3</sup>	MWh	53,200	50,441	53,573
Renewable Energy generated and consumed on-site <sup>4</sup>	kWh	7,153	6,126	–
Refrigerant refilled <sup>5</sup>	Kilograms	625	818	1,645
Refrigerant recycled <sup>6</sup>	Kilograms	725	185	200
Direct Energy Consumption (Town gas + Petrol + Diesel)	MWh	121	92	142
Total Energy Consumption	MWh	53,530	50,880	54,080
Energy Intensity	MWh/ft <sup>2</sup>	0.012	0.011	0.012
<b>Greenhouse Gas (“GHG”) Emission<sup>7</sup></b>				
Total Emission	Tonnes of carbon dioxide equivalent (“tCO <sub>2</sub> e”)	33,469	35,376	37,560
Intensity	tCO <sub>2</sub> e/ft <sup>2</sup>	0.0073	0.0078	0.0082
Scope 1 <sup>8</sup>	tCO <sub>2</sub> e	548	23	42
Scope 2 <sup>9</sup>	tCO <sub>2</sub> e	37,922	41,139	43,154
Scope 3 <sup>10</sup>	tCO <sub>2</sub> e	(5,000)	(5,781)	(5,636)
<b>Water Consumption</b>				
Municipal water consumption	m <sup>3</sup>	295,899	251,860	241,415
Intensity	m <sup>3</sup> /ft <sup>2</sup>	0.065	0.055	0.053
<b>Waste<sup>11</sup></b>				
<b>Waste Recycling (Non-hazardous waste)</b>				
Total	Tonnes	1,140	1,287	1,286
Paper	Tonnes	1,100	1,237	1,213
Metal	Tonnes	3	3	3
Glass	Tonnes	2	3	4
Plastic	Tonnes	3	9	4
Food waste	Tonnes	29	32	59
Clothing donation	Tonnes	3	3	3
<b>Waste Disposal (Non-hazardous waste)</b>				
Commercial waste <sup>12</sup>	Tonnes	4,409	4,614	4,405
<b>Waste Recycling (Hazardous waste)</b>				
Fluorescent tubes	Kilograms	5,357	2,192	1,100

## Notes

- Please note that facilities using town gas were not in service during most of 2020 due to tighten pandemic measures, and were in limited operation during 2021.
- 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
- Renewable energy was generated from solar panels and devices installed at our commercial and residential properties.
- Refer to refrigerants including hydrochlorofluorocarbons (HCFCs) and hydrofluorocarbons (HFCs).
- We continued to remove all appliances using R12 from our portfolio and sent the unused R12 to licensed collector.
- Calculations were made in reference to Appendix 27 of the Listing Rules and related documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise. The GHG emissions’ calculations covers the carbon dioxide (CO<sub>2</sub>), methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O) and HFCs. Perfluorocarbons, sulphur hexafluoride and nitrogen trifluoride are not applicable to our operations.
- Scope 1 emissions included town gas, diesel, petrol and refrigerant. In 2021, 300psi of R410a were released via the repair and maintenance of chillers.
- Scope 2 emissions included purchased electricity and town gas.
- Scope 3 emissions included paper waste disposed, and electricity used for processing fresh water and sewage. Emission from the Group’s business air travel was insignificant.
- Refer to waste collected from head office, tenant and common areas, unless otherwise specified.
- Data collected from Bamboo Grove and head office operations have been included since 2020.

