

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Tsim Sha Tsui Properties Limited (“Company”) is pleased to present this Environmental, Social and Governance (“ESG”) Report (“ESG Report”), which summarizes the ESG policies, initiatives and performance of the Company and its subsidiaries (collectively, “Group”) as well as demonstrates its commitment to achieving environmental and social sustainability for the year ended 30th June, 2018.

REPORTING FRAMEWORK AND SCOPE

This ESG Report is prepared in accordance with the ‘Environmental, Social and Governance Reporting Guide’ under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and focuses on the activities of the Company’s major listed subsidiary, Sino Land Company Limited (“Sino Land”), as the operations under Sino Land represent a substantial portion of the operations of the Group. It covers the management approach for the material sustainability aspects of the Group’s core businesses and operations, which span property development, hotel investment and management, and property services including property management, security services, car park operations and environmental services, as well as shopping malls management, over which the Group has direct management control.

The environmental and social sustainability performance and initiatives of the head office, 47 properties managed by the Group and 3 construction sites in Hong Kong, as well as the Fullerton Hotel Singapore and the Fullerton Bay Hotel Singapore are discussed in this ESG Report. Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 26 to 48.

APPROACH, STRATEGY TO ESG AND REPORTING

The Group upholds a high level of commitment to sustainability and governance. The ESG approach of the Group is to incorporate sustainability in its operations with a view to creating long-term value for customers, employees, business partners, shareholders, investors and the community as a whole. The key ESG objective of the Group is to build a greener and sustainable community through actively participating in and curating a wide range of green initiatives, community programmes, arts and cultural events, as well as heritage conservation and revitalization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

STAKEHOLDER ENGAGEMENT To better understand stakeholders' concerns and expectations, the Group has adopted a multi-pronged approach to engage its key stakeholders, including customers, tenants, staff, shareholders, investors, non-governmental organizations ("NGOs"), partners (suppliers and contractors, academia and the government), local communities and mass media, on a regular basis through various channels.

Stakeholders	Channels to engage
Customers	<ul style="list-style-type: none">• Handover Service Survey (Property Buyers)• Customer Satisfaction Survey (Residents)• Home Visits by Property Management Team• Customer Service Hotline• Regular Gatherings• Social Media• Daily Personal Contact• Communications like direct mailings and corporate magazine (<i>LifeScape</i>)
Tenants	<ul style="list-style-type: none">• Customer Satisfaction Survey (Tenants)• Meetings• Site Visits• Communications like direct mailings and corporate magazine (<i>LifeScape</i>)
Staff	<ul style="list-style-type: none">• Town Hall Meetings and Monthly Mini-Town Hall Meetings• Staff Magazine (<i>InSino</i>)• New Hire Orientation• SinoNet (Intranet)• Staff Suggestion Award Scheme• Quality Improvement Champion Scheme
Shareholders	<ul style="list-style-type: none">• Annual General Meetings• Annual and Interim Reports• Press Releases, Announcements and Circulars

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

STAKEHOLDER ENGAGEMENT *(Continued)*

Stakeholders	Channels to engage
Investors	<ul style="list-style-type: none">• Investor Conferences• Site Visits• Analyst Briefings
NGOs	<ul style="list-style-type: none">• Regular Meetings with Green and Community Partners• Joint Activities
Partners (suppliers and contractors, academia and the government)	<ul style="list-style-type: none">• Tendering Process• Meetings and Conferences• Exhibitions• Site Visits
Local Communities	<ul style="list-style-type: none">• Volunteering Opportunities• Charitable Events• Art Exhibitions and Functions
Mass Media	<ul style="list-style-type: none">• Press Conference and Luncheons• Press Releases

SUSTAINABILITY GOVERNANCE

The sustainability management framework of the Group aims to create accountability for sustainability at all levels. The Group set up a Sustainability Committee in 2010 to drive the planning and implementation of the Group's strategies for building a more sustainable business. The committee members include Mr. Daryl Ng Win Kong, the Deputy Chairman, together with other committee members drawn from key executives of various business units across the Group. The committee provides overall strategic direction in sustainability across the Group and facilitates the implementation of the policies and programmes related to corporate sustainability. It formulates environmental policy of the Group, which outlines the Group's long-term corporate plan to guide the environmental management systems and standards for different business units.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SUSTAINABILITY GOVERNANCE *(Continued)*

At the monitoring and execution level, a Green Audit Committee, comprising designated representatives from various business units across the Group, has been set up to conduct regular checks on environmental practices at buildings under the Group's management and provide suggestions for further improvement. A dedicated team, namely the Employee Safety and Health Committee, comprising senior executives from all key business units, has been established to administer the health and safety management system of the Group and to ensure that the principles are adopted in day-to-day operations. The committee also reviews injury cases for loss control and prevention. In recognition of the genuine need to tackle the environmental impact brought about by plastic waste, a Steering Committee has been set up to formulate strategies and action plans on plastic reduction across the business units.

