

WHARF REAL ESTATE INVESTMENT
COMPANY LIMITED

Stock Code: 1997



WHARF

Established 1886



SUSTAINABILITY
REPORT
2017



Table of Contents

Message from the Chairman and Managing Director	01
About This Report	03
About Our Business	09
Business Development	13
Protecting Our Environment	19
Nurturing Our People	27
Business-in-Community	33
Products and Services	39
Performance Data Summary	45
Major Awards, Charters and Memberships	53
GRI Standards and HKEX ESG Reporting Guide Content Index	55


Message from the Chairman and Managing Director

An aerial photograph of a city waterfront, likely Hong Kong, showing a dense urban skyline with various skyscrapers and buildings. In the foreground, there is a large body of water with several piers and boats. A stylized rainbow graphic, composed of green, white, and blue bands, arches over the top left portion of the image. The overall scene is bright and clear, suggesting a sunny day.

I am delighted to introduce the first Sustainability Report published by Wharf Real Estate Investment Company Limited (“Wharf REIC” or “the Group”) after it was demerged from The Wharf (Holdings) Limited (“Wharf”) and separately listed on the Main Board of the Stock Exchange of Hong Kong Limited on 23 November 2017. The demerger has enabled us to create greater impact in the community as Hong Kong investment property has become our primary business focus. We see our mission going beyond maximising economic value and we strive to work closely with business partners to protect the environment and care for our employees and community members in need.

In the global arena, we are glad to see that the Paris Agreement on climate change has been adopted and ratified by 176 parties to the convention and that the Mainland government has played a leading role in reducing carbon emissions. Meanwhile, the United Nations Sustainable Development Goals have been gathering momentum with increasing support from the business sector as more and more companies leverage their resources to help with environmental protection, ensuring quality education for all, and community development. We are excited to be part of the force.

In this report, we highlight the Group’s sustainability achievements over the last year as we continued to weave sustainability values into our business operations. We have also considered our stakeholders’ opinions while preparing this report to make sure that its content could address their concerns and priority areas.



Inspired by our long-standing mission of “Building for Tomorrow”, our “Business-in-Community” programmes continued to expand. The Group contributes significantly to Project *WeCan* to empower local secondary school students from disadvantaged backgrounds. Our shopping malls and The “Star” Ferry routinely sponsor venues for meaningful causes including environmental protection, social welfare, art and culture and animal welfare, etc. Youth development and promoting art and culture are at the heart of our sustainability programmes and we dedicate resources to organise art competitions and scholarships targeted at the youth.

Our employees are the force to help us achieve success in business and give back to the community. We will continue to provide for them a safe, healthy and inclusive working environment and invest in their professional development. We are proud of the volunteering spirit of our staff members as they collaborate with our partners to contribute to the sustainable development of our community.

Following the environmental guidelines formulated by the Group’s CSR Steering Committee, we have reduced greenhouse gas emissions by leveraging technology to improve energy efficiency as well as engaging renewable energy to support part of our operations. We have enhanced guest experience with proper waste management such as source separation, recycling and food waste composting. These initiatives have contributed to reduce burden on the city’s landfills. We have also enhanced our capacity in water conservation by recycling water where possible.

As one of Hong Kong’s premium commercial landlords, we are committed to providing safe and quality products and services for our customers. We pledge to innovate marketing campaigns, upgrade the unique “retailtainment” experience and bring in more footfall for our retail tenants. The Ocean Terminal Extension was opened in 2017, parading a 270-degree panoramic view of Victoria Harbour as well a delightful mix of restaurants for our customers. The Murray, Hong Kong, is another highlight and will further strengthen our positioning as a company that not only embraces business opportunities but also preserves heritage.

The Group will build on what we have achieved and continue to utilise our resources and explore innovative ideas to create lasting positive economic, social and environmental impact for our community.

Stephen T H Ng

Chairman and Managing Director
Hong Kong



About This Report

Report Standards and Scope

We have prepared our standalone Sustainability Report (“the Report”) in accordance with the “Core” option of the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”) and to fulfil the requirements of the Environmental, Social and Governance Reporting Guide (Appendix 27) issued by The Stock Exchange of Hong Kong Limited (“HKEX ESG Guide”).

Following a strategic review announced in Wharf 2016 Final Results Announcement, Wharf REIC was demerged as a subsidiary of Wheelock and Company Limited and listed on the Main Board of The Stock Exchange of Hong Kong Limited on 23 November 2017. Wharf REIC primarily focuses on investment properties in Hong Kong and also holds a 71.5% stake in the publicly listed entity Harbour Centre Development Limited (“HCDL”).

The scope of the Report focuses on the Group’s business in Hong Kong and Mainland China where we have management control, for the period of 1 January to 31 December 2017. Hong Kong operations include five premium investment properties, namely, Harbour City, Times Square, Plaza Hollywood, Crawford House and Wheelock House; other businesses including Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel (held by HCDL), Pacific Club, Gateway Apartments, and The “Star” Ferry Company, Limited. Mainland China operations include Marco Polo Changzhou (held by HCDL). Alongside the 2017 Annual Report highlighting our financial performance, the Report provides an overview of our sustainability policy and performance, addressing stakeholders’ interests in our environmental, social and economic impacts.

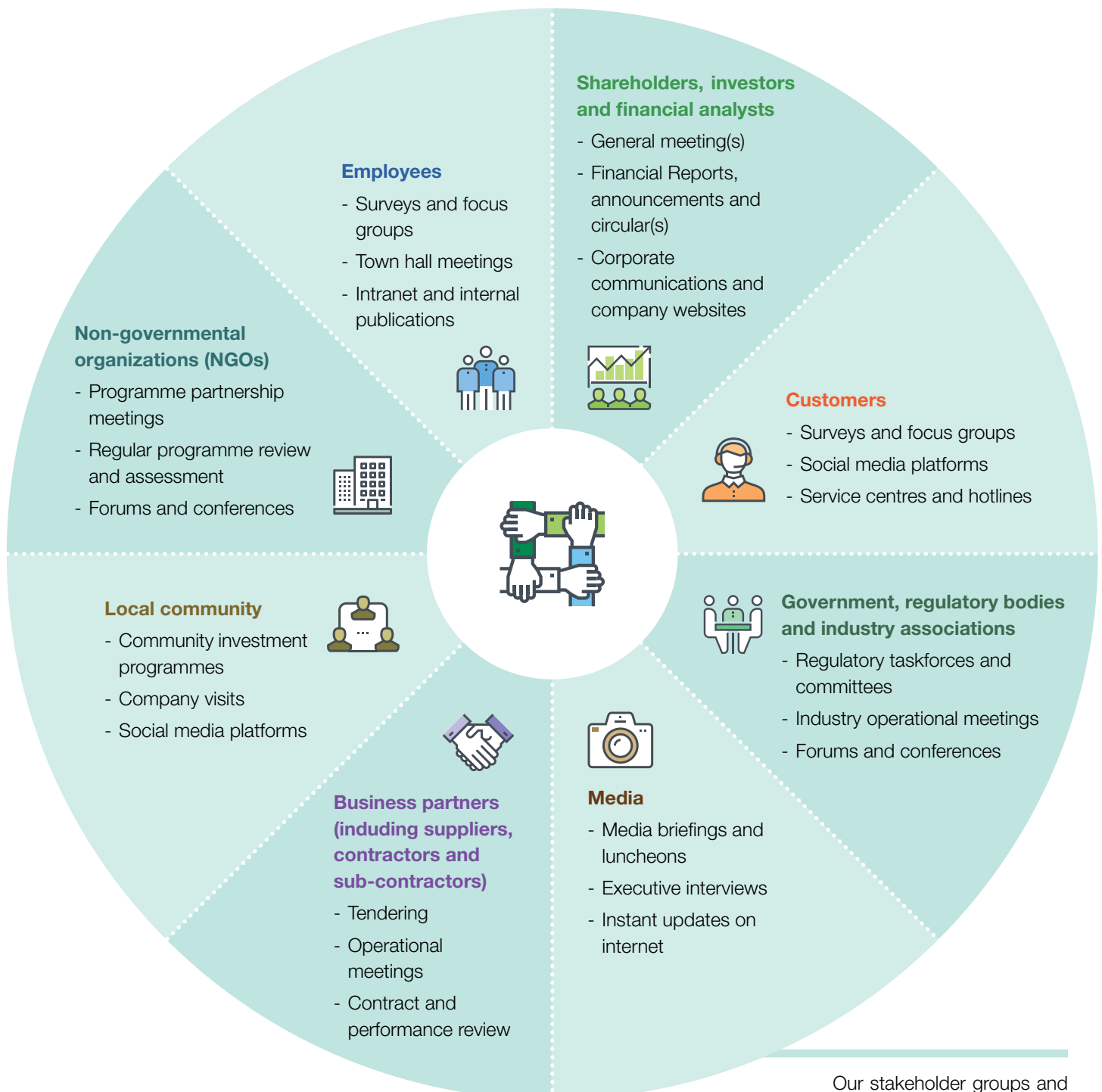
We welcome feedback on this Report, our approach to sustainability and performance. Please share your views at csr@wharfreic.com.





Stakeholder Engagement

We actively listen to and communicate with our key stakeholders. Their feedback and suggestions are reviewed regularly to identify areas for improvement and devise future action plans.



Our stakeholder groups and engagement channels.

Stakeholder Comments and Our Responses

In preparation of the Report, we commissioned an independent consultant to collect stakeholder feedback regarding our sustainability strategy and performance based on the AA1000 Stakeholder Engagement Standard 2015. We engaged over 700 stakeholders this year including employees, suppliers, contractors and sub-contractors, tenants, investors and financial analysts, and community partners. The feedback, gathered through an online survey, interviews and focus group discussions, and the Group’s responses are outlined below.

Stakeholder Feedback



Investors acknowledge the link between business and sustainability, and would like to see greater evaluation of the impacts of sustainability initiatives.

As a company with an extensive network of suppliers and contractors, stakeholders feel that Wharf REIC can further enhance the environmental assessment of its supply chain, such as requesting suppliers to acknowledge a Supplier Code of Conduct and completing periodic on-site reviews.

Employees would like to know how the Group plans to further improve accessibility for people with disabilities at malls.

More graphics and comparative figures with trend analysis should be included in Sustainability Report 2017, to enhance readability.

Business Development

Environment

Business-in-Community

Sustainability Reporting

Our Responses

The Group continues to communicate its environmental and social initiatives openly and transparently in the annual Sustainability Report. Trend analysis and impact assessment of sustainability initiatives are also disclosed, demonstrating the Group’s systematic and long-term management of its activities.

The Group prioritises suppliers who are concerned with and address environmental and social issues in their operations. Vendor management systems are in place to assess suppliers’ social, environmental and technical capabilities. To reduce environmental impact, our tender documents include a Green Purchasing Clause. Suppliers are also required to sign a “Supplier Declaration” form with company chop as a pledge to uphold business ethics and integrity. Supplier performance is evaluated regularly against a set of Key Performance Indicators (“KPIs”) to ensure alignment with legislation and our requirements. For more details, please refer to Protecting Our Environment section from P.19 to P.26.

We face challenges in improving the accessibility for wheelchair users as the pre-existing shopping malls have spatial constraint for building ramps. Nevertheless, we engage staff in activities to experience the use of wheelchairs to better understand needs; for hearing/visually impaired individuals, the Group puts efforts in providing caring customer services, such as providing assistive devices for people with hearing impairment at concierges. Sign language trainings were also provided to staff.

Performance highlights and trend analysis are included in the beginning of each focus area to show the Group’s progress in comparison with the past two years.



Materiality Assessment

The following describes the detailed four-step process undertaken to determine the material issues for disclosure in the Report:

We made reference to the GRI Standards and HKEX ESG Guide to identify topics which may be considered important for disclosure.



Step 1 Identification

The disclosures of local, regional and international peers were reviewed to identify industry practices. Stakeholders were invited to rank the materiality of various sustainability issues and share their thoughts on the Report through an online survey. Results from the peer benchmarking exercise and the outcomes of the stakeholder engagement were compiled and analysed to indicate the overall materiality level for each topic. A prioritised list of material issues was developed for Step 3.



Step 2 Prioritisation

To finalise the list of material issues, the outcomes of steps 1 and 2 were brought forward for discussion with the Group's senior management which confirmed the list of material topics for disclosure in this Report.



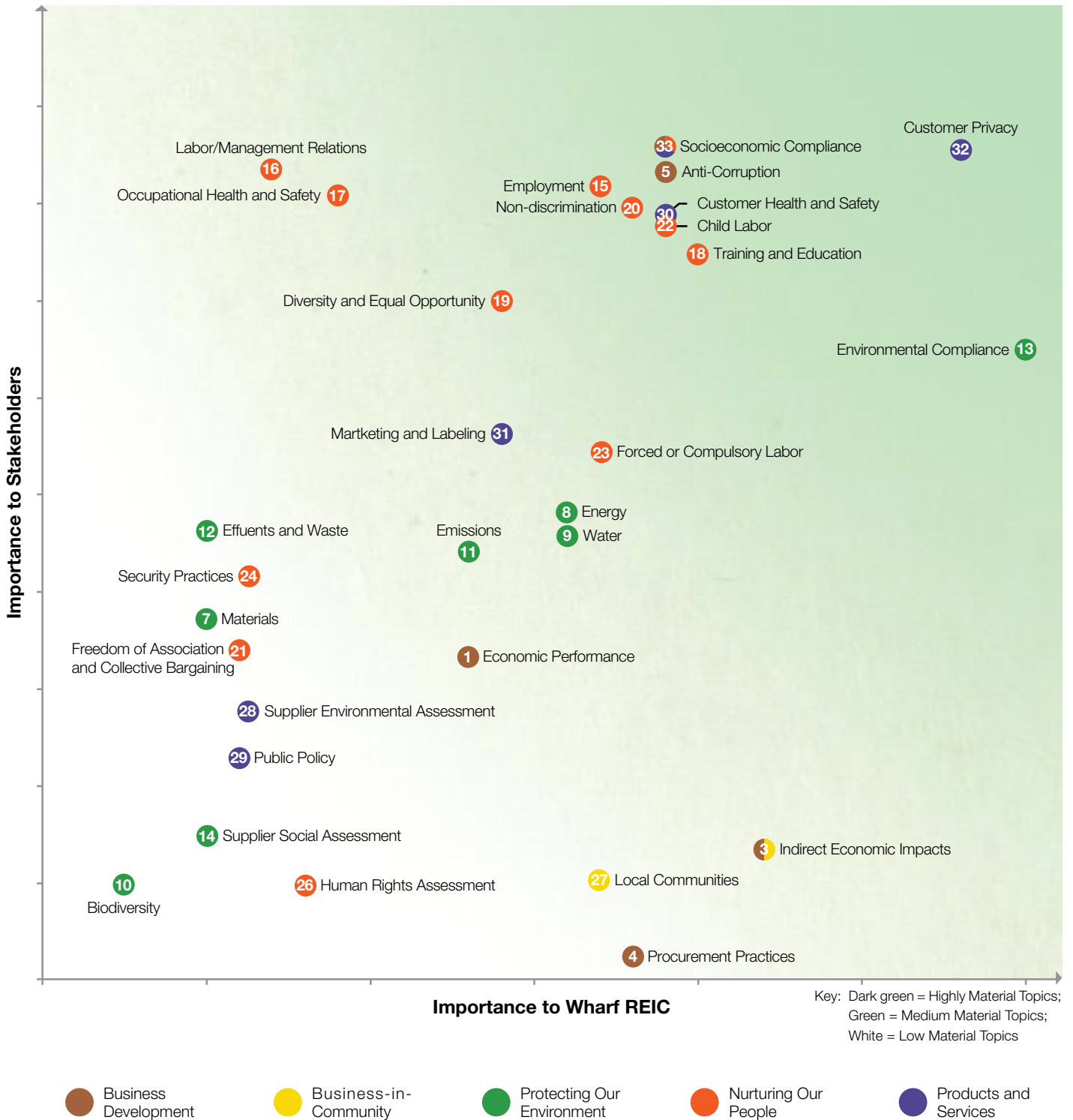
Step 3 Validation

Sustainability issues and the corresponding impact boundary are reviewed regularly to ensure that they remain relevant and material to the Group.




Step 4 Review

Materiality Matrix



Material Topics and Corresponding Topic Boundary

The materiality assessment identified 22 GRI Standards material topics. The following table lists these topics, their impacts within and outside the Group and the corresponding section in the Report where the topics are addressed. Disclosure of sustainability performance is based on operations which have major impacts, corresponding performances of other operations are also included where appropriate.