		2021	2020	2019
<b>Workforce (as of 31 December 2021)</b>				
Total		467	500	514
by Gender	Male	290	310	317
	Female	177	190	197
by Employee Type	Full-time	467	500	514
	Part-time	0	0	0
by Employee Category	Head Office Employee	171	189	197
	Principal Operating Subsidiaries	296	311	317
by Age Group	Aged 29 or below	70	86	98
	Aged 30-39	129	142	143
	Aged 40-49	147	138	138
	Aged 50 and above	121	134	135
by Geographical Region	Hong Kong	467	500	514
<b>Employee Turnover Rate</b>				
by Employee Category	Head Office Employee	36 %	7 %	18 %
	Principal Operating Subsidiaries	20 %	13 %	19 %
by Gender	Male	22 %	9 %	16 %
	Female	32 %	14 %	20 %
by Age Group	Aged 29 or below	54 %	20 %	32 %
	Aged 30-39	32 %	13 %	20 %
	Aged 40-49	19 %	9 %	18 %
	Aged 50 and above	11 %	4 %	6 %
by Geographical Region	Hong Kong	26 %	10 %	18 %
<b>Total Training Hours<sup>13</sup></b>		10,252	9,430	12,069
Total Training Hours on Safety and Health Related Topics		3,176	2,137	2,015
<b>Average Training Hours Completed per Employee</b>		21.95	18.86	23.48
by Employee Category	Head Office Employee	18.26	20.59	20.39
	Principal Operating Subsidiaries	24.08	16.06	25.40
by Gender	Male	19.23	11.63	–
	Female	26.38	19.44	–
<b>Percentage of Employees Trained</b>				
by Employee Category	Head Office Employee	100 %	100 %	–
	Principal Operating Subsidiaries	100 %	100 %	–
by Gender	Male	100 %	100 %	–
	Female	100 %	100 %	–
<b>Injury Rate</b>				
Employee		2.35 %	3.40 %	2.14 %
Contractor <sup>14</sup>		0 %	0 %	0 %
<b>Lost Day Rate</b>		0.04 %	0.14 %	0.012 %
<b>Work-related Lost Days due to Injuries</b>		55	204	175
<b>Work-related Fatality Rate</b>		0	0	0

Notes

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

14. The data covered our renovation and alternation works, and the Tai Po Residential Development project.

# Appendix 2: Charters and Membership, Awards and Recognitions

## Charters and Memberships

### Carbon Reduction Charter Signatory

Environment Bureau, Hong Kong SAR Government

### Low Carbon Charter Signatory

Business Environment Council

### Energy Saving Charter and 4T Charter Signatory

Electrical and Mechanical Services Department,  
Hong Kong SAR Government

### Food Wise Charter Signatory

The Environmental Protection Department,  
Hong Kong SAR Government

### Sustainable Procurement Charter – Established Member

The Green Council

### Green Shop Alliance Task Force

Hong Kong Green Building Council

### Patron Member

Hong Kong Green Building Council

### Corporate Member

World Wide Fund for Nature (WWF) Hong Kong

### Council Member

Business Environment Council

## Awards and Recognitions

### 2021 Deauville Green Awards – Trophée Or (Gold Trophy), Organisations and Social Responsibility Category

Deauville Green Awards Film Festival

### HKIRA 7<sup>th</sup> Investor Relations Awards 2021 – Grand ESG Award, Best IR Company, Best ESG-Environment, Best ESG-Social, Best ESG-Governance and Best Annual Report (Mid Cap)

Hong Kong Investor Relations Association

### HKICPA's Most Sustainable Companies and Organisation Award 2021 (MSCO) – Gold Award (Non-Hang Seng Index – Medium Market Capitalization)

Hong Kong Institute of Certified Public Accountants

### 2021 Best Annual Reports Awards – Environmental, Social and Governance (ESG) Report – Excellence Award

Hong Kong Management Association

### Hong Kong Sustainability Award 2020/21 Organisation Award – Certificate of Excellence

Hong Kong Management Association

### 2021 International ARC Awards – Honour Award (Traditional Annual Report)

MerComm, Inc.