An information and data collection template is adopted and used for collection of ESG information and data from relevant departments and business units of the Group based on the material ESG aspects. The ESG Report is prepared based on the information and data so collected, and the key performance indicators ("KPIs") relating to the Group's business operations are highlighted in the paragraphs below.

ENVIRONMENTAL

Building a Sustainable Environment

The Group endeavours to make its properties more environmentally friendly through careful architectural planning, energy-saving and green management initiatives. It addresses potential environmental impacts of its business from carbon management to waste minimization. With proactive involvement in various green programmes, the Group also aims to further promote green living to stakeholders and the general public.

Under its environmental policy, the Group undertakes to:

- actively promote a culture of environmental sustainability among residents, tenants, customers, employees and contractors and encourage their involvement in green initiatives;
- improve environmental protection through energy conservation, waste reduction and pollution prevention;
- implement and update effective measures to sustain green living; and
- ensure full compliance with applicable legislation in relation to environmental protection.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Building a Sustainable Environment *(Continued)*

By adhering to the environmental policy, the Group has implemented concrete measures and initiatives in energy conservation, waste reduction, pollution prevention, etc. and has conducted periodic monitoring and reviews of the relevant KPIs to protect the environment where it operates. Sound environmental management in 34 flagship properties managed by the Group is governed by the internationally recognized ISO 14001 Environmental Management System. Sino Land received in November 2017 the Certificate of Excellence in the Hong Kong Sustainability Award 2016/17 organized by the Hong Kong Management Association. The awards aim at encouraging collaboration among enterprises to set benchmarks and to share best practices, achieving business sustainability in the long term. This is a testament to the Group's efforts on sustainability and an encouragement to pursue excellence.

Emissions

Control and Minimization

The Group strives to minimize greenhouse gas ("GHG") emissions, hazardous and non-hazardous waste generation and effluent discharge from its properties by formulating the 'Environmental Aspect Register', which identifies environmental aspects and impacts of the business activities of the Group. For the year ended 30th June, 2018, key emissions tracked include carbon dioxide ("CO₂"), hazardous and non-hazardous solid waste and effluent.

The Group has set a carbon reduction target of reducing carbon emissions across the common areas of buildings which are under the Group's management by 16% before 2020 from 2012 level. For the year ended 30th June, 2018, the accumulated reduction of carbon emissions against the 2012 level was 13.11% (2017: 8.9%).

With a view to enhancing transparency and promoting public awareness on climate change issues, Sino Land took part in the Carbon Footprint Repository for Listed Companies in Hong Kong developed by the Environmental Protection Department, which is a carbon disclosure initiative to make available information on GHG emissions reported directly by the listed companies in Hong Kong as a result of their business operations, together with other related information such as their carbon reduction programmes on combating climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

GHG Emissions Data

GHG emissions from the Group's operation

	<i>Unit</i>	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Direct GHG Emissions (Scope 1) ¹	<i>tonnes CO₂ equivalent</i>	514.4²	5,559.4 ³
Indirect GHG Emissions (Scope 2)	<i>tonnes CO₂ equivalent</i>	72,284.7⁴	74,228.0 ⁵
Other Indirect GHG Emissions (Scope 3) ⁶	<i>tonnes CO₂ equivalent</i>	328.9⁴	368.1 ⁵
Total GHG Emissions	<i>tonnes CO₂ equivalent</i>	73,128.0	80,155.5
GHG Emissions Intensity			
Head Office	<i>tonnes CO₂ equivalent/ employee</i>	0.67	0.29
Property Management	<i>tonnes CO₂ equivalent/m²</i>	0.06	0.07
Construction Sites	<i>tonnes CO₂ equivalent/m²</i>	0.03	0.002
Fullerton	<i>tonnes CO₂ equivalent/ visitor night</i>	0.05	0.05

Notes:

1. Included HFCs in the refrigerant consumed.
2. Included 47 buildings managed by the Group and 3 construction sites.
3. Included 47 buildings managed by the Group and 2 construction sites.
4. Included head office, 47 buildings managed by the Group, 3 construction sites and Fullerton.
5. Included head office, 47 buildings managed by the Group, 2 construction sites and Fullerton.
6. Included air travel. CO₂ emissions from air travel are calculated by ICAO Carbon Emissions Calculator.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Plastic Waste Minimization