Material Topics	Impact Location - Within the Group	Impact Location - Outside the Group			Corresponding Section in the Report
		Suppliers and Contractors	Customers	Neighbouring Community	
1 Economic Performance	Wharf REIC	✓		✓	Business Development
3 Indirect Economic Impacts	Wharf REIC	✓		✓	Business Development; Business-in-Community
4 Procurement Practices	Logistics Leisure and Hospitality	✓			Business Development
5 Anti-Corruption	Wharf REIC	✓	✓	✓	Business Development
8 Energy	Investment Properties Leisure and Hospitality	✓	✓		Protecting Our Environment
9 Water	Leisure and Hospitality	✓	✓		Protecting Our Environment
11 Emissions	Logistics	✓			Protecting Our Environment
12 Effluents and Waste	Logistics Leisure and Hospitality	✓	✓		Protecting Our Environment
13 Environmental Compliance	Wharf REIC	✓			Protecting Our Environment
15 Employment	Wharf REIC	✓		✓	Nurturing Our People
16 Labor/ Management Relations	Wharf REIC	✓			Nurturing Our People
17 Occupational Health and Safety	Wharf REIC	✓		✓	Nurturing Our People
18 Training and Education	Wharf REIC	✓		✓	Nurturing Our People
19 Diversity and Equal Opportunity	Wharf REIC	✓		✓	Nurturing Our People
20 Non-discrimination	Wharf REIC	✓	✓	✓	Nurturing Our People
22 Child Labor	Wharf REIC	✓		✓	Nurturing Our People
23 Forced or Compulsory Labor	Wharf REIC	✓		✓	Nurturing Our People
27 Local Communities	Wharf REIC	✓	✓	✓	Business-in-Community
30 Customer Health and Safety	Investment Properties Leisure and Hospitality	✓		✓	Products and Services
31 Marketing and Labeling	Wharf REIC	✓		✓	Products and Services
32 Customer Privacy	Investment Properties Leisure and Hospitality			✓	Products and Services
33 Socioeconomic Compliance	Wharf REIC	✓	✓	✓	Business Development; Nurturing Our People; Products and Services

Note:

(1) Investment Properties refer to the Harbour City, Times Square, Plaza Hollywood, Crawford House and Wheelock House.

(2) Leisure and Hospitality refer to the Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel (held by HCDL), Marco Polo Changzhou (held by HCDL), Pacific Club and Gateway Apartments.

(3) Logistics refer to The "Star" Ferry Company, Limited.

About
Our Business



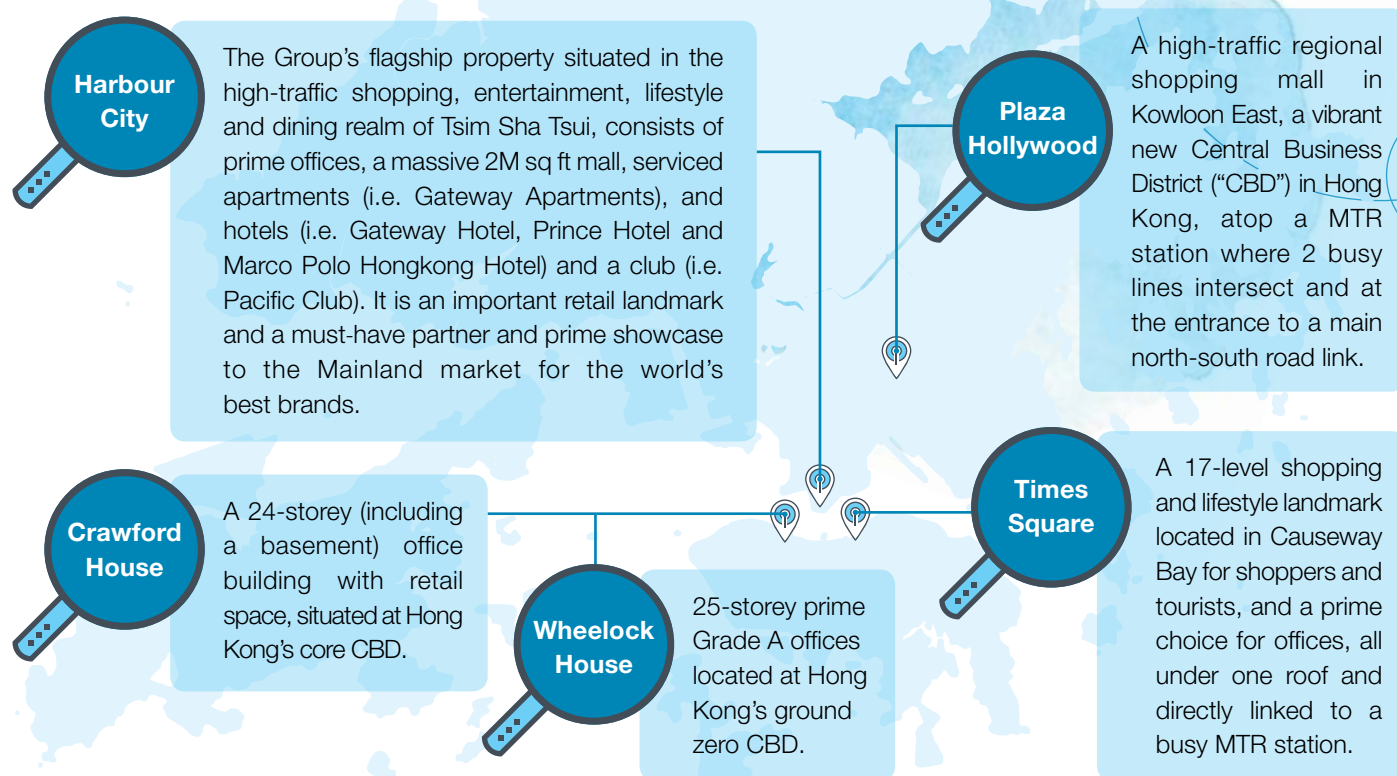
About Our Business

About Wharf REIC

A premier firm and one of the largest local real estate companies in Hong Kong, Wharf REIC contributes to local economic growth by developing, investing and managing iconic properties at strategic locations in Hong Kong and Mainland China, offering one-stop lifestyle experiences¹ as well as providing employment opportunities. Under the guidance of our long-standing mission, “Building for Tomorrow”, Wharf REIC is committed to the long-term development of our business, the natural environment and the wider community.

Business Overview²

Wharf REIC holds a portfolio of six premier quality investment properties (“IP”) in Hong Kong including Harbour City, Times Square and Plaza Hollywood (Wharf Estates Limited), Crawford House, Wheelock House and The Murray. This portfolio occupies approximately **11.7 million** square feet of Gross Floor Area (“GFA”) and has a total value of **HK\$265 billion** as at 31 December 2017 and total turnover of **HK\$14.6 billion** in 2017.



As a Hong Kong icon, The “Star” Ferry has been in operation for over a century. It offers two inner harbour ferry services – Tsim Sha Tsui to Central and Tsim Sha Tsui to Wanchai – under a franchise, in addition to an hour-long circular tour service around Victoria Harbour and a water tour sightseeing service covering water beyond Victoria Harbour. The “Star” Ferry is acclaimed as an important part of the commuter system between the Hong Kong Island and Kowloon, and has been named by The National Geographic Traveler as one of the “50 places of a lifetime”.

Wharf REIC holds Marco Polo Hongkong Hotel, Marco Polo Changzhou and a luxury hotel, The Murray, through our listed subsidiary HCDL. The Murray as part of the HKSAR Government's Conserving Central Project, is a luxurious contemporary chic Niccolo Hotel converted from the historic Murray Building. We aim to include the hotel in future reports.

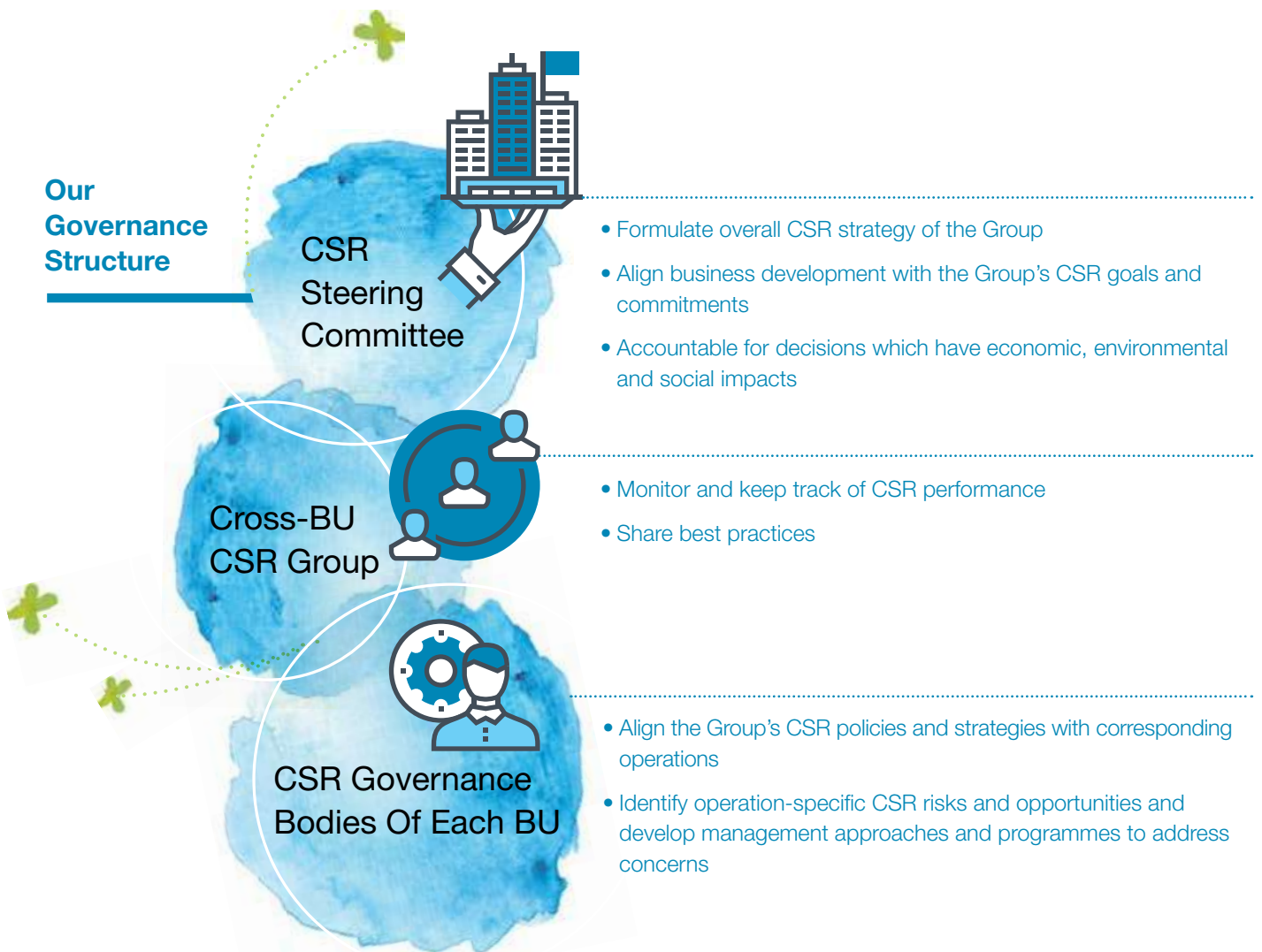
¹ For details of our customer groups, please refer to the [Business Review Section of our Annual Report 2017](#).

² For detailed breakdown of the products and services we provide, please refer to the [Business Review Section of our Annual Report 2017](#).

Our Sustainability Approach

As a constituent member of the “Hang Seng Corporate Sustainability Index”, an index covering the top 30 leaders in corporate sustainability in Hong Kong, we are committed to fulfilling excellent corporate governance, maximising economic and social value for the community, as well as reducing our impact on the environment through prudent business planning and execution.

The Corporate Social Responsibility Steering Committee (“CSR Steering Committee”), chaired by the Group’s Chairman, consists of the Group’s Vice Chairman, the Chief Financial Officer and representatives from key business units. The CSR Steering Committee aligns overall business development plans with the Group’s CSR strategy, goals and commitments. Executives from business units (“BUs”), coordinated by the Group’s and BUs’ Community Affairs Department, oversee the day-to-day management of sustainability programmes and meet regularly to exchange ideas and best practices.



The Group dedicates its resources to five focus areas, namely **Business Development, Protecting Our Environment, Nurturing Our People, Business-in-Community, and Products and Services**, to improve people’s quality of life and build a sustainable community for our future generations. Our Corporate Social Responsibility Guidelines stipulate our goals and commitments and provide guiding principles to structure our sustainability initiatives.

United Nations Sustainable Development Goals

The Group makes every effort to drive sustainable development. Through our efforts in economic, social and environmental areas and in partnership with our key stakeholders, we are able to contribute to the United Nations (“UN”) Sustainable Development Goals (“SDGs”) – a shared global agenda for sustainable development. The Group has assessed the impact of our activities to determine opportunities where we can contribute to the concerted efforts and have identified alignment with 11 of the 17 SDGs.

Our Commitment

Relevant UNSDGs

Our Environment

- To measure our environmental performance through an established environmental management system;
- To adopt green policies, implement initiatives to reduce our greenhouse gas emission and to facilitate reuse and recycling of resources; and
- To promote green awareness to our staff, business partners, customers and suppliers, and the wider community.



Our People

- To become an employer of choice;
- To promote staff well-being by encouraging work-life balance, health and safety, equal opportunities and human rights; and
- To provide greater and better opportunities for our people and future talent.



Our Community

- To nurture the youth, support the vulnerable as well as promote art and culture via our Business-in-Community initiatives;
- To provide underprivileged secondary school students with resources and care for pursuing higher education and promising careers through Project *WeCan*; and
- To foster involvement of company volunteers in supporting the community and promoting our “care-for-others” spirit.





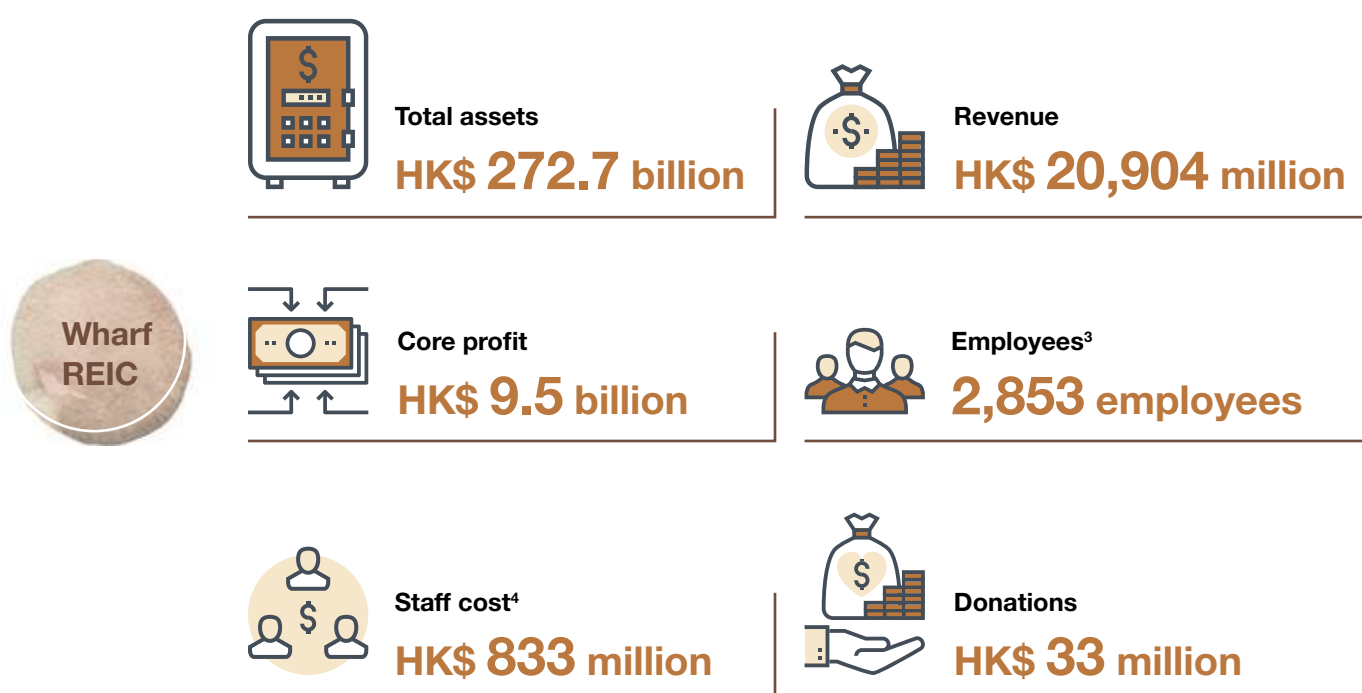
**Business
Development**

Business Development

Corporate Governance

Robust corporate governance and good business practice are the backbone of the continued success of the Group. We exceed the expectation of compliance with legal requirements and build a comprehensive system to monitor risks and enforce ethical conduct.