### “Carbon Neutrality” Partners

Environment Bureau, Hong Kong SAR Government

### Wastewi\$e Certification – Excellent and Good Level

Hong Kong Green Organisation Certification

### E-waste Recycle Campaign

WEEE ■ PARK

### Peach Blossom Trees Recycling Programme 2021 – Certificate of Appreciation

Environmental Protection Department,  
Hong Kong SAR Government

### Umbrella Bags Reduction Accreditation Scheme – Gold Level

Greeners Action

### Hong Kong Green Shop Alliance Award 2021 – Excellent Green Product Advocate

Hong Kong Green Shop Alliance

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

Environmental Protection Department,  
Hong Kong SAR Government

### 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

### Anti-Epidemic Hygiene Measures Certifications

Hong Kong Quality Assurance Agency

### Services Quality Management Certifications

Hong Kong Quality Assurance Agency



# 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
<b>A1 Emissions</b>	
<ul style="list-style-type: none"> <li>General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Climate Resilience and Adaptation</li> <li>Renewable Energy</li> <li>Green Buildings</li> <li>Energy Efficiency &amp; Reduction</li> <li>Waste Management</li> <li>Water Conservation</li> </ul> <p>In 2021, there was no non-compliance with relevant laws and regulations that had a significant impact on Hysan.</p> <p>We regularly monitor 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 contaminants and fresh indoor air. At Hysan Place’s Sky Garden, shoppers can also enjoy a breath of fresh air in an open and spacious terrace decorated with water fountains, eco bike chargers and greenery.</p> <p>Hysan’s <a href="#">Environmental Policy</a> focuses on measuring and reporting carbon reduction efforts, promoting waste reduction, enhancing green purchasing and improving stakeholder engagement. The policy is regularly reviewed and approved by senior management. We communicate our environmental management policy and priority to staff through the Sustainable Office Guide, thus cultivating a green office environment.</p> <p>Our shopping malls in the Lee Gardens area are surrounded by an extensive public transportation network like MTR, bus, minibus and tram. Our carparks feature a touchless parking service and electric vehicle charging stations. Bicycle parking space is also offered at our residential properties. We aim to increase the number of parking spaces with electric vehicle charging provision to over 500 by 2026.</p>
<ul style="list-style-type: none"> <li>KPI A1.1 The types of emissions and respective emissions data</li> </ul>	<p>In 2021, there were 0.06kg of sulphur oxides (SOx), 2.01kg of nitrogen oxides (NOx), and 0.11kg of particulate matter (PM) emitted from our consumption of town gas, petrol and diesel.</p>
<ul style="list-style-type: none"> <li>KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions and intensity</li> </ul>	<ul style="list-style-type: none"> <li>Appendix 1: Three-year Performance Data</li> </ul>
<ul style="list-style-type: none"> <li>KPI A1.3 Total hazardous waste produced and intensity</li> </ul>	
<ul style="list-style-type: none"> <li>KPI A1.4 Total non-hazardous waste produced and intensity</li> </ul>	
<ul style="list-style-type: none"> <li>KPI A1.5 Description of emission target(s) set and steps taken to achieve them</li> </ul>	<ul style="list-style-type: none"> <li>LIFE – 2030 Strategy and Targets</li> <li>Climate Resilience and Adaptation</li> <li>Renewable Energy</li> <li>Green Buildings</li> <li>Energy Efficiency &amp; Reduction</li> <li>Waste Management</li> </ul>
<ul style="list-style-type: none"> <li>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</li> </ul>	
<b>A2 Use of resources</b>	
<ul style="list-style-type: none"> <li>General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Climate Resilience and Adaptation</li> <li>Renewable Energy</li> <li>Green Buildings</li> <li>Energy Efficiency &amp; Reduction</li> <li>Waste Management</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.1 Direct and/or indirect energy consumption by type in total and intensity</li> </ul>	<ul style="list-style-type: none"> <li>Appendix 1: Three-year Performance Data</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.2 Water consumption in total and intensity</li> </ul>	
<ul style="list-style-type: none"> <li>KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them</li> </ul>	<ul style="list-style-type: none"> <li>LIFE – 2030 Strategy and Targets</li> <li>Renewable Energy</li> <li>Energy Efficiency &amp; Reduction</li> </ul>
<ul style="list-style-type: none"> <li>KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them</li> </ul>	<ul style="list-style-type: none"> <li>Water Conservation</li> </ul> <p>In 2021, we did not encounter any problems in sourcing water and no untreated wastewater was discharged in the course of our daily operations.</p>