The Group strives to reduce consumption of single-use plastic where possible and launched a group-wide Plastic Awareness Campaign in April 2018, pledging to reduce 50% consumption of single-use plastic across all business lines by 2022 from 2017 level. By way of reducing at source and exploring re-useable materials, the Group is heading towards a more sustainable business operation. As part of the Plastic Awareness Campaign, the Group will implement the following measures for the hotels and properties owned and/or managed by the Group:

- provide biodegradable garbage bags and umbrella bags;
- provide biodegradable or eco-friendly containers and cutleries at restaurants and F & B outlets;
- replace plastic bottled water with glass water jugs in hotels' conference and meeting rooms;
- replace small bathroom amenities with refillable dispensers;
- ban plastic straws and stirring rods at all restaurants and F & B outlets, and will provide eco-friendly alternatives upon request;
- encourage clean recycling, including but not limited to Reverse Vending Machine;
- promote up-cycling; and
- contract recycling company to collect and recycle plastic waste.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Food Waste Recycling

The Group is committed to recycling food waste to reduce the burden on landfills and has made continuous efforts to implement food waste recycling programmes at various properties, such as the Green Tenant Engagement Programme, which aims to encourage tenants' participation in waste recycling. The food waste decomposer at tmtplaza can turn a maximum of 7,000 kg of leftovers into waste water every month. Two food waste decomposers with capacity of 100 kg per day each were installed at Citywalk.

During the year ended 30th June, 2018, over 183 tonnes of food waste were collected for recycling by the Group (2017: over 200 tonnes).

Waste Disposal Data

Waste Disposal from the Group's operation

	<i>Unit</i>	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Non-hazardous Waste Disposal ¹	<i>tonnes</i>	5,067.5²	2,602.2 ³
Non-hazardous Waste Intensity			
Head Office	<i>tonnes/ employee</i>	0.02	0.02
Construction Sites	<i>tonnes/m²</i>	0.15	0.01
Fullerton	<i>tonnes/ visitor night</i>	0.01	0.01
Hazardous Waste Disposal ^{4, 5 & 6}	<i>kg</i>	952	3,270.3
Hazardous Waste Intensity			
Head Office	<i>kg/employee</i>	0.03	0.09
Property Management	<i>kg/m²</i>	0.001	0.003

Notes:

1. No separate figure for non-hazardous waste for property management as the waste was mainly generated by tenants and residents.
2. Included head office, 3 construction sites and Fullerton.
3. Included head office, 2 construction sites and Fullerton.
4. Hazardous waste data for construction sites and Fullerton is unavailable. The Group will explore the collection of such data in future.
5. Included head office and 47 buildings managed by the Group.
6. Included disposed refrigerant and fluorescent lamp.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Emissions *(Continued)*

Recycled Materials Data

Recycled Materials from the Group's operation

	<i>Unit</i>	For the year ended 30th June, 2018	For the year ended 30th June, 2017
Plastic	<i>tonnes</i>	9.7	10
Paper	<i>tonnes</i>	2,531.9	2,621.29
Grease Trap Waste	<i>tonnes</i>	6,473.5	7,459
Used Cooking Oil	<i>tonnes</i>	22.6	7.4
Aluminium Cans	<i>tonnes</i>	1.39	1.5
Metals	<i>tonnes</i>	71.5	7.6

Use of Resources

Resources Utilization and Management

The Group understands that better resources management is imperative to sustainability and consistently devotes efforts to energy and resources management. Particular attention has been paid to enhancing energy efficiency of the Group's assets, fresh water management and conservation of office supplies.

Since 2012, the Group has been supporting the Energy Saving Charter ("Charter") initiated by the Environment Bureau and the Electrical and Mechanical Services Department. Over 100 shopping malls, office towers, industrial and residential buildings have signed up to the Charter and pledged to maintain an average indoor temperature between 24°C and 26°C during summer time. The Group is a 4Ts Charter (target, timeline, transparency and together) partner of the Environment Bureau, where the Group sets an internal target of reduction in energy intensity with implementation timelines.

The Group's innovative attempts for improving the energy efficiency of its operations for the year ended 30th June, 2018 are highlighted below:

- replacing air-cooled chiller and cooling towers with models of higher energy efficiency;
- installing band screen to improve sea water quality for heat exchange; and
- increasing the frequency of cleaning condenser tubes to improve heat rejection efficiency in sea water cooled chiller.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

Resources Utilization and Management (Continued)

The Group has adopted the Power Quality Monitoring System, which enables real-time monitoring of power quality of all building services in the Group's buildings, hence aiding the planning and implementation of energy-saving initiatives through turning raw measurement data into insightful power quality performance information.