In 2017, we made a positive impact on the local economy and community under prudent management.



Governance Structure

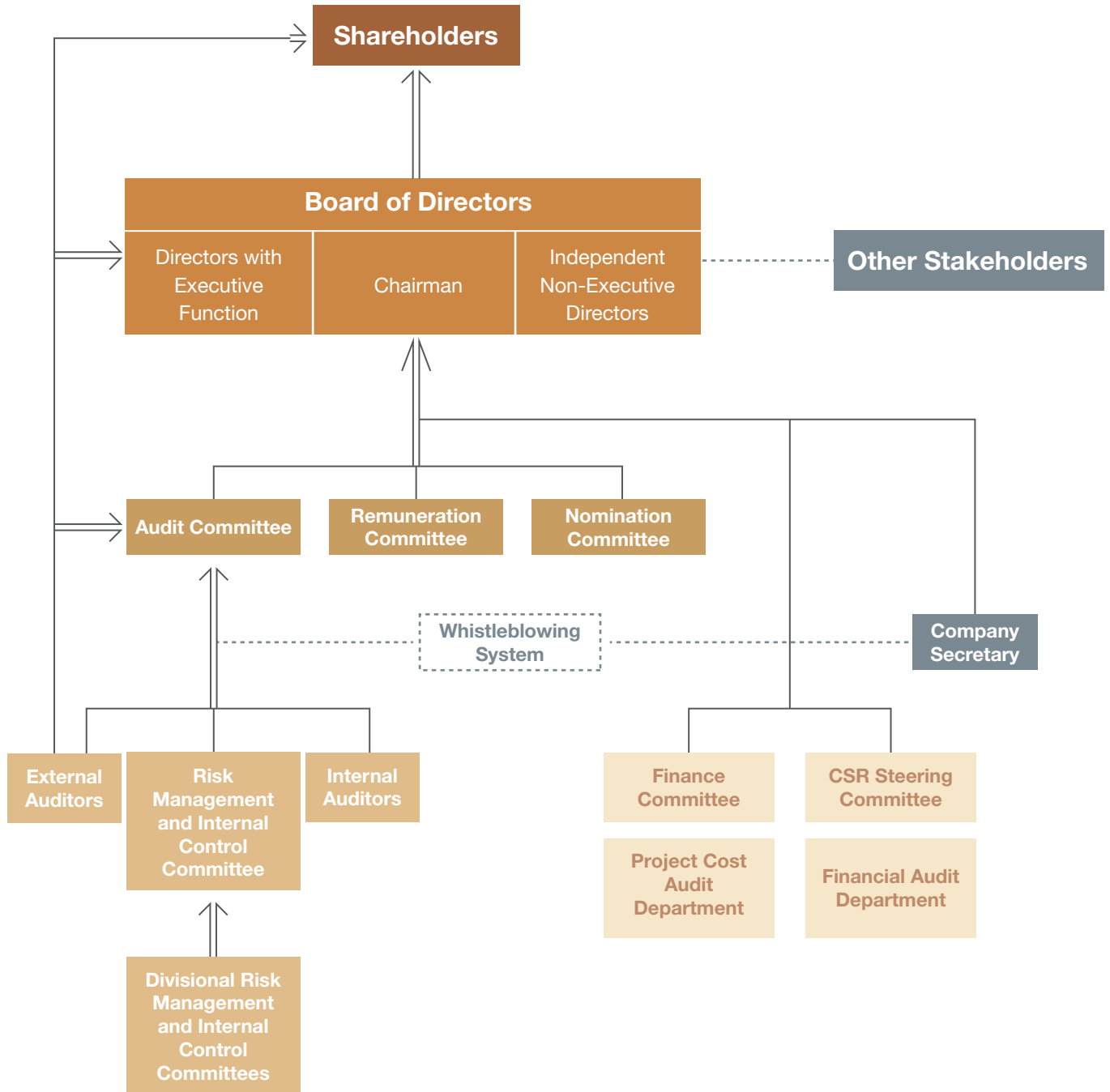
Under the leadership of a Board of Directors comprised of experts with diverse industry backgrounds including investment properties, property development, banking, finance and accounting, public services, hospitality and logistics, we endeavour to conduct our business in accordance with all applicable rules and regulations, codes and standards and observe the highest standards of accountability, transparency and integrity. We value Board diversity as it not only enhances overall business performance, but also promotes a sustainable and balanced development of the Group.

Composition of Wharf REIC's Board of Directors							
	Age			Gender		Ethnicity	
	Under 30	30 - 50	Over 50	Male	Female	Non-Chinese	Chinese
Number	0	1	7	6	2	2	6
%	0	12.5%	87.5%	75.0%	25.0%	25.0%	75.0%

³ Group total number of employees

⁴ Staff costs included defined contribution pension schemes costs for the year ended 31 December 2017 of HK\$41 million.

The Board’s Remuneration Committee, Audit Committee and Nomination Committee provide effective oversight and guidance on the Group’s strategies and business activities. The management team is responsible for the daily operation of the Group’s business, ensuring that it aligns with the Group’s strategies and goals.



For further information on our corporate governance performance, please refer to the [Corporate Governance Report in Wharf REIC’s Annual Report 2017](#).



Risk Management and Internal Control

In the ever changing business and operating environment, having a stringent and proactive risk management and internal control system helps to strengthen the resilience of our business. Reporting to the Board, it is the priority of the Audit Committee to monitor and evaluate the effectiveness of the system, with assistance from the Risk Management and Internal Control Committee.

The Audit Committee provides directions and tools for risk identification, analysis and management for internal control functions at BUs including the Divisional Risk Management and Internal Control Committees, Finance Committee, Internal Audit Department, Financial Audit Department, Project Cost Audit Department and CSR Steering Committee, to safeguard against foreseeable risks and deficiencies. We adopt a holistic approach to risk management to ensure that we are well prepared for economic, environmental, social and governance risks⁵ and that the extent of the risks are within the Group's risk appetite. As we manage our projects and daily operations, we adopt initiatives to minimise the negative impacts on our business as well as the wider community. The risk management system, and internal control measures and procedures are continuously under review and being improved where necessary in response to changes in business, operating and regulatory environments. For further details on our risk governance structure and risk management procedures and how we address each of the risks, please refer to the *Corporate Governance Report in Wharf REIC's Annual Report 2017* and the relevant sections of this Report.

Setting of
business
objectives

Identify
risk factors

Assess
likelihood
of each
risk factor

Examine
control
activities

Evaluation
and
conclusion

Ethical Business Practice and Anti-corruption

The Group adheres to the highest level of business ethics and professional conduct while carrying out business. We comply with the following laws and regulations which have a significant impact on us, including the Prevention of Bribery Ordinance (Cap. 201), the Competition Ordinance (Cap. 619) in Hong Kong and the Government Procurement Law of the People's Republic of China, the Anti-Monopoly Law of the People's Republic of China, the Bidding Law of the People's Republic of China and the Criminal Law of the People's Republic of China. We do not tolerate any form of bribery, extortion, fraud or money laundering. It is mandatory for our employees to comply with the Group's Business Code of Ethics and Code of Conduct and relevant policies on conflicts of interest, insider dealings, anti-competition, and anti-corruption. Representatives from the Independent Commission Against Corruption are invited regularly to provide updates and trainings to our employees on ethical business practices. In Hong Kong, we follow a set of due diligence procedures to avoid situations where donations and sponsorships are used as a disguised form of bribery. Donations must be approved by the Group Chairman or General Manager of BUs.



⁵ A comprehensive analysis of risks relating to our business was conducted before the demerger. We identified risk factors such as those relating to the macro business and operating environment, uncertainty posed by third-party contractors, inherent risks of accidents, injuries or prohibited activities in public places, exposure to war, terrorism, pollution, fraud, professional negligence and acts of God, and have taken active steps to mitigate any adverse impacts on our business.

Reflecting prudent and transparent company management practices, we follow our [Whistleblowing Policy and Procedures](#) which specifies the responsibility for the implementation of the policy, the process of raising a complaint, investigation procedures and follow-up actions. We encourage our employees and business partners to raise complaints about misconduct and malpractice directly with the Group's Company Secretary. With delegated authority and responsibility, the Audit Committee conducts periodic reviews of reports of whistleblowing cases submitted from the Internal Audit Department.

We also extend our ethical business practices to suppliers by including a specific clause in all our tender documents and supplier registration forms to avoid offerings of gifts, cash or coupons to our employees.

During the reporting year, there were no reported legal cases regarding corrupt practices brought against the Group.

Supply Chain Management

We work closely with a wide range of suppliers, providing food and beverage, services and facilities, utilities and general supplies, to support the operations of our BUs. To avoid potential business disruptions that may result from supplier non-compliance with statutory requirements including minimum wage, illegal labour, health and safety, corruption, food safety, noise pollution, improper disposal of waste and water pollution, the Group prioritises suppliers who are concerned with and address environmental and social issues in their operations. Vendor management systems are in place to assess suppliers' social, environmental and technical capabilities. For instance, to reduce environmental impact, we source mainly from local suppliers and our tender documents include a Green Purchasing Clause. Suppliers are also required to sign a "Supplier Declaration" form with company chop as a pledge to uphold business ethics and integrity. The performance of our suppliers is evaluated against a set of KPIs to ensure alignment with legislation and our requirements. In 2017, there are no significant changes to our supply chain.

Indirect Economic Impact

In addition to contributing to the local economy and providing employment opportunities, it is equally important for the Group to leverage our resources and help our community unleash its potential. We do so by sponsoring venue and advertisement panels, and making donations to charitable causes. During the reporting year, we supported over 143 charitable activities⁶ advocating for various causes, such as environmental protection, social welfare, art and culture, and animal welfare.

⁶ The reported contribution is related to venue and advertisement panels sponsorship and donations to charitable organisations, by the Group's Hong Kong operations, namely, Harbour City, Times Square, Plaza Hollywood, Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel, Pacific Club, Gateway Apartments, and The "Star" Ferry Company, Limited and Mainland China operations, namely, Marco Polo Changzhou.

Venue Sponsorship

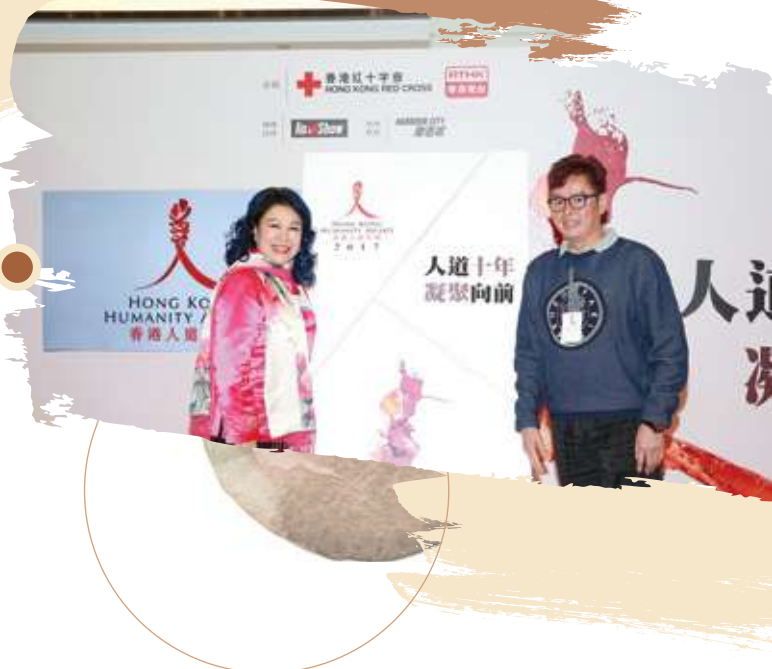
The “Star” Ferry has continued to work closely with the Kadoorie Farm & Botanic Garden and the Sustainable Ecological Ethical Development Foundation to encourage consumption of local and organic fruits and vegetables by sponsoring a venue for the farmers’ market at the Central Pier every Wednesday and Sunday.

Throughout the year, The “Star” Ferry has also utilised its advertisement panels to promote different charities.



Harbour City generously sponsored the Atrium at both Ocean Terminal and Gateway Arcade for the Hong Kong Blood Cancer Foundation's Christmas Fundraising Campaign for over a month.

The kickoff ceremony of the Hong Kong Humanity Award 2017 organised by Hong Kong Red Cross, which invited public nominations of individuals in society who exemplify the spirit of humanity by putting it into practice and action, was hosted at Harbour City.



Protecting Our Environment



Pissarro
Museum

2012 - 2013/2017

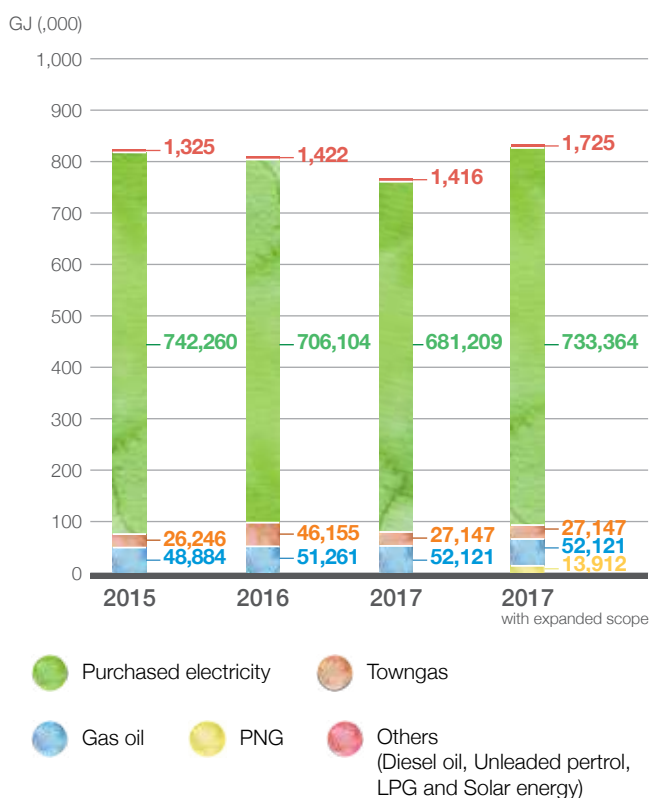
Protecting Our Environment

Global environmental challenges require local action, therefore we are constantly seeking opportunities beyond compliance with legislation to improve our energy efficiency, decrease our emissions, and manage resource consumption at our BUs. This section details some of our efforts in addressing the most significant impacts arising from our operations and our performance over the reporting period.

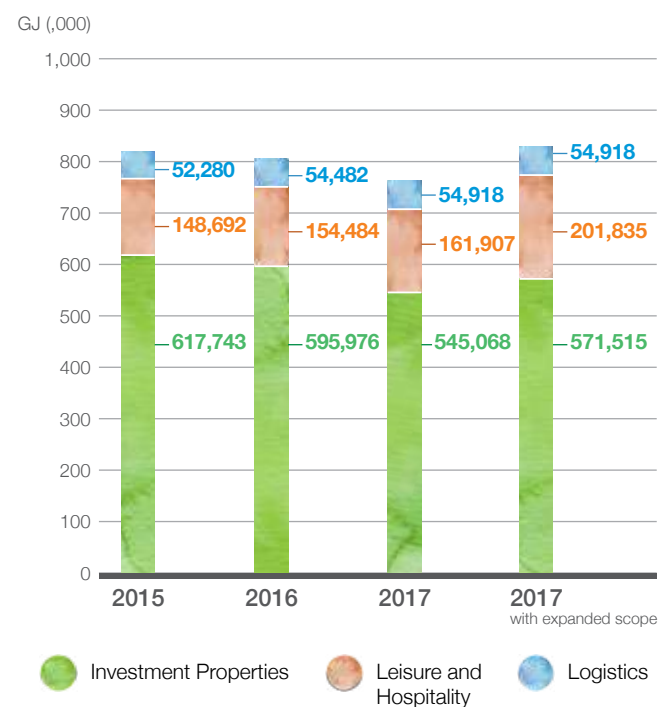
Energy Efficiency

As a leading property investment and management company, we consciously work to minimise and mitigate the impacts of our building operations. In Hong Kong, buildings account for about 90% of the city's electricity consumption which generates over 60% of Hong Kong's total greenhouse gas ("GHG") emissions⁷. To play our part in addressing climate change impacts, the Group prioritises energy saving measures which directly affect our GHG emissions.