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A2 Use of resources	
<ul style="list-style-type: none"> <li>• KPI A2.5 Total packaging material used for finished products</li> </ul>	Not applicable as our business operations do not involve any packaging.
A3 The environment and natural resources	
<ul style="list-style-type: none"> <li>• General Disclosure</li> <li>• KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Governance</li> <li>• Renewable Energy</li> <li>• Energy Efficiency &amp; Reduction</li> <li>• Biodiversity</li> </ul> <p>Our existing buildings do not involve any brownfield nor greenfield sites.</p> <p>In 2021, we updated our internal staff catering and entertainment policies to ensure that all business units refrain from consuming any products that endanger wildlife or the ocean.</p>
A4 Climate Change	
<ul style="list-style-type: none"> <li>• General Disclosure</li> <li>• 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</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainability Governance</li> <li>• Climate Resilience and Adaptation</li> <li>• ESG Risk Management</li> </ul>

## B. Social

### Reference in this report

Employment and Labour Practices	
B1 Employment	
<ul style="list-style-type: none"> <li>• General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity &amp; Inclusion</li> <li>• Talent Engagement and Wellbeing</li> </ul> <p>In 2021, there was no non-compliance with relevant laws and regulations that had 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 2021.</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"> <li>• KPI B1.1 Total workforce by gender, employment type, age group and geographical region</li> </ul>	<ul style="list-style-type: none"> <li>• Appendix 1: Three-year Performance Data</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B1.2 Employee turnover rate by gender, age group and geographical region</li> </ul>	
B2 Health and safety	
<ul style="list-style-type: none"> <li>• General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety</li> </ul> <p>In 2021, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p>
<ul style="list-style-type: none"> <li>• KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year</li> </ul>	<ul style="list-style-type: none"> <li>• Appendix 1: Three-year Performance Data</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B2.2 Lost days due to work injury</li> </ul>	
<ul style="list-style-type: none"> <li>• KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>• Health &amp; Safety</li> </ul>
B3 Development and training	
<ul style="list-style-type: none"> <li>• General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Talent Development</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B3.1 The percentage of employees trained by gender and employee category</li> </ul>	<ul style="list-style-type: none"> <li>• Appendix 1: Three-year Performance Data</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B3.2 Average training hours completed per employee by gender and employee category</li> </ul>	

<b>B4 Labour standards</b>	
<ul style="list-style-type: none"> <li>• General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Diversity &amp; Inclusion</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B4.1 Description of measures to review employment practices to avoid child and forced labour</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate website – Group Policies and Governance</li> </ul> <p>In 2021, there was no non-compliance with relevant laws and regulations that had a significant impact on Hysan.</p>
<ul style="list-style-type: none"> <li>• KPI B4.2 Description of steps taken to eliminate such practices when discovered</li> </ul>	<p>We believe our property investment and management business (based primarily in Hong Kong) has a very low risk profile regarding the 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 2021.</p> <p>Please refer to our Human Rights Policy on our corporate website for further details.</p>
<b>Operating Practices</b>	
<b>B5 Supply chain management</b>	
<ul style="list-style-type: none"> <li>• General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Procurement</li> </ul>
<ul style="list-style-type: none"> <li>• KPI B5.1 Number of suppliers by geographical region</li> </ul>	<p>In our daily operations, Hysan supports sustainable procurement measures such as purchasing Forest Stewardship Council (“FSC”) certified office paper products, paper towels made with 100% recycled materials, electrical appliances with energy efficiency labels (including for 100% newly bought appliances), water efficient water appliances, no or low volatile organic compound (“VOC”) paints, and green cleaning products, among others. All contractors are required to complete a safety briefing and commitment agreement on work safety and risk assessment upon engagement.</p>
<ul style="list-style-type: none"> <li>• KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored</li> </ul>	<p>For all fitting-out, renovation or reinstatement works, Hysan has set out standardized House Rules and Green Fitting Out Guidelines to ensure all works comply with applicable statutes, codes, ordinances and regulations, sustainable practices, as well as providing safe and fair working conditions.</p>
<ul style="list-style-type: none"> <li>• KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored</li> </ul>	
<ul style="list-style-type: none"> <li>• KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored</li> </ul>	
<b>B6 Product responsibility</b>	
<ul style="list-style-type: none"> <li>• General Disclosure</li> </ul>	<p>In 2021, there was no non-compliance with relevant laws and regulations that had a significant impact on Hysan.</p> <p>In addition to our social media platforms and in-mall digital panels, our Lee Gardens App informs shoppers of the latest happenings, promotions and, rewards in the area, and offers them an easy and efficient shopping and dining experience through digital vouchers and redemption.</p> <p>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.</p> <p>We also provide services and facilities to accommodate the needs of families, pregnant and elderly shoppers and those with physical disabilities. Complimentary Wi-Fi service is available in all shopping malls.</p>
<ul style="list-style-type: none"> <li>• KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons</li> </ul>	<p>Not applicable as our business operations do not involve selling or shipping any products.</p>
<ul style="list-style-type: none"> <li>• KPI B6.2 Number of products and service related complaints received and how they are dealt with</li> </ul>	<p>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.</p> <p>In 2021, there were no substantiated complaints received relating to products and services provided that had a significant impact on Hysan.</p>
<ul style="list-style-type: none"> <li>• KPI B6.3 Description of practices relating to observing and protecting intellectual property rights</li> </ul>	<p>As stated in our Code of Conduct, our employees should protect the Company’s intellectual property rights in accordance with the Company’s relevant requirements and 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.</p>