Since 2017, the Group has replaced alternating current ("AC") motors by electronically commutated ("EC") motors for Fan Coil Unit Systems in the Group's pilot buildings, namely, Tsim Sha Tsui Centre and Exchange Tower. The replacement of EC motors can save around 30% of energy consumption as compared to AC motors. In view of the higher efficiency, quieter operation and outstanding reliability of EC motors, the Group is phasing in EC motors to retrofit mechanical ventilation and air-conditioning system such as replacement of Fan Coil Units or Air Handling Units in the Group's buildings.

During the reporting year, 67 properties managed by the Group participated in the Peak Demand Management Programme organized by CLP Power Hong Kong Limited, through initiating energy-saving activities at the designated peak power demand period.

Green Office Management Guidelines

The Company has formulated the 'Green Office Management Guidelines' to provide principles and useful tips for workplace eco-friendly practices in energy, water and office material consumption. Departmental Green Officers have been appointed to promote green behaviour and initiatives among employees, and carry out Green Office Audit twice a year to assess compliance with the 'Green Office Management Guidelines'.

The Green Audit Committee organized a workshop in February 2018 to update employees of the new government policies on clean recycling in addition to enhancing understanding of 'Recycle Right' and sustainable consumption of resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

Energy and Water Consumption Data Energy and Water Consumption from the Group's operation

				For the year ended 30th June, 2018	For the year ended 30th June, 2017
		Unit			
Electricity Consumption		kWh	139,224,249¹	137,469,043 ²	
Electricity Intensity					
Head Office		kWh/employee	1,152.2	325.6	
Property Management		kWh/m ²	111.2	112.3	
Construction Sites		kWh/m ²	26.5	3.1	
Fullerton		kWh/visitor night	120.7	114.8	
Water Consumption		m ³	759,658¹	768,618 ³	
Water Intensity					
Head Office		m ³ /employee	0.03	N/A	
Property Management		m ³ /m ²	0.42	0.4	
Construction Sites		m ³ /m ²	1.43	0.1	
Fullerton		m ³ /visitor night	1.38	1.4	
Fuel Consumption					
Ultra-low sulphur diesel	Property Management ⁴	Consumption	L	2,124	2,268
		Intensity	L/m ²	0.002	0.002
	Construction Sites	Consumption	L	101,519⁵	N/A
		Intensity	L/m ²	7.0	N/A
Gas	Fullerton	Consumption	m ³	2,555,090	2,629,000
		Intensity	m ³ /visitor night	10.8	2.4

Notes:

1. Included head office, 47 buildings managed by the Group, 3 construction sites and Fullerton.
2. Included head office, 47 buildings managed by the Group, 2 construction sites and Fullerton.
3. Included 47 buildings managed by the Group, 2 construction sites and Fullerton.
4. Included 47 buildings managed by the Group.
5. Included 3 construction sites.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

Use of Resources *(Continued)*

Use of Packaging Materials

Use of packaging materials is not considered to be a material ESG aspect in the Group's property development, investment and management business. Regarding its hotel business at Fullerton, the Group established guidelines on packaging design to reduce excessive packaging and replace with eco-friendly materials. According to the guidelines, suppliers are obligated to adopt the following principles for packaging design:

- (i) Design of the Packaging
 - simple packaging – excessive packaging should be avoided and should facilitate recycling;
 - reusable – the design and packaging materials should encourage reuse to extend shelf life; and
 - gift-packaging integration – the packaging should be incorporated as a part of the gift so as to minimize waste generation.
- (ii) Choice of Packaging Materials
 - minimize different types of packaging materials used and those with low recyclable values; and
 - use eco-friendly or recyclable packaging materials.

For the year ended 30th June, 2018, approximately 14.2 tonnes of material were used by Fullerton for festive packaging.

The Environment and Natural Resources

As a co-creator of the urban landscape, the Group is committed to bringing a cleaner environment to stakeholders and community at large and managing significant impacts on the environment and natural resources by adopting green building features in the Group's properties in addition to engaging internal and external stakeholders on environmental conservation issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

ENVIRONMENTAL *(Continued)*

The Environment and Natural Resources *(Continued)*

To support the drive for renewable energy, photovoltaic panels have been installed at the Group's properties, such as Skyline Tower, Hong Kong Pacific Centre and The Avenue. A photovoltaic system with a capacity of 0.45 kW was installed at the 9/F roof garden of the Skyline Tower's carpark building to serve the common areas of the car park building. A photovoltaic system with a capacity of 12.8 kW was installed at the roof of Hong Kong Pacific Centre and connected to electricity grid, providing renewable energy for public lighting and the low voltage systems of typical floors. A photovoltaic system with a capacity of 19.98 kW was installed on the roof floor of The Avenue, providing green energy for the buildings' distribution boards. To support the drive for renewable energy, 762 additional photovoltaic panels will be installed at Skyline Tower and Gold Coast Piazza. The estimated total annual electricity generation from photovoltaic systems for Skyline Tower is 93,480 kWh and Gold Coast Piazza is 116,800 kWh.