Energy consumption by type in GJ



Energy consumption by operation in GJ

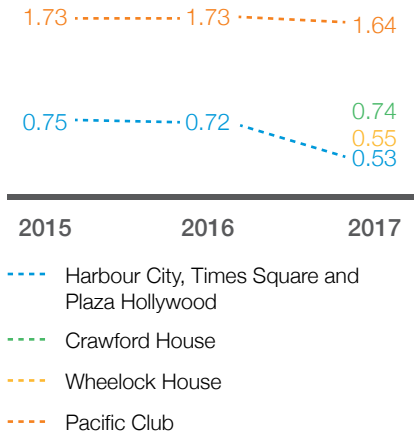


Note:

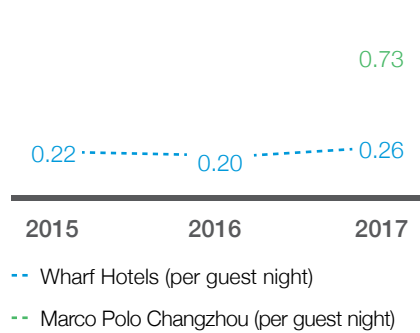
- (1) Investment Properties refer to the Harbour City, Times Square, Plaza Hollywood; we expanded the scope this year to cover Crawford House and Wheelock House.
- (2) Leisure and Hospitality refer to the Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel (held by HCDL), Pacific Club and Gateway Apartments; we expanded the scope this year to cover Marco Polo Changzhou (held by HCDL).
- (3) Logistics refer to The "Star" Ferry Company, Limited.

⁷ Hong Kong's Climate Action Plan 2030+, accessible at <https://www.enb.gov.hk/sites/default/files/pdf/ClimateActionPlanEng.pdf>, page 34.

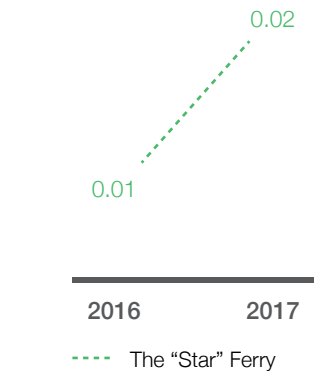
Energy Intensity in GJ per GFA m²



Energy Intensity in GJ per guest night



Energy Intensity in GJ per million passenger-km



Note: Wharf Hotels include Prince Hotel, Gateway Hotel and Marco Polo Hongkong Hotel.

Energy Saving Initiatives

Harbour City implemented several measures to reduce its energy consumption. The adoption of Variable Speed Drive Chillers improved efficiency during partload operations. Combined with the use of oil-free permanent magnet motors, we saved 632,564 kWh⁹ of electricity compared with 2016, which is equivalent to 342 tonnes CO₂e.⁹



Variable Speed Drive Chillers

We installed a photovoltaic ("PV") panel system on the roofs of Harbour City Towers 1, 2 and 6 of Gateway I and II to echo the Government's call for the use of renewable energy. Harvested solar energy is used to power exhaust fans, lighting and the power needs of three office buildings. This measure is expected to help us save 84,815 kWh¹⁰ of electricity annually, which is equivalent to 46 tonnes CO₂e.¹¹

To optimise our energy efficiency and reduce energy consumption even further, we replaced the hydraulic service lift at Pacific Club, with a faster and more energy efficient model. We have also undertaken some lighting upgrades at Pacific Club and Crawford House, and have replaced traditional T8 fluorescent lamps in the World Finance Centre's South Tower and North Tower staircases with motion sensor LED tubes. The latter measure helped save 60,505 kWh¹² of electricity per year. A full-scale LED lighting system has been installed at the firefighting access and people's air defence area at Marco Polo Changzhou, saving 12,123.11 kWh¹³ of electricity per year.

PV Panel System



8 Energy reduction of chiller plant is directly measured.

9 Calculated with emission factor provided by CLP (0.54kg CO₂e/kWh)

10 Energy saving from PV panel system is directly measured.

11 Calculated with emission factor provided by CLP (0.54kg CO₂e/kWh)

12 Energy saving from lighting upgrades is estimated by sample testing of LED lighting products.

13 Energy saving of Marco Polo Changzhou is estimated, assuming that the operation hours of each set of luminaires at the firefighting assess are 2 hours per day.

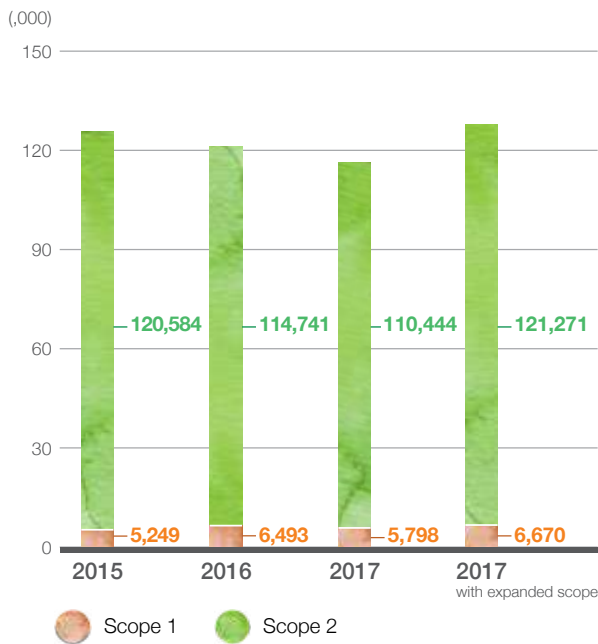
The “Star” Ferry remodeled *World Star* converting to a Diesel Electric Propulsion System by replacing its original marine diesel engine with new constant marine diesel electric generator sets. This measure allows us to reduce greenhouse gas emissions by meeting the standards of the United States Environmental Protection Agency Tier 3 Standards and the International Maritime Organisation Tier II.

To signal our commitment to energy reduction and encourage our employees to make some changes for a more sustainable future, we have switched off our lights in support of Earth Hour organised by WWF – Hong Kong since 2010.

Earth Hour

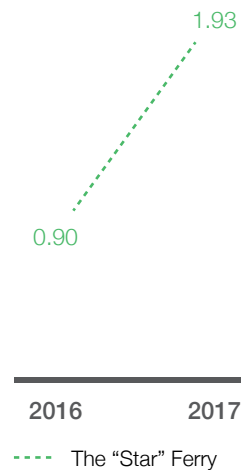


GHG Emissions in tonnes CO₂e

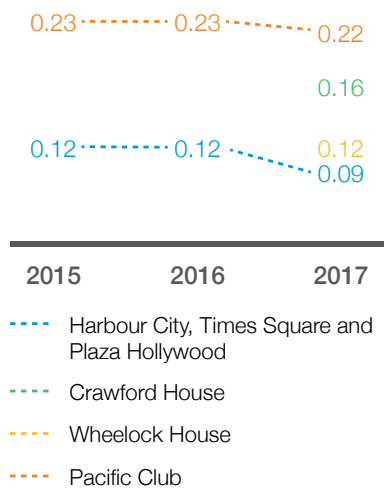


Note: Crawford House, Wheelock House and Marco Polo Changzhou are included in the expended scope.

GHG Emissions Intensity in kg CO₂e per million passenger-km



GHG Emissions Intensity in tonnes CO₂e per GFA m²



GHG Emissions Intensity in tonnes CO₂e per guest night



Note: GHG emissions intensity figures cover scope 1 and 2 GHG emissions.

Air Emissions Reduction

Some of our operations may also emit other air pollutants which are being curbed through additional measures described in this section.

Air Emission Reduction Initiatives

The “Star” Ferry supported research funded by the Environmental Conservation Fund of the HKSAR Government in 2012-2014 which showed that ferries with a seawater scrubber are capable of removing some air pollutants from the ferry engine exhaust gas. Results included reductions of around 70% in dark smoke, 90% in sulphur dioxide and 40% in hydrocarbons.

Water Conservation

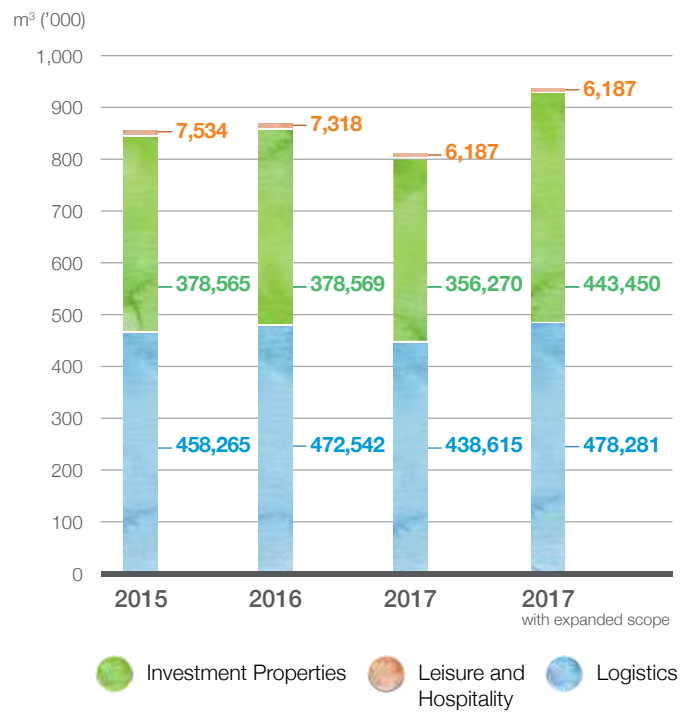
With only 0.007% of the world’s water safe for consumption¹⁴, water scarcity is a serious global issue exacerbated by climate change related impacts including droughts and flooding. The Group, caring about future generations, is committed to conserving water whenever possible. We comply with relevant laws and regulations such as the Water Pollution Control Ordinance (Cap. 358), HKSAR and obtain the appropriate licences for water and sewage discharge. In addition, throughout our operations we act to reduce water consumption including recycling water and enabling environmentally motivated behaviour from our guests.

72m³

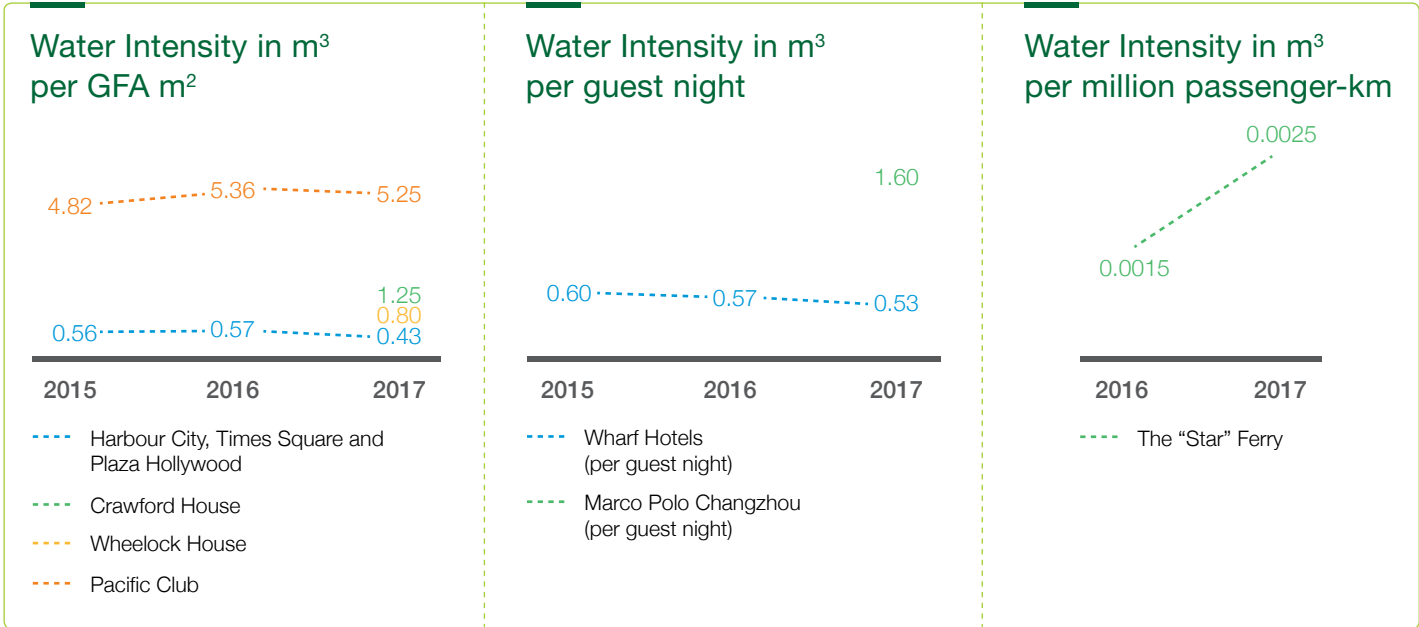


Captured rainwater in 2017

Water consumption by operation in m³



¹⁴ Shiklomanov, I.A. and Rodda, J.C. (2003) World Water Resources at the Beginning of the Twenty-First Century. Cambridge University Press, Cambridge.



Note: Wharf Hotels include Prince Hotel, Gateway Hotel and Marco Polo Hongkong Hotel.

Water Efficiency Initiatives

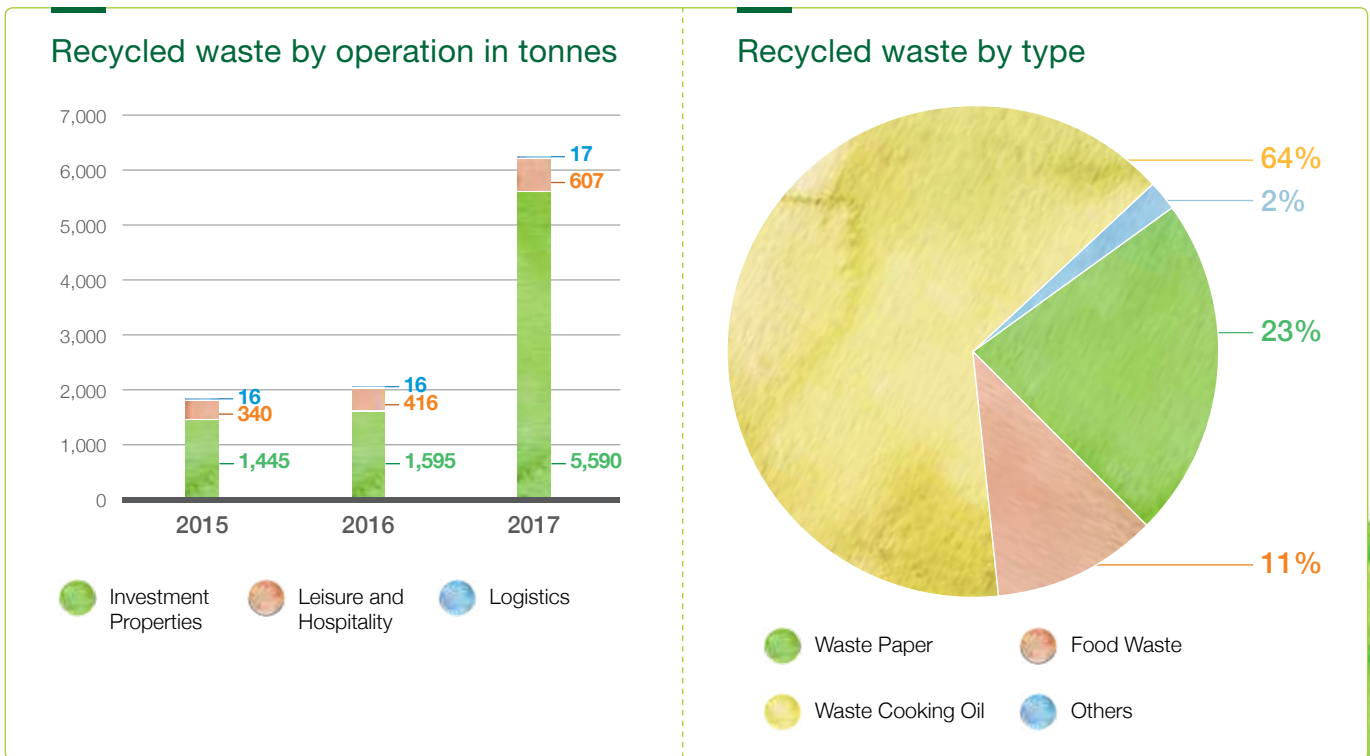
Wheelock House recycled grey water and collected condensate water from the air-conditioning system for cleaning. Cooling water from the air-conditioning system was also collected for flushing the toilets. These measures reduced our fresh and flushing water consumption by approximately 1,737.2 m³.

Since 2013, Pacific Club has collected rain water through drainage points from the rooftop. The treated rain water is then used for watering plants and cleaning the car park and driveway. Furthermore, in our hotel operations, water consumption is reduced through our green programme for guestroom linens. We have placed green cards in our guestrooms, informing guests that the hotel will change towels and bedsheets upon request. We are glad to help raise awareness among our guests and motivate behaviours that treasure water resources.