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B6 Product responsibility	
<ul style="list-style-type: none"> <li>KPI B6.4 Description of quality assurance process and recall procedures</li> </ul>	Not applicable as our business operations do not involve selling or shipping any products.
<ul style="list-style-type: none"> <li>KPI B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>Data Protection</li> <li>Cybersecurity</li> </ul> <p>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.</p>
B7 Anti-corruption	
<ul style="list-style-type: none"> <li>General Disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Ethical Business Practice</li> <li>Compliance Policies &amp; Trainings</li> </ul> <p>In 2021, there was no non-compliance with relevant laws and regulations that have a significant impact on Hysan.</p> <p>Please refer to our Code of Ethics, Anti-Fraud Policy, Whistleblowing Policy, on our corporate website for further details.</p>
<ul style="list-style-type: none"> <li>KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases</li> </ul>	In 2021, there were no concluded legal cases regarding corrupt practices brought against Hysan or its employees.
<ul style="list-style-type: none"> <li>KPI B7.2 Description of preventive measures and whistleblowing procedures, how they are implemented and monitored</li> </ul>	<ul style="list-style-type: none"> <li>Ethical Business Practice</li> </ul>
<ul style="list-style-type: none"> <li>KPI B7.3 Description of anti-corruption training provided to directors and staff</li> </ul>	<ul style="list-style-type: none"> <li>Compliance Policies and Trainings</li> </ul> <p>Anti-corruption training is provided to Directors and all employees. Specifically, training materials for Directors are embedded in a comprehensive memorandum on Directors' Duties and Responsibilities and are available at a separate portal for Directors to access anytime and anywhere. Senior management are reminded of their relevant duties on a half-yearly basis with training materials accessible on our Intranet. All employees are required to complete anti-corruption training courses within the first three months of their employment. Training materials are available on Hysan's Mobile Learning Platform, which features with live videos and interactive features to support employee learning at any time, any pace and any place.</p>
Community	
B8 Community Investment	
<ul style="list-style-type: none"> <li>General Disclosure</li> <li>KPI B8.1 Focus areas of contribution</li> <li>KPI B8.2 Resources contributed</li> </ul>	<ul style="list-style-type: none"> <li>Community Health and Wellness</li> <li>Environmental Sustainability Awareness</li> <li>Art and Culture</li> <li>Family and Children</li> <li>Tenant Engagement</li> <li>Staff Volunteering</li> <li>Donation, Venue and Media Support</li> </ul>

# 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 2021 ("Report"). The Report outlines Hysan's continuous commitments towards sustainability for the period from 1 January 2021 to 31 December 2021.

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 2021 to 31 December 2021 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 on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. Our verification process was designed to obtain a reasonable level of assurance for devising opinions and conclusions. The extent of this verification process undertaken was provided for the criteria set in the ESG Reporting Guide.

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

### Independence

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

### Conclusion

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

- The Report has complied with all mandatory disclosure requirements and "comply or explain" provisions outlined in the ESG Reporting Guide;
- 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.

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

Connie Sham  
Head of Audit  
March 2022



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