Mission Green Top, a multifaceted programme combining urban farming, supporting the less privileged and engaging the broader community, was initiated at Skyline Tower in 2008. Year 2018 marked the 10th anniversary of the meaningful programme. The rooftop was transformed into an organic farm with verdant plants and flowers, breathing green life to commercial buildings. Through collaboration with the Hong Chi Association, a local NGO, its members are hired to care for the 1,000-square-foot rooftop garden in conjunction with the Sino Green team. A wide variety of plants are grown, including seasonal plants and herbs. Produce is regularly harvested and sold to tenants of the building at a scheduled marketplace at the tower lobby. The sales proceeds generated are channelled to the Hong Chi Association. This meaningful project, among the first rooftop gardens in a commercial building in Hong Kong, has been expanded to other properties managed by the Group, including Pacific Palisades, Vision City and The Hermitage. In celebration of the 10th anniversary of the event, the launch of Mission Green Academy was announced in June 2018 to further promote green living. Green-minded families were recruited as Mission Green Ambassadors to spread the messages to residential areas, workplaces and the broader community.

The Fullerton Hotel Singapore participated in the i Light Sustainability – Switch Off, Turn Up Campaign as part of i Light Marina Bay 2018, Asia's leading sustainable light art festival. The campaign hopes to encourage stakeholders to switch off non-essential lighting and turn up air-conditioning temperature. From 9th March to 1st April, 2018, the hotel brought in a bright red, heart-shaped inflatable light installation at Clifford Square to reflect the city's light and temperature with a beating rhythm and the light was projected onto the hotel's facade.

The Company is not aware of any material non-compliance with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste that have a significant impact on the Group for the year ended 30th June, 2018.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL

Employment and Labour Practices

The Company places significant emphasis on human capital and is committed to providing a fair workplace through promoting non-discrimination and diversity to staff, together with competitive remunerations and benefits based on skills, knowledge, responsibilities and involvement in the Company's affairs, as well as opportunities for career development based on merits and performances.

As a responsible employer, the Company is committed to providing equal employment opportunities and managing human assets including recruitment, training, promotion, transfer, remuneration, etc. regardless of gender, disability, family status, marital status, pregnancy, race, religion, age, national origin and sexual orientation. The Company has zero tolerance towards workplace harassment and discrimination through exercising a grievance reporting mechanism. No incidence of workplace discrimination was filed during the year ended 30th June, 2018.

The Company strives to ensure that comments of employees are escalated and heard through transparent communication channels, such as town hall meetings, staff suggestion award scheme, quality improvement champion scheme, monthly mini-town hall meetings and staff magazines.

To attract and retain talents, the Company aims at offering competitive remuneration which is reviewed annually to reflect employees' performance and contribution as well as market trends. The Company cares about the wellness of employees, and strives to provide a decent working condition and competitive benefits. These include paid annual leaves, medical coverage, paternity leaves, free holiday flats and discount privileges on the hospitality, parking and leasing services offered by the Group. The Staff Social & Recreation Committee of the Group organizes an array of activities, including one-day excursions to Hong Kong Geopark, organic farms, and other natural spots in Hong Kong, stretching yoga classes, hiking at reservoirs, etc. on a regular basis with a view to achieving work-life balance of employees. A five-day week policy has been adopted since July 2017. Each year, the Group hosts an annual dinner, at which employees can interact socially and foster the sense of belonging.

A comprehensive framework together with detailed human resources management policies are included in the Staff Handbook. The handbook provides useful information and guidelines to staff in the areas of working conditions, benefits and remuneration, training and development, as well as health and safety, and undergoes regular review in light of new legal and regulatory requirements, and the best employment practices. The Company strictly enforces the employment policies to offer a fair and supportive workplace.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with laws and regulations relating to employment and labour practices that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Health and Safety

The Company recognizes the importance of a safe and healthy work environment as the cornerstone of a successful organization since people are the most important asset. Through the Employee Safety and Health Committee, the Company administers its employee health and safety management system and ensures the adoption of the principles across all business lines. The Company pins down the practicable principles and reasonable practices at work and covenants in the Occupational Safety and Health (“OSH”) Policy Statement the following principles:

- to provide and maintain the training, machineries and facilities, material applications, environments, methods and systems at work up to the highest safety and health standards, preventing occupational injuries and diseases;
- to assign competent and skilled staff and contractors to handle works with critical hazards or impacts related to OSH;
- to promote the safety culture through various communication channels, such as safety campaigns, discussion and sharing sessions; and
- to require contractors or sub-contractors of the Group’s projects to assist in the implementation of policies, procedures and practices related to OSH at work.