Resource Management

The Group continues to support source separation of waste and implement recycling programmes at all BUs. As a general practice across our operations, we comply with relevant regulations and administrative schemes such as the Waste Disposal Ordinance (Cap. 354), HKSAR and waste cooking oil recycling administrative schemes, to ensure that waste is properly handled. For instance, in Hong Kong, waste is sent to collection points designated by the Environment Protection Department (“EPD”) for recycling or collected by EPD-appointed waste collectors and recyclers. In China, we follow the principle of “reduce, reuse and recycle” by making good use of the waste soap and waste industrial oil in our internal operations where possible, and delivering other types of waste to Government’s central collection points or designated contractors for proper treatment.



Resources Management Initiatives

Various resource management measures were introduced at our BUs. We encourage double-sided printing and using electronic documents or mobile applications wherever possible. Recycling bins are strategically located in our offices and premises to motivate employees, tenants and customers to recycle their paper waste. To better meet the needs of tech-savvy travellers and reduce waste at the same time, we launched the digital membership programme - Marco Polo Elite programme, which allows members to redeem benefits by using e-certificates via their mobile phone or tablets. Membership renewal, restaurant and room bookings are now all at our members’ fingertips.

Although glass bottle recycling is not widely available at our operating locations, we have found alternate solutions to reduce glass waste. At Pacific Club and Gateway Apartments, glass bottles are sent to the Hong Chi Association for the manufacture of eco-bricks. Over 10 tonnes of glass bottles were given a new life in 2017 under this partnership. We continue to partner with NGOs such as Caritas to collect electronic waste for proper treatment and disposal. We also donate electronic appliances which are still in good condition to charities such as the Salvation Army for people in need.

Food waste is primarily generated by our tenants in shopping malls, hotels and other premises. At our catering services, we monitor the quantity closely and place food saving notices on dining tables to avoid waste of food. Both Harbour City and Plaza Hollywood use our in-house food decomposer with a standard input daily capacity of 350kg to convert food waste into waste water. We comply with government waste cooking oil recycling administrative schemes and deliver waste cooking oil from our operations to registered waste collectors and recyclers.



Raising Environmental Awareness

Collaborating with CarbonCare InnoLab and six other upcycling artists and environmental NGOs, our Atrium at Ocean Terminal became an exhibition hall to showcase upcycled furniture, toys and crafts. Visitors can interact with most of the displays to enjoy the fun of upcycling and low carbon living. During the exhibition, Kids Upcycling Workshops attracting around 200 attendants, for children to DIY their upcycling music instruments and toys, transforming discarded materials into a fun product of better quality and greater environmental value were held. We are proud to support events which inspire the public to use their creativity for a low-carbon lifestyle.



Nurturing Our People



Nurturing Our People

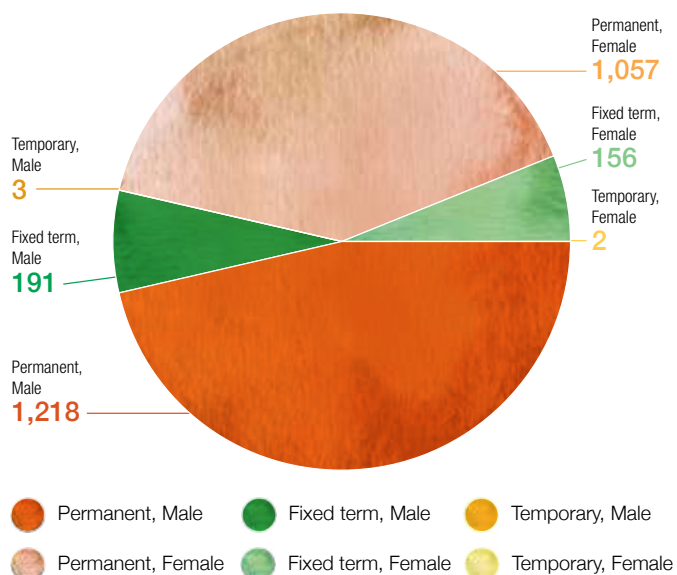
The contribution of our employees is valuable for the Group's continuous growth and development. We provide a safe, caring and positive working environment and encourage the well-rounded development of our staff to embrace an ever-changing business environment. As the Group aims to remain an employer of choice, we regularly review our labour policies which regulate compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, and employment package to make sure that we conform to applicable legislation. From selecting employees who meet technical qualifications and fit team dynamics to promoting two-way communication between the senior management and general staff, we will continue to work tirelessly to safeguard the benefits enjoyed by our employees.



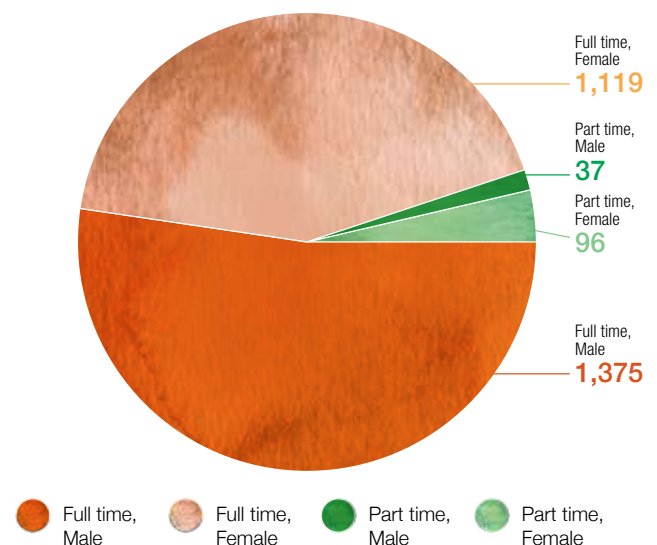
Employee Profile

In 2017, we employed 2,627 staff across our BUs¹⁵.

Total workforce by contract type by gender

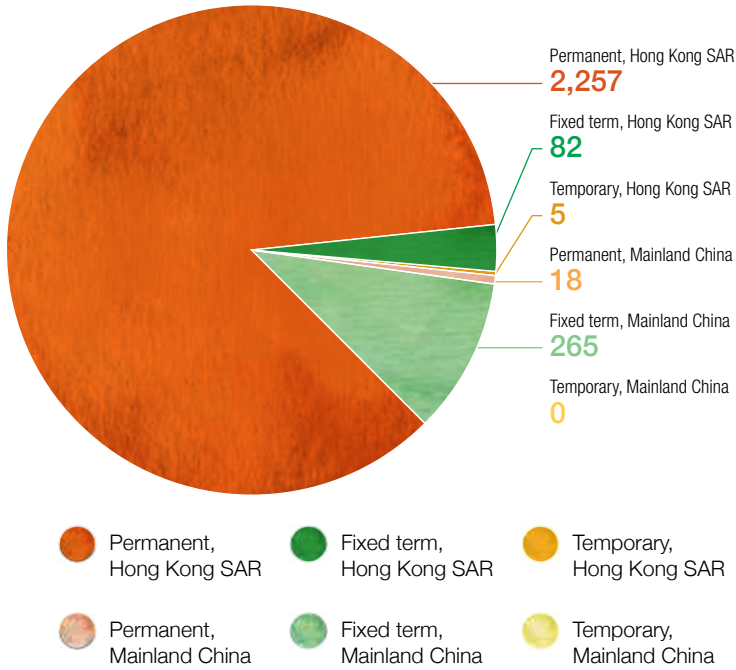


Total workforce by employment type by gender



¹⁵ The number of employees reported cover the Group's Hong Kong operations, namely, Harbour City, Times Square, Plaza Hollywood, Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel, Pacific Club, Gateway Apartments, and The "Star" Ferry Company, Limited and Mainland China operations, namely, Marco Polo Changzhou.

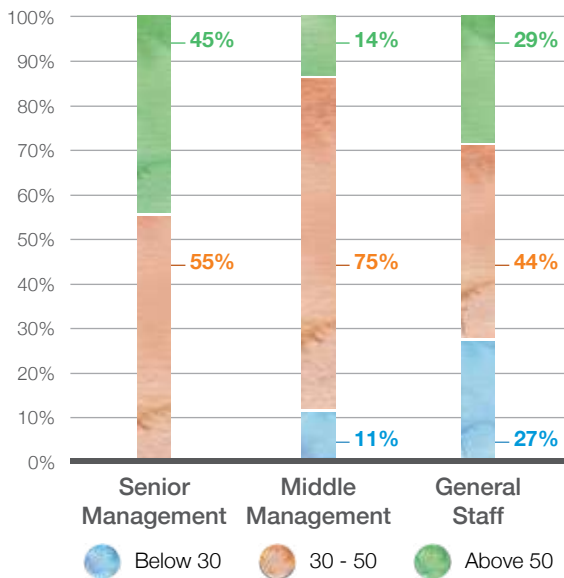
Total workforce by contract type by region



Gender distribution of employees



Age distribution of employees



57,826

Total number of training hours provided to employees

Average training hours



Human Capital Development

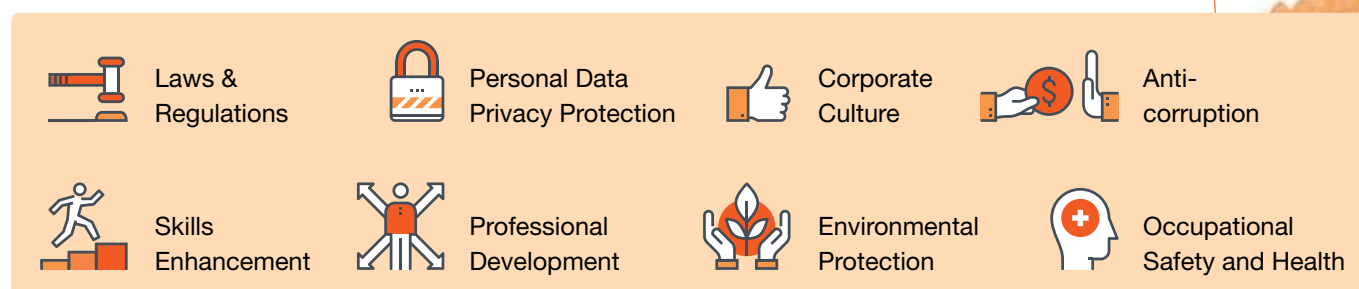
Over the past year, we have continued to attract and retain talent by rewarding outstanding performance and supporting employee career goals through training and development programmes.

Talent Retention

Due to our diverse business portfolios, the Group allows flexibility in human resources management at our BUs. Consistency, fairness and transparency are the core values we uphold in devising a human resources policy. Our recruitment process follows to ensure all candidates are offered equal opportunities, regardless of their gender, race, age or any other demographic characteristics. Their experience and expertise is of primary concern. Where applicable, we comply with the Employment Ordinance (Cap. 57), Employment of Children Regulations, Employment of Young Persons (Industry) Regulations in HKSAR and the legal requirements of purchasing “Five Social Insurance and One Housing Fund”¹⁶ and prohibiting child and forced labour as stated in the Labour Law of the People’s Republic of China. We also in Mainland China reference industry best practices when implementing our own measures beyond legislation. In addition to competitive salaries, at some BUs, we provide top-up MPF contribution, paid leave¹⁷, work-related Group Personal Accident Insurance, medical insurance and long service awards.

Training and Development

To enhance employees’ competence, our BUs either offer internal training programmes or sponsor employee enrolment in external courses which together cover a wide spectrum of topics:



Orientation and Induction Programme is offered to new hires to align their mind-set with our corporate culture, Vision, Mission and Values and eventually build a more cohesive team. Professional development programmes are also tailored to business needs and employees’ aspirations.

At Wharf Estates Limited, we focus on improving management and supervisory skills, personal and team effectiveness, language skills and customer service skills. At our hotels, we focus on a different skillset including engineering, first aid, housekeeping supervision and revenue management, while at The “Star” Ferry we provide training on navigation safety, occupational safety and health and customer service.

Programme	Training Focus
Work and Service Improvement Team Training	Equip employees with problem solving skills and idea generation tools for making continuous improvement in productivity, operational efficiency, service enhancement as well as achieving resources optimisation and cost rationalisation.
Red Ring Leadership Philosophy Training	<ul style="list-style-type: none"> • Consolidates the leadership culture within our hotel businesses to live bold and stay sharp • Disseminates it to senior executives through a series of modules including Self-awareness and Leadership Styles, Training and Coaching Skills, and Process Improvement

This year, the Group offered a total of 57,826 training hours¹⁸ to our employees.

¹⁶ Including Endowment Insurance, Medical Insurance, Unemployment Insurance, Occupational Health and Safety Insurance, Maternity Insurance and Housing Fund.

¹⁷ Including annual leave, sick leave, maternity and paternity leave, and marriage leave.

¹⁸ The training hours reported cover the Group’s Hong Kong operations, namely, Harbour City, Times Square, Plaza Hollywood, Crawford House, Wheelock House, Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel, Pacific Club, Gateway Apartments, and The “Star” Ferry Company, Limited and Mainland China operations, namely, Marco Polo Changzhou.

Inclusive Workplace

We view anti-discrimination, engagement with employees and employee wellbeing as three key elements of an inclusive workplace, and have worked to better ourselves as an employer of choice in this direction. The Group believes that everyone has a role to play in creating a pleasant work environment. We provide training on anti-discrimination throughout our BUs to help employees recall anti-discrimination practices and we expect our employees to highly respect each other and honour the spirit of anti-discrimination legislation as well as our policy, guidelines and handbook.

Engagement Channels

Having an engaged and loyal workforce is important for the Group’s longevity and prosperity. One of the ways that we enhance the sense of belonging of our employees is to listen to their feedback and suggestions through various channels. The senior management reviews suggestions regularly and provides solutions to address concerns. Some of our BUs have made good use of social media platforms to communicate with employees more instantly.



Staff Newsletter



Staff Surveys



Townhall Meetings



Intranet Platform



Employee Wellbeing

To promote work-life balance and the overall wellbeing of our employees, our BUs organised employee wellbeing programmes, recreational activities, outings and interest classes throughout the year. At Wharf Estates Limited, “Empowering Yourself 2017” was launched to widen employees’ horizon through different experiential activities. The mega event “Your Fantasy Journey Summer Carnival” was held in August. A vast array of fun-filled carnival entertainment is available for our employees and their families to enjoy. Our hotel operations arranged movie night out for the staff to take a break from busy work. At MP Changzhou, basketball competitions were arranged to encourage employees to exercise and maintain their psychological wellbeing.

In addition to the gymnasium equipment at Leisure Corner, we also have a Breastfeeding-friendly Workplace Policy and set up a nursery room in the office.



Occupational Safety and Health (“OSH”)

As a company which cares about the wellness of our employees, ensuring the occupational safety and health of our employees is our first and foremost task.

Workplace Safety

We comply with the OSH standards recommended by the government and have a safety manual and a management system in place for regular safety assessments, emergency plans, corrective action plans for accidents or health issues, and policy reviews. Relevant training is provided to staff at all levels.

We believe that a pleasant work space free from health and safety hazards can increase employees’ productivity. Measures such as indoor air quality measurements and regular checking and maintenance of facilities including firefighting equipment and escalators are conducted. Our BUs keep track of all work injury incidents and follow up with corrective actions. For instance, employees are reminded of the safety requirements of work procedures during pre-shift briefings and are encouraged to wear personal protective equipment for operations which involve manual handling. Plaza Hollywood has done the following measures to safeguard our employees’ safety:

- To avoid falling down on the slippery slope during rainy days, we changed the original anti-skid line marking to anti-skid sand;
- Sharp corners are wrapped with anti-collision materials to reduce injury;
- In the unloading area, we improved the lighting from 100 Lux to 200 Lux to ensure that there is enough lighting, hence reduce the risk of accidents.

Injury rate by type (per 1,000 employees) and by gender, and by operation, and by region

Rate	Gender		Operation			Region	
	Male	Female	Investment Properties	Leisure and Hospitality	Logistics - The “Star” Ferry	Hong Kong SAR	Mainland China
<i>Musculoskeletal injuries</i>	12.0	19.8	6.1	23.0	3.5	17.5	0.0
<i>Integumentary injuries</i>	14.2	10.7	3.7	19.0	3.5	9.8	35.3
<i>Crushing</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Puncture</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>Fracture</i>	0.7	0.8	1.2	0.7	0.0	0.9	0.0
<i>Other minor injuries</i>	5.0	9.9	0.0	12.5	0.0	8.1	0.0
<i>Other serious injuries</i>	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Overall	31.9	41.2	11.0	55.2	6.9	36.3	35.3

Instilling a Safety Mind-set

This year, we are glad to see a decrease in the number of lost days which is attributed to the various trainings we provide to our employees and contractors.

BUs organised industry safety training for our employees. At The “Star” Ferry, we participated in seminars held by the Marine Department to learn about the latest measures to enhance navigation safety. Vessel safety operation, navigation watch keeping and anti-collision briefings for coxswains were routinely conducted to emphasise the safety operations procedures as well as small details such as making sure that all ferry crew members have sufficient work break between two shifts. To better prepare for emergencies, emergency handling drills and first aid training were offered to all crew members.

Fire safety is a priority area and we work to prevent harm to both our employees and guests. Security Managers regularly conduct Fire Safety and Evacuation Training to prepare for emergencies. At Pacific Club and Gateway Apartments, we established a Training Sponsorship Scheme to sponsor our employees’ enrolment in external seminars and courses, including first aid courses, AED training and a Gondola Certificate Course which are essential to the safety of our business operations.

Recognising that the performance of our contractors may have an impact on our business, performance appraisals are conducted to ensure that our contractors and subcontractors fulfil our legal and internal safety and health requirements. Those who are found non-compliant with the requirements may be subject to contract termination.

Business-in-Community



Business-in-Community

Business-in-Community is an overarching vision which guides our operations and community investment programmes. Our projects collaborate with local artists, nurture young talent and promote local art and culture. We support the development of the local community through employment opportunities and providing financial and manpower support for various community programmes, focusing on art and culture, economic development and social welfare. We work to build a volunteering culture in the Group and encourage our employees to volunteer their time to help meaningful causes which are aligned with our focus areas. We are proud of our achievements in 2017 and are committed to leveraging our existing resources to build a better tomorrow.



24

Number of outstanding architecture postgraduate students who were awarded financial support through the Architectural Design Internship Programme



12

Number of students who were awarded by Wharf Art Scholarship Scheme to study art and design related subjects at renowned institutions



>186

Number of events and activities advocating for economic development, social welfare, animal welfare, environmental protection and health supported by the Group in 2017



>20,000

Number of service hours the Wharf Estates Volunteer Team contributed since 2011



50%

Percentage of Wharf Estates Limited employees who joined the Wharf Estates Volunteer Team



The "Star" Ferry

Pacific Club

Wharf Estates Limited

Harbour City

Plaza Hollywood

Time Square

Gateway Apartments

Marco Polo Hong Kong Hotel

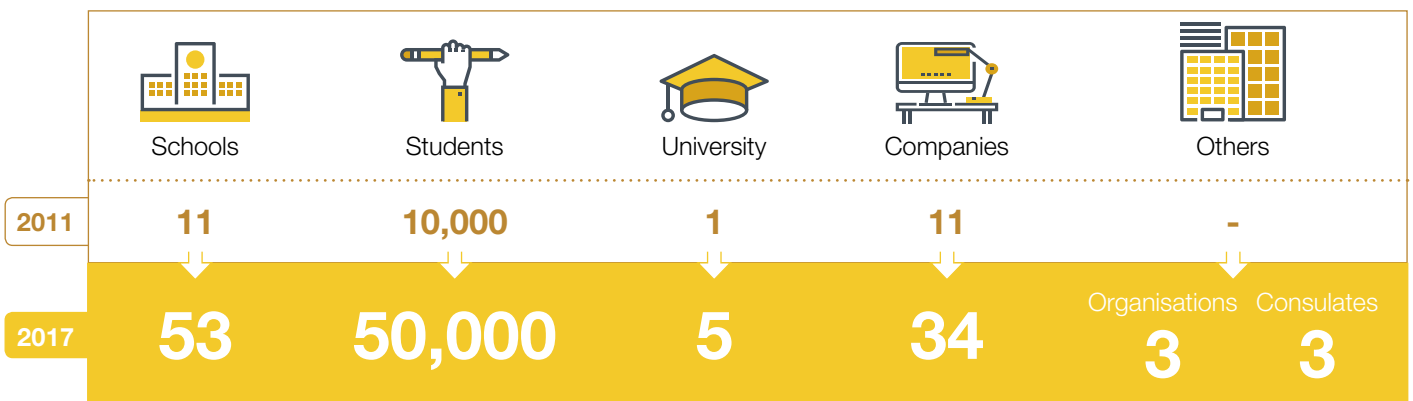
Prince Hotel

Gateway Hotel

Project WeCan (“WeCan”)

Launched in 2011, WeCan is a Business-in-Community initiative providing secondary school students who are disadvantaged in learning with opportunities and care to empower them to pursue further studies and future careers.

Using an “adopt a school” model, WeCan is an open platform where each school is coupled with a partner in a multi-year collaboration for financial and volunteer support. To facilitate mutual learning and exchange, WeCan schools are also invited to take part in joint-school programmes including the Young Innovators Bazaar, Career Exploration Day, Job Tasting Programme, and Teachers’ Development Days, etc.

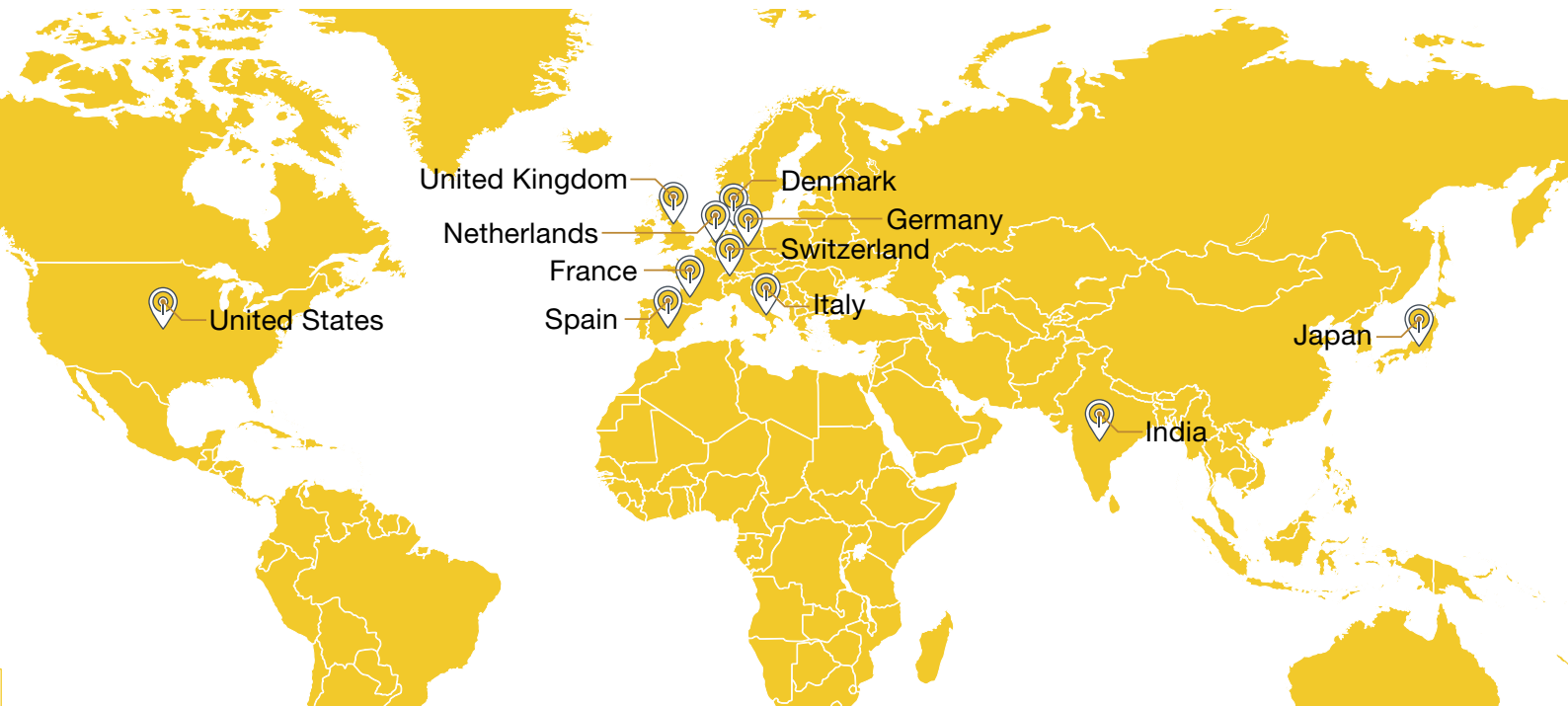


Our BUs, for example, the Prince Hotel, Gateway Hotel and Marco Polo Hongkong Hotel, partnered with WeCan for the Job Tasting Programme to host the students for one month at different departments in summer, giving the students an opportunity to experience the hospitality industry. Gateway Hotel and Marco Polo Hongkong Hotel also supported the Career Exploration Day by organising demonstration booths including pastry decoration, honeymoon amenities set-up and mock interview for students to explore their career interests. About 4,500 students benefitted from the programme.



Youth Development

We believe in supporting the youth to reach their full potential. In 2011, the Architectural Design Internship Programme was established by The Wharf ArchDesign Resource Trust (“WART”) to provide opportunities for graduates of the Master of Architecture Programme at The University of Hong Kong and The Chinese University of Hong Kong to undertake internships to learn ground-breaking international architectural design practices. Providing opportunities to work alongside distinguished designers in an atelier setting and offering a first-hand experience of architectural practice and urban design in foreign countries, the programme aims to broaden graduates’ horizons and exposure. To date, the Group has already awarded 24 outstanding architectural postgraduates financial support as they intern at world renowned architecture firms.



Art and Culture

The Group has been a keen supporter of art and culture. We have especially devoted resources to nurture the Hong Kong youth’s interest in art and culture, and hone their skills to pursue a professional career in the arts.

Throughout the year, we organised an array of art and cultural activities such as docent tours to Art Basel Hong Kong and Art Central 2017, visits to art and design graduation shows at tertiary institutions, artist sharing sessions and art workshops.

To multiply the effects of our efforts in promoting arts and culture among the youth, we pioneered The Wharf Young Art Ambassadors programme. Participants of The Wharf Hong Kong Secondary School Art Competition are encouraged to apply. Follow our Facebook page for more details and updates of upcoming events: <https://www.facebook.com/Wharf.ART/>



Case Study

THE WHARF HONG KONG SECONDARY SCHOOL ART COMPETITION AND THE WHARF ART SCHOLARSHIP

This is our flagship programme to boost young people's creativity and award talent. Since its introduction in 2011, the competition receives over 10,000 entries covering diversified themes from more than 250 secondary schools across 18 districts in Hong Kong.

Winning entries are carefully selected by a panel of adjudicators comprised of artists and art professionals in Hong Kong, and are showcased at the Group's three shopping malls – Harbour City, Times Square and Plaza Hollywood every year.



In July, top 18 winners of the Competition 2016-17 were invited to participate in a tailor-made arts and cultural exchange tour to Beijing. Besides visiting local art museums and exhibitions, the four-day trip offered the students an opportunity to meet internationally acclaimed artists including Fang Lijun and Sui Jianguo.

The winners are also eligible to apply for The Wharf Art Scholarship to pursue a fully subsidised undergraduate creative arts programme at a tertiary institution of their choice. Currently, 12 students have been awarded scholarships to study art and design related subjects at prominent institutions such as School of the Art Institute of Chicago, University of Bath, Central Saint Martins, University of the Arts London and SCAD Hong Kong.



Community Care

We honour the Group's mission, Building for Tomorrow, through concrete business actions as well as our charity work. We believe that the act of giving back to the community brings us many benefits such as bonding amongst our employees and their families while volunteering together, and reinforcing the personality traits and skills of caring for the people around us. In 2017, the Group backed over 186 events and activities¹⁹ advocating for economic development, social welfare, animal welfare, environmental protection and health by providing free venues, logistic support, volunteering and donations.

Programmes and activity highlights

Since 1992, The "Star" Ferry has been offering free rides for elderly passengers over 65 years old, a programme that is not government subsidised.

2017:

HK\$2.71m

2008 - 2017:

HK\$37.2m

Fare Receipt
Forgone



Beneficiaries

2017:

977,906

2008 - 2017:

15,085,000

Concessionary fares were also offered to 63,932 people with disabilities and 923,373 children.



The Pacific Club partnered with the Hong Kong Sea School to teach students to make tasty dim sum, and staff from Catering Department also taught the students how to serve the elderly.



The Gateway Apartment continues to work with the Salvation Army for six consecutive years to knit scarves for the elderly, distributing around 150 hand-made scarves and Christmas gift packs during a visit to the Salvation Army Hoi Lam Centre for Senior Citizens.

Volunteer Team

Established in 2011, the Wharf Estates Volunteer Team aims to build a volunteering culture among our staff members and collaborate with our stakeholders to help the community wherever we can. Almost 50% of employees have joined the team which is devoted to serving people in need, such as underprivileged children and the elderly. The volunteer team has recently extended their service areas to caring for animals, protecting the environment and raising awareness of human rights. Some highlights include:



- Partnering with Hong Kong Dog Rescue Tai Po Homing Centre to help with dog walking



- Joining hands with Feeding Hong Kong to collect and deliver edible surplus bread to the food bank after work

¹⁹ The reported contribution is related to volunteer service, venue sponsorship and donations to charitable organisations, by the Group's Hong Kong operations, namely, Harbour City, Times Square, Plaza Hollywood, Prince Hotel, Gateway Hotel, Marco Polo Hongkong Hotel, Pacific Club, Gateway Apartments, and The "Star" Ferry Company, Limited and Mainland China operations, namely, Marco Polo Changzhou.



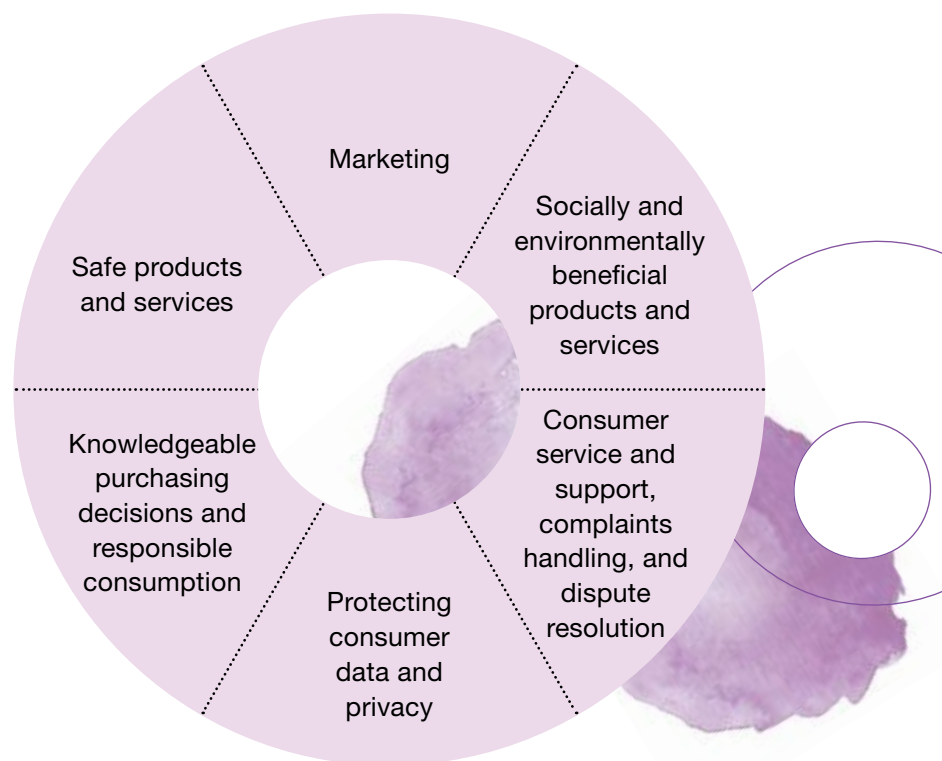
**Products and
Services**

Products and Services

The Group is dedicated to providing tailor-made convenience for our customers, tenants and passengers. Recognising the importance of customer feedback to the continual improvement of our services, we have a management system in place to evaluate our own performance and to better understand their needs. Rooted in our prudent and caring corporate culture, we pay extra attention to ensuring that the design and overall management of the space and facilities are safe and enjoyable for our customers. We are dedicated to providing fair and transparent marketing information about our products and services for our customers to make informed decisions. For a business which is founded in, and prospers because of the local community, these are important values which guide our business decisions. We follow the Trade Descriptions Ordinance (Cap. 362), HKSAR, and Personal Data (Privacy) Ordinance (Cap. 486), HKSAR to formulate our internal policies and guidelines to govern these matters.

Quality Products and Services

In October 2016, the Group implemented the consumer issues guidelines which consolidate our experience in providing premium products and services. We take a holistic approach, touching on six aspects to build an unforgettable experience for our customers, including:



In 2017, we were delighted to have received the quality and service awards and recognition, and are encouraged to develop more innovative solutions to further improve the quality of service for our customers.

Professional Customer Services

Our customer service representatives are the faces of the Group, and therefore, equipping them with the right skillset and knowledge about the dynamics of service provision is essential to achieve a win-win situation for the Group. In our hotel business, we follow a six-step problem solving technique to address our guests’ concerns.