The Company has implemented a holistic mechanism certified under the Occupational Health and Safety Management System (OHSAS 18001) to assist in planning, implementing, monitoring and improving the safety management system. A safety manual in accordance with the Factories and Industrial Undertakings (Safety Management) Regulation has also been prepared to cover comprehensive OSH management aspects including safety assessment and contractors monitoring for staff’s reference. For the year ended 30th June, 2018, 18 buildings managed by the Group were certified with OHSAS 18001.

To provide a safe working environment for employees in the office, risk assessments of workstations, equipment and tools are performed on a regular basis. Upgrades and maintenance of office equipment and tools are conducted to keep up with technological advancements and the needs and demand of employees.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with laws and regulations relating to OSH that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Development and Training

Developing and grooming employees is vital to sustainable growth of the Company. The Company cultivates lifelong learning culture and encourages employees at all levels to undertake internal and external training courses to acquire necessary skills, knowledge and qualifications to support their career enhancement to support the Group's business needs. Courses, seminars and workshops covering various topics in customer services, technical skills, languages and legal requirements in the form of both internal trainings and trainings provided by external specialists are organized on an ongoing basis for employees to keep abreast of the latest developments in the market. Employees also receive support from the Group by way of sponsorship and/or fully-paid training leave for them to attend job-related training courses or professional seminars. Directors of the Company are provided with continuous professional development training to develop and refresh their knowledge and skills and are also updated on the latest legal and regulatory issues.

In March 2018, a new one-year executive development programme was launched to enable senior executives of the Group to refine leadership skills and perspectives and assist them to realize their own potential at the same time. The programme includes leadership profiling, training workshop, executive coaching and strategic project implementation, which equip the participants with new leadership capabilities to adapt to today's complex, fast-paced and competitive environment.

Since 2015, the Group has launched the STAR Service Programme to develop frontline supervisors as on-site trainers to provide frontline staff with just-in-time STAR Service training as and when necessary. Over 200 frontline supervisors have completed the programme, passed the assessment and become qualified site trainers. A pocket-size vade mecum has been compiled, which outlines useful tips for handling customer enquiries and complaints, as training materials and a refresher for staff to sustain learning at work anywhere, anytime. The STAR Service Programme received the Silver Award in the Skills Training Category of the Award for Excellence in Training and Development 2017 organized by the Hong Kong Management Association.

The Group sustains the talent pool with, among others, bright graduates through two trainee programmes, namely the Corporate Management Trainee Programme and the Engineer Trainee Programme.

For the year ended 30th June, 2018, the Group was presented the Employer of Choice Award 2017 – Learning & Development Award by *JobMarket* in recognition of the Group's achievement in the development and training of staff.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Labour Standards – Anti-child and Forced Labour

The Company does not engage in nor tolerate any use of child or forced labour and therefore has established procedures to ensure that no child labour is engaged. Contractors and sub-contractors are also required to declare that they have not engaged and will not engage in child or forced labour.

For the year ended 30th June, 2018, the Company is not aware of any non-compliance with laws and regulations relating to preventing child or forced labour that have a significant impact on the Group.

Supply Chain Management

The Company holds the belief that its business partners, including suppliers and contractors, are integral to driving delivery of quality sustainable products and services. To communicate with suppliers/contractors on sustainability issues, the Company has developed the 'Policies & Procedures for Group Approved Contractors/Suppliers List' and the 'Green Purchasing Guidelines', and included such associated requirements in its standard tender documents. These requirements include regulatory compliance, labour practices, anti-corruption, environmental measures, green procurement, OSH and other business ethics. The 'Green Purchasing Guidelines' are applied in all purchasing units of the Group and purchasing units are strongly encouraged to take into consideration the government's policy on recommended green product specifications. The Company manages the performances of its suppliers/contractors through suppliers/contractors approval process and by conducting regular monitoring and annual performance reviews on registered suppliers/contractors.

When considering a purchase, the following principles will be considered:

- examining the necessity of the product or service to avoid unnecessary consumption and to manage demand;
- considering the alternatives to purchasing a replacement product, such as reusing, recycling, reducing, greater durability and greater energy efficiency;
- considering the emissions, pollutants, energy and water required at all stages of the life cycle;
- reducing the hazardous material content in purchases; and
- considering the end-of-life options.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Supply Chain Management *(Continued)*

Sino Land has pledged to support the Sustainable Consumption Recognition Scheme as 'Sustainable Consumption Enterprise' under the 'Fostering Sustainable Consumption for Hong Kong Business and the Community Programme' by the Business Environment Council in 2017. The scheme encourages enterprises to purchase products and services in a sustainable and responsible way.