Highlights of Wharf REIC's products and services

Unique Investment Properties Portfolio

Both the Harbour City and Times Square are pioneer projects built on the Group’s unique model “City within the City”. We carefully select tenants to offer a unique and captivating “retailtainment” experience for our customers. In October 2017, the Ocean Terminal extension in Tsim Sha Tsui was opened to the public. Transformed from a deserted cargo loading area into a five-storey complex with restaurants, a free observation deck and upgraded customs and immigration facilities for cruise passengers, the extension offers an incomparable 270-degree panoramic view of the Victoria Harbour.



With the aim of making art appreciation part of people’s everyday life, Harbour City devoted a 1,000-square-foot prime retail space on Level Two of Ocean Centre to “Gallery by the Harbour”, offering visitors the unique experience of appreciating art pieces from around the world against the backdrop of the stunning Victoria Harbour. In addition, Harbour City is among the first malls in Hong Kong to incorporate art elements into mall events.



The Group makes good use of the space above shopping malls to provide the largest Grade A office portfolio in the heart of Tsim Sha Tsui and Causeway Bay.

Distinguished Hotel Operations and Management

Our hotels create warm and comfortable guest experiences. Apart from the convenience of being adjacent to the mega shopping mall, all hotels are equipped with facilities to offer our guests a truly wonderful experience whether on a business trip or on holiday.

The Murray, previously known as the Murray Building, is part of the government's Conserving Central Project. The Group contributed to heritage conservation while breathing new life into one of Hong Kong's most iconic and historic buildings.



Pleasant Ferry Journey

As a Hong Kong icon, The "Star" Ferry has been in operation for over a century, and is acclaimed as an important part of the commuter system between the Hong Kong Island and Kowloon. It is the first and only public transport operator in Hong Kong to offer free rides to the elderly aged 65 or above for the past 26 years. Not only does it provide economic and reliable services to the public, it also serves as a not-to-be-missed tourist attraction in Hong Kong.

Customer Health and Safety

We benchmark against industry best practices and strive to always provide a safe and healthy environment for our customers.

Premises and Facility Safety

The structural integrity of shopping mall decorations and our thematic exhibitions is examined and certified by an independent Registered Structural Engineer, followed by daily checks by in-house building inspectors and security guards. We comply with regulations on fire service installation and equipment and make sure that our employees are thoroughly briefed on our fire safety guidelines. Annual fire drills for both office and retail tenants are conducted to refresh their memories of fire safety and our building escape routes. At Times Square, we used carpet tile made of low-VOC emitting materials and certified by the Green Label Plus in the office corridor renovation and Bazaar relocation projects, covering a total area of approximately 1,530 m².



To create a user-friendly environment, we have installed an Audio Frequency Induction Loop System for individuals with reduced ranges of hearing, lowered the counter at the customer care centre and shroff office for wheelchair users. We organised an activity called Wheel We Meet which allowed participants to experience moving around the shopping malls and using facilities in a wheelchair. Participants learned to think from the perspective of wheelchair users and provide suitable assistance.

At The "Star" Ferry, safety notes are posted to remind passengers about their safety while onboard. At our hotels, where there are swimming pools, lifeguards are on duty to ensure guest safety.



Pacific Club

ISO 22000
Food Safety Management System



Due to the popularity of our shopping malls, especially during events or festive seasons, good crowd management is essential for maintaining public safety at all times. We have comprehensive pre-event planning and deploy crowd control measures such as having well-trained security personnel in public areas, and setting up rope lines and barricades. Debriefings and after-event reviews are completed to reflect on our experiences and to learn from mistakes, if any.



Food Safety

We take every step to ensure the highest food safety standards are applied. We regularly conduct kitchen inspections at food and beverage outlets in our shopping malls. Relevant irregularities with improvement recommendations are forwarded to our tenants in due course.




In Hong Kong, our catering operations comply with nutritional and food allergy labelling regulations for all pre-packed food products. The quality and hygiene of our cuisine are effectively managed by the Hygiene Manager under the HACCP based 43 points audit checklist and/or ISO 22000 Food Safety Management System, with the assistance of computer tracking and testing systems. For instance, at Pacific Club, we implement a Date Code System in our kitchens to avoid spoiled food from being served to our members. A microbiological testing system is implemented to monitor the quality of food, water and ice.

We also carry out monthly announced and unannounced audit inspections of food safety and hygiene conditions, and distribute reports to all key parties at each outlet for corrective actions, if any. Our attention to product safety extends to our supply chain where the performance of high risk food suppliers is audited on a monthly basis by the Hygiene Manager together with representatives from the Purchasing and Culinary departments. All underperforming suppliers are rejected under our strict supplier management system.

We are proud that there were no incidents of non-compliance with regulations and voluntary codes resulting in a fine or penalty within the reporting year.

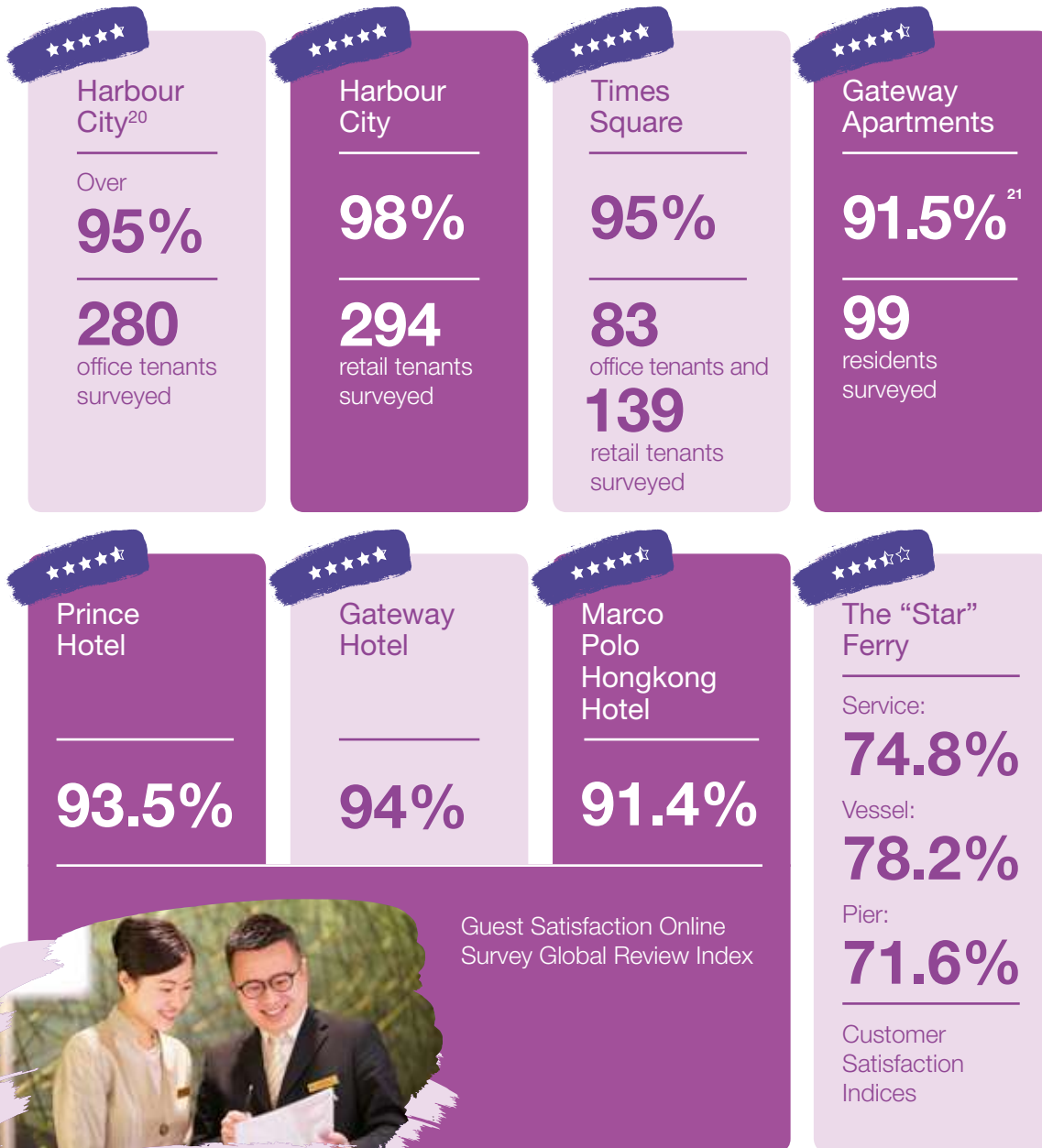
Customer Satisfaction

The Group remains in close contact with our customers to understand their concerns and consider their suggestions when providing quality products and services. We established the following feedback channels to track customer satisfaction and evaluate our own performance over time.

OPERATIONS	MAJOR PRODUCT OR SERVICE CATEGORY	ENGAGEMENT CHANNELS
Investment Properties 	- Management & Staff Service	Emails, Letters, Hotlines, Focus Groups, Management Services Opinion Survey (Annually)
Leisure and Hospitality 	<ul style="list-style-type: none"> - Management & Staff Service - Guest Rooms Tidiness - Customer Service - Facilities and Services - Operational Efficiency - Product and Service Quality - Product Reliability 	Emails, Letters, Hotlines, Company Website, Survey
Logistics 	<ul style="list-style-type: none"> - Customer Service - Ferry Frequency - Pier and Cabin Environment 	Focus Groups (Annually)



Overall Satisfaction Rate



Customer Privacy

To protect customers' personal information, the Group complies with the Personal Data (Privacy) Ordinance (Cap. 486), HKSAR and follows a standard procedure in handling customer data. A privacy policy statement or personal information collection statement is available on our websites and included in documents to clearly explain the purpose for collecting personal information, the types of information we are collecting, how we will use the information, disclosure of information and access to information when correction is needed. Our privacy policy is updated from time to time to maintain alignment with regulatory requirements. Any changes to the policy will be posted to our websites so that our stakeholders are always informed of the way we collect and use their personal data.

There were no confirmed cases of breaches of the Personal Data (Privacy) Ordinance (Cap. 486), HKSAR during the reporting year.

²⁰ Survey for the overall satisfaction rate covers the following zones: Ocean Centre, Ocean Gallery, Gateway 1 and Gateway 2.

²¹ The survey was to evaluate services from June 2016 to May 2017.

Performance Data Summary

Key for Data Performance Table

Operation	Business Unit	Acronym
Investment Properties	Wharf Estates	WEL
	• Harbour City	
	• Times Square	
	• Plaza Hollywood	
	Crawford House * #	CH
	Wheelock House * #	WH
Leisure and Hospitality	Pacific Club	PC
	Wharf Hotels	MPH
	• Prince Hotel	
	• Gateway Hotel	
	• Marco Polo Hongkong Hotel (held by HCCL)	
	Gateway Apartments	GA
	Marco Polo Changzhou (held by HCCL) *	MPCZ
Logistics	The "Star" Ferry	SF

In the tables of this section, the totals are rounded figures.

* Crawford House, Wheelock House and Marco Polo Changzhou are newly added to the 2017 reporting scope. They are presented separately in the performance data tables for better data comparison.

Crawford House and Wheelock House are owned by Wharf REIC while managed by a third party. Environmental data of Crawford House and Wheelock House are included in the performance data tables whilst social data are not included.

Environmental Performance

Air Emissions

Air Emissions by type and source in tonnes (HKEX A1.1)

2017	From ferries ²²	From vehicles and other ²³
NOx	51.48	0.11
SOx	0.04	0.001
PM	1.27	0.0003

Water Consumption

Water consumption by source (GRI 303-1, HKEX A2.2)

		Municipal water (m ³)			Captured rain water (m ³)			Recycled water (m ³)		
		2017	2016	2015	2017	2016	2015	2017	2016	2015
<i>Investment Properties</i>	WEL	438,615	472,542	458,265	-	-	-	-	-	-
	CH	21,943	-	-	-	-	-	-	-	-
	WH	17,723	-	-	-	-	-	1,737²⁴	-	-
<i>Leisure and Hospitality</i>	PC, MPH, GA	356,198	378,569	378,565	72	64	22	-	-	-
	MPCZ	87,180	-	-	-	-	-	-	-	-
<i>Logistics</i>	SF	6,187	7,318	7,534	-	-	-	-	-	-

22 Marine air emissions data are confined to The "Star" Ferry. Emission data are calculated based on harbour craft emissions estimation methodology with published emission factors in Port of Los Angeles Inventory of Air Emissions 2005 Technical Report (https://www.portoflosangeles.org/DOC/2005_Air_Emissions_Inventory_Full_Doc.pdf).

23 These data are confined to air emissions from vehicles, towngas and LPG and are calculated based on the methodology with published emission factors from the HKEX Reporting Guidance on Environmental KPIs (https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/How-to-Prepare-an-ESG-Report/app2_kpis.pdf?la=en).

24 Recycled water used by Wheelock House is from its recycled grey water and condensate water collected from the air-conditioning system. This consumption figure is estimated.

GHG Emissions²⁵ in tonnes CO₂e

(GRI 305-1, GRI 305-2, HKEX A1.2)

		Direct (Scope 1 ²⁶) GHG Emissions			Energy Indirect (Scope 2 ²⁷) Emissions		
		2017	2016	2015	2017	2016	2015
Investment Properties	WEL	10	6	4	89,441	97,399	101,336
	CH	0	-	-	2,848	-	-
	WH	1	-	-	2,954	-	-
Leisure and Hospitality	PC, MPH, GA	1,477	2,489	1,427	20,487	16,754	18,635
	MPCZ	871	-	-	5,026	-	-
Logistics	SF	4,311	3,998	3,818	515	588	613
Total		6,670	6,493	5,249	121,271	114,741	120,584

Energy Consumption

Energy consumption by source in GJ (GRI 302-1, HKEX A2.1)²⁸

		Investment Properties			Leisure and Hospitality		Logistics	Total
		WEL	CH	WH	PC, MPH, GA	MPCZ	SF	
Diesel oil	2017	142	-	10	5	4	-	160
	2016	95	-	-	6	-	-	101
	2015	61	-	-	6	-	-	67
Unleaded petrol	2017	-	-	-	267	295	-	562
	2016	-	-	-	312	-	-	312
	2015	-	-	-	246	-	-	246
Liquefied petroleum gas ("LPG")	2017	-	-	-	164	-	-	164
	2016	-	-	-	161	-	-	161
	2015	-	-	-	169	-	-	169
Gas oil	2017	-	-	-	-	-	52,121	52,121
	2016	-	-	-	-	-	51,261	51,261
	2015	-	-	-	-	-	48,884	48,884
Towngas	2017	-	-	-	27,147	-	-	27,147
	2016	-	-	-	46,155	-	-	46,155
	2015	-	-	-	26,246	-	-	26,246
Piped natural gas ("PNG")	2017	-	-	-	-	13,912	-	13,912
	2016	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-
Purchased electricity	2017	544,088	12,977	13,460	134,324	25,718	2,797	733,364
	2016	595,033	-	-	107,850	-	3,221	706,104
	2015	616,839	-	-	122,025	-	3,396	742,260
Self-generated renewable energy - Solar ²⁹	2017	839	-	-	-	-	-	839
	2016	848	-	-	-	-	-	848
	2015	843	-	-	-	-	-	843
Total	2017	545,068	12,977	13,470	161,907	39,928	54,918	828,268
	2016	595,976	-	-	154,484	-	54,482	804,942
	2015	617,743	-	-	148,692	-	52,280	818,715

25 CO₂, CH₄ and N₂O are included in the calculation of GHG emissions

26 2017 Scope 1 emissions are direct GHG emissions from sources that are owned or controlled by the Group, such as the combustion of diesel, unleaded petrol, gas oil, towngas and LPG and are calculated based on Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (http://www.epd.gov.hk/epd/english/climate_change/files/Guidelines_English_2010.pdf). Emission from combustion of PNG is calculated based on 2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69554/pb13773-ghg-conversion-factors-2012.pdf).

27 2017 Scope 2 emissions are indirect GHG emission from the generation of purchased or acquired electricity and towngas consumed by the Group, and are calculated based on the default factors provided by electricity providers in Hong Kong, Power Assets (0.79 CO₂e kg/kWh), CLP (0.54 CO₂e kg/kWh) and The Hong Kong and China Gas Company Limited (0.599 CO₂e kg/unit). GHG emission by electricity purchased in China in this report is calculated based on China Eastern grid emission factor in 2011 and 2012年中國區域電網平均二氧化碳排放因子 (<http://www.cec.org.cn/d/file/huanbao/xingyexinxi/qihoubianhua/2014-10-10/5fbc57bcd163a1059cf224b03b751d8.pdf>) (0.7035 CO₂ kg/kWh), while GHG emission by electricity purchased in China in HCDL Annual Report 2017 is calculated based on IGES List of Grid Emission Factors Version 9.3 (<https://pub.iges.or.jp/pub/iges-list-grid-emission-factors>) (0.876 CO₂e kg/kWh).