Product Responsibility

Maintaining Products and Services Quality

The Company takes 'Customer First' as one of its core values and includes the same in the service pledge. The Company takes responsibility of its products and services, and strictly follows regulatory requirements, industry guidelines and internal procedures to improve customer health and safety, promote responsible marketing and ensure information security of its customers. The Company values feedback from its customers as an important learning opportunity. Open communication channels have been established to make sure that its services keep up with clients' needs. These channels include daily personal contact, site inspections and customer satisfaction surveys.

The ISO 10002 certified Customer Satisfaction and Complaint Handling System guides the Group's complaint handling process. The Group also sets up hotlines for collecting suggestions, enquiries or complaints from customers, and a complaint/incident handling platform, 'iPromise', which enables its dedicated customer relations team to respond appropriately to customers' concerns and turn them into useful lessons for the Group. For the year ended 30th June, 2018, the customer satisfaction rating was 3.65 out of 4, reflecting the Group's efforts in upholding service quality and pursuing customer satisfaction have been recognized.

The Group understands that responsible information management is vital to marketing and data handling processes. All marketing and information materials relating to properties launched for sale are prepared according to applicable laws and regulations, such as the Residential Properties (First-hand Sales) Ordinance and the self-regulatory regime of the Real Estate Developers Association of Hong Kong. Handbooks listing out detailed fittings and fixtures guidelines are also distributed to customers and tenants during selling and leasing processes to ensure transparency and authenticity of sales information.

The Group also endeavours to provide an excellent experience to its hotel guests. Food safety is considered to be the top priority. Measures have been adopted to ensure the quality of food supplies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Product Responsibility *(Continued)*

Protecting Personal Data Privacy and Intellectual Property

The Group respects personal data privacy and intellectual property rights. Policies and measures regarding the protection, collection and usage of personal data and protection of intellectual property are in place. The Group closely follows the Personal Data (Privacy) Ordinance when handling customer data and all employees are required to treat customer data in strict confidence. Training is provided for the relevant employees regarding the protection of personal data. Review and revision of the Group's personal data and privacy protection practices are carried out to ensure compliance with relevant laws. Trademarks and domain names are registered in various jurisdictions in order to protect the intellectual property of the Group. Action will be taken immediately if scam or infringing articles or materials in relation to the Group are discovered.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters related to products and services provided and methods of redress that have a significant impact on the Group.

Anti-corruption

Staff integrity is one of the critical factors to success. The Company strictly prohibits bribery and corruption. Employees are required to conduct themselves with integrity, in an ethical and proper manner, and in compliance with the applicable laws and regulations of the countries in which the Group operates, including anti-bribery laws. To this end, the Company organizes seminars delivered by the Independent Commission Against Corruption from time to time for employees to keep abreast of anti-corruption guidelines and practices.

Employees are reminded to avoid situations that may lead to or involve a conflict or potential conflict of interest. To ensure fairness in tendering processes, a Tender Committee has been in place to monitor the supplier and contractor selection process.

A 'Code of Conduct' is in place to ensure the proper conduct of all functions of the Group as well as its employees. This includes, inter alia, policies, rules, guidelines and procedures relating to prevention of bribery, solicitation and acceptance of advantages, conflict of interest, falsifying documents or furnishing false accounting records, acceptance of gifts and entertainment from third parties.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Anti-corruption *(Continued)*

By implementation of the 'Unethical Conduct Notification Policy and Procedures' ("UCN Policy and Procedures"), the Company puts in place a confidential and secure mechanism, namely the Business Ethics Committee comprising members from the management, to protect employees against unethical conducts, such as dishonesty, fraud or harassment, while assisting the Group in achieving its business commitments. In situation where an employee identifies any possible breach of the 'Code of Conduct' or misconducts, he can report to the Business Ethics Committee or the Risk and Control Committee through formal whistle-blowing procedures under the 'UCN Policy and Procedures'. Every reasonable effort will be made to maintain the confidentiality of the whistle-blowers without any kind of retaliation for reports or complaints on reportable misconduct made in good faith. Investigation procedures will be followed to ensure all complaints being treated promptly and fairly. Ongoing monitoring and review of the 'UCN Policy and Procedures' is carried out regularly to assess its effectiveness. Relevant trainings for the 'UCN Policy and Procedures' are also conducted from time to time for staff.

For the year ended 30th June, 2018, the Company is not aware of any material non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Community Investment

Caring for the Community

The Group's community engagement services mainly focus on the areas of children and youth development, elderly caring and serving the underprivileged. As a committed corporate citizen, the Group actively participates in a wide range of community programmes and voluntary services for charitable organizations. The volunteer team, 'Sino Caring Friends', was formed in 2008 to organize volunteer services for employees of the Group in collaboration with community partners. The Group strives to foster volunteering culture and encourages employees at all levels and from all business units to serve the community with their skills and expertise. Since the launch of 'Sino Caring Friends' in 2008, members have exceeded 2,400.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Community Investment *(Continued)*

Caring for the Community (Continued)

For the year ended 30th June, 2018, over 1,200 'Sino Caring Friends' and their families and friends have participated in over 210 outreaching activities to serve the community in Hong Kong. To advocate the volunteering culture, all staff who have accumulated 30 hours of volunteer services or more in the year are offered a day of volunteer service leave. The total volunteer service hours achieved by employees for the year ended 30th June, 2018 were approximately 130,000. The enthusiasm and care of 'Sino Caring Friends' was expanded to Mainland China during the reporting year. In Fujian, volunteers donated Christmas trees decorated with toys and stationeries as gifts to extend care to children in need. In Fuzhou, volunteers distributed straw hats, towels and essential balm to some 100 city sanitation workers.

The Group also supports community partners by providing in-kind support to extend benefits to more individuals. These include venue sponsorship, complimentary parking spaces, special rental offers, as well as publicity supports for NGOs in providing free promotional channels such as posters, printed materials and video clips displayed within the Group's properties.

For the year ended 30th June, 2018, the Group made charitable and other donations amounting to approximately HK\$7,655,000.

Nurturing the Next Generation

Development of the younger generation is one of the foci of the Group's community efforts. The Group concerns about the health, education and upward mobility of underprivileged children and youths, and supports personal development through a wide spectrum of projects to help them identify their talents.

The Group has collaborated with the HKSAR Government and other major Hong Kong companies to launch the Pilot Scheme on Corporate Summer Internship on the Mainland and Overseas. This scheme aims to provide local tertiary students with internship places in Mainland China and overseas in the summer of 2018, and to help young people gain wider exposure to the current socioeconomic landscape at both the national and international levels. The internship is 6 to 12 weeks in duration and each intern will be assigned to a place in Singapore, Fuzhou, Zhangzhou, Xiamen or Chengdu in different functional areas such as hotel management, human resources management and clubhouse management of the Group's operations there.

In an effort to support STEM (Science, Technology, Engineering and Mathematics) education, which is important in the technology era, the OC STEM Lab was set up in Olympian City to provide learning opportunities for the younger generation to cope with the rapid economic, scientific and technological development. The OC STEM Lab hosts workshops for children to foster interest in STEM through hands-on experiences on 3D printer, MakerBot Replicator, embroidery machine and computerized sewing. Professor Einstein – a robot with artificial intelligence capabilities and ability to answer questions about science – 'teaches' at the STEM Lab, and is particularly popular among students.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT *(Continued)*

SOCIAL *(Continued)*

Community Investment *(Continued)*

Creating an Artistic Community

The Group is committed to making arts and culture accessible to all through partnering with different local arts and culture organizations to tailor community art projects for the underprivileged, children and youths in residential service centres, schools and children's homes, to nurture their sense of aesthetics, appreciation of arts and personal development. The Group curates and sponsors arts events and education programmes to facilitate appreciation of arts and provide local and international artists with opportunities to showcase their talent at the Group's properties encompassing shopping malls, hotels and office buildings.

From September to December 2017, the Group has organized five workshops for all the students of Sisters of the Good Shepherd Marycove Center. Twenty-three sessions covering five themes, namely Furniture Design for Public Space, Upcycling Musical Instrument, Neighbourhood Explorer, Taste in the Neighbourhood and Marketing, were held. Students learnt about creative thinking, upcycling, sales and marketing, as well as design. Under the guidance of host artists, they sourced materials to design furniture and instruments to demonstrate the connection between people and the community. The students held an exhibition at Olympian City in December 2017 to showcase their works and introduce their ideas behind. Some students played tunes with their handmade musical instruments at the Olympian City Christmas Market, which interested the visitors.

In March 2018, the Hong Kong Arts Month, the Group partnered with international, award-winning artist Sinta Tantra on a public art installation 'In the Mood for Love' in Lee Tung Avenue. Drawing inspirations from Lee Tung Avenue's heritage and paying tribute to traditional Chinese colours, symbols and decorative motifs, the art piece celebrated love. Lee Tung Avenue was transformed into a 'living painting' in bold, geometric shapes and lines running across the tree-lined boulevard horizontally and vertically.

The Fullerton Heritage is committed to enlivening the arts and cultural scene in Singapore, providing locally established and international artists with the visibility for their works and talent through donations to arts causes and curating art programmes. In recognition of its contribution on the development of arts and culture in Singapore, The Fullerton Heritage has been awarded the National Arts Council's Patron of the Arts Award.