28 2017 energy conversion factors used for diesel oil, unleaded petrol, LPG and gas oil are from CDP Technical Note: Conversion of fuel data to MWh (https://b8f65cb373b1b7b15feb-c70d8ead6ced550b4d987d7c03fcd1d.ssl.cf3.rackcdn.com/cms/guidance_docs/pdfs/000/000/477/original/CDP-Conversion-of-fuel-data-to-MWh.pdf?1479755175). 2017 energy conversion factors used for PNG is from 2012 Guidelines to Defra / DECC's GHG Conversion Factors for Company Reporting (https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/69554/pb13773-ghg-conversion-factors-2012.pdf). Energy consumption from PNG is newly reported in 2017. Energy consumption of towngas was calculated based on formula provided by The Hong Kong and China Gas Company Limited: <https://www.towngas.com/Eng/Cust/Household/CustService/Tariff.aspx>.

29 Self-generated renewable energy – Solar 2015 and 2016 data are restated due to change of estimation methodology.

Waste Management^{30 31}

Waste recycled in tonnes (GRI 306-2, HKEX A1.6)³²

		Investment Properties			Leisure and Hospitality		Logistics	Total
		WEL	CH	WH	PC, MPH, GA	MPCZ	SF	
Waste paper	2017	1,051.28	15.92	38.76	318.72	0.65	10.72	1,436.05
	2016	986.13	-	-	329.72	-	10.00	1,325.85
	2015	821.10	-	-	263.30	-	7.90	1,092.30
Cell batteries	2017	0.06	-	-	-	0.12	-	0.18
	2016	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-
Industrial batteries	2017	-	-	-	-	-	1.96	1.96
	2016	-	-	-	-	-	0.94	0.94
	2015	-	-	-	-	-	1.21	1.21
Fluorescent lamps	2017	39.60	-	-	0.33	-	-	39.93
	2016	30.41	-	-	0.38	-	0.10	30.89
	2015	23.59	-	-	0.23	-	0.10	23.92
Light bulbs	2017	-	-	0.17	0.29	-	-	0.46
	2016	-	-	-	0.03	-	-	0.03
	2015	-	-	-	0.02	-	0.01	0.03
Plastics	2017	1.23	0.26	0.26	1.80	-	0.01	3.56
	2016	2.54	-	-	2.43	-	0.08	5.05
	2015	0.17	-	-	2.75	-	0.04	2.96
Metals	2017	21.07	0.16	-	1.75	0.05	0.09	23.12
	2016	20.74	-	-	2.37	-	0.05	23.16
	2015	10.82	-	-	3.50	-	2.04	16.36
Food waste	2017	438.76	-	-	17.61	233.50	-	689.87
	2016	528.73	-	-	29.68	-	-	558.41
	2015	585.59	-	-	31.48	-	-	617.07
Glass	2017	21.31	-	-	15.18	1.20	-	37.69
	2016	25.80	-	-	21.36	-	-	47.16
	2015	2.39	-	-	20.88	-	-	23.27
Electric appliances / components	2017	1.11	-	-	3.59	-	-	4.70
	2016	0.29	-	-	23.85	-	-	24.14
	2015	-	-	-	14.36	-	0.05	14.41
Soap	2017	-	-	-	0.86	1.10	-	1.96
	2016	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-
Clothes	2017	-	-	-	3.54	0.06	-	3.60
	2016	-	-	-	-	-	-	-
	2015	-	-	-	-	-	-	-
Waste ink cartridge	2017	0.31	0.01	0.01	0.08	0.07	0.02	0.50
	2016	0.75	-	-	0.19	-	0.002	0.94
	2015	0.85	-	-	0.25	-	0.001	1.10
Waste cooking oil	2017	3,959.24	-	-	4.97	1.2	-	3,965.41
	2016	-	-	-	6.13	-	-	6.13
	2015	-	-	-	2.79	-	-	2.79
Waste industrial oil	2017	-	-	-	-	-	4.40	4.40
	2016	-	-	-	-	-	5.20	5.20
	2015	-	-	-	-	-	5.00	5.00
Total	2017	5,533.97	16.35	39.19	368.72	237.95	17.20	6,213.39
	2016	1,595.39	-	-	416.14	-	16.37	2,027.90
	2015	1,444.51	-	-	339.55	-	16.35	1,800.41

Waste to landfill in tonnes (GRI 306-2, HKEX A1.6)

		Investment Properties			Leisure and Hospitality		Logistics	Total
		WEL	CH	WH	PC, GA, MPH ³³	MPCZ	SF	
General refuse	2017	14,207³³	114	163	7,348	75	NA	21,907

30 Data on recycled cell batteries, recycled soap, recycled clothes and general refuse are newly reported in 2017.

31 Waste Paper, plastics, metals, soap, and waste cooking oil in Hong Kong are 100% recycled or treated by EPD-appointed waste collectors and recyclers. In the future, the Group will be carrying out studies to measure and monitor the waste produced and improve our recycling rate.

32 Hazardous waste includes cell batteries, industrial batteries, fluorescent lamps, light bulbs, electric appliances/components, waste ink cartridge, waste cooking oil and waste industrial oil. Non-hazardous waste includes waste paper, plastics, metals, food waste, glass, soap and clothes.

33 WEL data covers Time Square and Plaza Hollywood only. MPH refers to Macro Polo Hongkong Hotel only.

Employee Statistics

Employee Distribution

Total workforce by gender (GRI 102-8, HKEX B1.1)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Total
2017	Male	381	645	137	249	1,412
	Female	434	595	146	40	1,215
	Total	815	1,240	283	289	2,627
2016	Male	411	697	-	250	1,358
	Female	482	624	-	43	1,149
	Total	893	1,321	-	293	2,507
2015	Male	434	701	-	242	1,377
	Female	490	628	-	29	1,147
	Total	924	1,329	-	271	2,524

Total workforce by employment type (GRI 102-8, HKEX B1.1)³⁴

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Total
2017	Full time	712	1,233	283	266	2,494
	Part time	103	7	0	23	133
	Total	815	1,240	283	289	2,627
2016	Full time	766	1,283	-	265	2,314
	Part time	85	1	-	28	114
	Total	851	1,284	-	293	2,428
2015	Full time	770	1,295	-	244	2,309
	Part time	95	0	-	27	122
	Total	865	1,295	-	271	2,431

Total workforce by employment contract (GRI 102-8, HKEX B1.1)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Total
2017	Permanent	776	1,192	18	289	2,275
	Fixed term	34	48	265	0	347
	Temporary	5	0	0	0	5
2016	Permanent	851	1,284	-	293	2,428
	Fixed term	39	27	-	0	66
	Temporary	3	10	-	0	13
2015	Permanent	865	1,295	-	271	2,431
	Fixed term	55	26	-	0	81
	Temporary	4	8	-	0	12

Gender distribution of permanent contract employees (GRI 102-8, HKEX B1.1)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Total
2017	Male	347	612	10	249	1,218
	Female	429	580	8	40	1,057
2016	Male	380	670	-	250	1,300
	Female	471	614	-	43	1,128
2015	Male	393	674	-	242	1,309
	Female	472	621	-	29	1,122

34 2015 and 2016 data show the distribution of permanent contract employees while 2017 data show the distribution of total workforce

Gender, age group and minority group distribution of all employees by employment category³⁵ in 2017
(GRI 405-1, HKEX B1.1)

			Male	Female	Below 30	30 - 50	Above 50	Minority group ³⁶	Non-minority group
<i>Investment Properties</i>	WEL	Senior management	37.5%	62.5%	0%	50%	50%	0%	100%
		Middle management	56%	44%	1%	85%	14%	0%	100%
		General staff	46%	54%	31%	48%	21%	0%	100%
<i>Leisure and Hospitality</i>	PC, MPH, GA	Senior management	61%	39%	0%	54%	46%	29%	71%
		Middle management	59%	41%	6%	76%	18%	6%	94%
	MPCZ	Senior management	67%	33%	0%	83%	17%	0%	100%
		Middle management	54%	46%	38%	61%	1%	1%	99%
	SF	Senior management	100%	0%	0%	0%	100%	0%	100%
		Middle management	67%	33%	0%	67%	33%	0%	100%
<i>Group Average</i>	Senior management		59%	41%	0%	55%	45%	18%	82%
	Middle management		57%	43%	11%	75%	14%	4%	96%
	General staff		54%	46%	27%	44%	29%	2%	98%

New Employee Hires

Gender distribution of new employee hires in number (GRI 401-1)

		Investment Properties	Leisure and Hospitality		Logistics	Total
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Male	49	157	43	54	303
	Female	96	176	67	13	352
2016	Male	54	124	-	79	257
	Female	107	96	-	32	235
2015	Male	55	142	-	55	252
	Female	88	111	-	11	210

Gender distribution of new employee hires in percentage³⁷ (GRI 401-1)

		Investment Properties	Leisure and Hospitality		Logistics	Overall
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Male	13%	24%	31%	22%	21%
	Female	22%	30%	46%	33%	29%
2016	Male	13%	18%	-	32%	19%
	Female	22%	15%	-	74%	20%
2015	Male	15%	21%	-	23%	18%
	Female	22%	18%	-	37%	18%

Age distribution of new employee hires in number (GRI 401-1)

		Investment Properties	Leisure and Hospitality		Logistics	Total
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Below 30	100	146	70	12	328
	30 - 50	35	138	32	14	219
	Above 50	10	49	8	41	108
2016	Below 30	85	87	-	24	196
	30 - 50	63	94	-	26	183
	Above 50	13	39	-	61	113
2015	Below 30	80	112	-	23	215
	30 - 50	57	121	-	14	192
	Above 50	6	20	-	29	55

³⁵ This information is derived from BU's own human resources system

³⁶ Minority group refers to the ethnic minority at our operation locations

³⁷ New hire rate (in percentage) = Total number of new hires in the category / Total number of employees in the category X 100%

Age distribution of new employee hires in percentage³⁸ (GRI 401-1)

		Investment Properties	Leisure and Hospitality		Logistics	Overall
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Below 30	44%	58%	57%	50%	52%
	30 - 50	8%	20%	24%	33%	17%
	Above 50	6%	17%	27%	18%	15%
2016	Below 30	37%	18%	-	77%	39%
	30 - 50	13%	21%	-	57%	14%
	Above 50	8%	13%	-	28%	16%
2015	Below 30	32%	37%	-	77%	-
	30 - 50	11%	17%	-	36%	-
	Above 50	3%	6%	-	14%	-

Region distribution of new employee hires in numbers and percentage (GRI 401-1, HKEX B1.2)

	Hong Kong SAR	Mainland China	Overall
2017	545 (23%)	110 (39%)	655 (25%)

Employee Turnover

Gender distribution of employee turnover in number (GRI 401-1, HKEX B1.2)

		Investment Properties	Leisure and Hospitality		Logistics	Total
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Male	50	156	43	54	303
	Female	117	150	67	17	351
2016	Male	68	174	-	70	312
	Female	117	132	-	19	268
2015	Male	76	142	-	55	273
	Female	97	111	-	11	219

Gender distribution of employee turnover in percentage³⁹ (GRI 401-1, HKEX B1.2)

		Investment Properties	Leisure and Hospitality		Logistics	Overall
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Male	13%	24%	31%	22%	21%
	Female	27%	25%	46%	43%	29%
2016	Male	17%	25%	-	28%	23%
	Female	24%	21%	-	44%	23%
2015	Male	21%	25%	-	21%	20%
	Female	24%	23%	-	43%	19%

Age distribution of employee turnover in number (GRI 401-1, HKEX B1.2)

		Investment Properties	Leisure and Hospitality		Logistics	Total
		WEL	PC, MPH, GA	MPCZ	SF	
2017	Below 30	81	104	70	15	270
	30 - 50	62	138	32	14	246
	Above 50	24	64	8	42	138
2016	Below 30	84	114	-	21	219
	30 - 50	64	147	-	15	226
	Above 50	37	45	-	53	135
2015	Below 30	72	113	-	18	203
	30 - 50	76	167	-	9	252
	Above 50	25	33	-	37	95

38 New hire rate (in percentage) = Total number of new hires in the category / Total number of employees in the category X 100%

39 Turnover rate (in percentage) = Total number of turnover in the category / Total number of employees in the category X 100%

Age distribution of employee turnover in percentage⁴⁰ (GRI 401-1, HKEX B1.2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Overall
2017	Below 30	36%	41%	57%	63%	43%
	30 - 50	15%	20%	24%	33%	19%
	Above 50	14%	22%	27%	19%	19%
2016	Below 30	37%	24%	-	68%	44%
	30 - 50	13%	33%	-	33%	18%
	Above 50	23%	15%	-	25%	19%
2015	Below 30	29%	38%	-	60%	-
	30 - 50	15%	24%	-	23%	-
	Above 50	14%	10%	-	18%	-

Region distribution of employee turnover in numbers and percentage (GRI 401-1, HKEX B1.2)

		Hong Kong SAR	Mainland China	Overall
2017		544 (23%)	110 (39%)	654 (25%)

Health and Safety

Work-related fatality in number (GRI 403-2, HKEX B2.1)

		Group total
2017	Male	0
	Female	0
2016	Male	0
	Female	0
2015	Male	0
	Female	0

Fatality by region (GRI 403-2, HKEX B2.1)

		Hong Kong SAR	Mainland China
2017		0	0

Injury rate by gender and by region per 1,000 employees⁴¹ (GRI 403-2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Overall
2017	Male	18	47	44	8	32
	Female	5	74	27	0	41
2016	Male	12	75	-	12	44
	Female	21	127	-	23	78
2015	Male	25	80	-	12	51
	Female	22	64	-	69	46

		Hong Kong SAR	Mainland China	Overall
2017		36	35	36

Lost day rate by gender and by region in percentage⁴² (GRI 403-2, HKEX B2.2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Total
2017	Male	0.18%	0.07%	0.06%	0.03%	0.09%
	Female	0%	0.22%	0.01%	0%	0.12%
2016	Male	0.02%	0.60%	-	0.26%	0.39%
	Female	0.08%	0.44%	-	0.04%	0.30%
2015	Male	0.29%	0.86%	-	0.02%	0.54%
	Female	0.02%	0.58%	-	0.15%	0.35%

		Hong Kong SAR	Mainland China	Overall
2017		0.11%	0.03%	0.10%

40 Turnover rate (in percentage) = Total number of turnover in the category / Total number of employees in the category X 100%

41 Injury rate (per 1,000 employees) = Total injury cases in the category / Number of all employees in the category X 1,000

42 Lost day rate (in percentage) = Total lost days in the category / Total number of days scheduled to be worked of all employees in the category X 100%

Occupational disease rate by gender and by region in percentage⁴³ (GRI 403-2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Overall
2017	Male	0%	0%	0%	0%	0%
	Female	0%	0%	0%	0%	0%
2016	Male	0%	0.01%	-	0%	0.01%
	Female	0%	0.02%	-	0%	0.02%
2015	Male	0%	0%	-	0%	0%
	Female	0%	0%	-	0%	0%
		Hong Kong SAR		Mainland China		Overall
2017		0%		0%		0%

Absentee rate by gender and by region in percentage⁴⁴ (GRI 403-2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Overall
2017	Male	2%	1%	0.2%	2%	1%
	Female	2%	2%	0.2%	1%	2%
2016	Male	2%	1%	-	2%	1%
	Female	3%	1%	-	1%	2%
2015	Male	1%	2%	-	3%	2%
	Female	2%	1%	-	2%	2%
		Hong Kong SAR		Mainland China		Overall
2017		2%		0.2%		2%

Training and Education

Average number of training hours per employee by gender⁴⁵ (GRI 404-1, HKEX B3.2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Overall
2017	Male	25.9	24.5	44.3	7.4	23.8
	Female	12.9	20.3	44.3	2	19.9
	Total	18.9	22.5	44.3	6.7	22
2016	Male	17.1	7.9	-	8.3	10.8
	Female	14.9	8.1	-	4.7	10.8
	Total	15.9	8	-	7.8	10.8
2015	Male	21.3	16.5	-	8.9	16.7
	Female	19.4	14.5	-	4.4	16.3
	Total	20.3	15.5	-	8.4	16.5

Average number of training hours per employee by employment category (GRI 404-1, HKEX B3.2)

		Investment Properties	Leisure and Hospitality		Logistics	
		WEL	PC, MPH, GA	MPCZ	SF	Overall
2017	Senior management	40.2	22.9	17.7	2.9	24.4
	Middle management	16.5	32.6	23.8	8	27
	General staff	19	20.2	54.1	6.7	21.1
2016	Senior management	21.5	15.7	-	21.5	17.7
	Middle management	14.9	11.5	-	8.9	13.4
	General staff	16	10.8	-	7.7	12.2
2015	Senior management	24.3	12.7	-	4.4	-
	Middle management	15	14.6	-	6.7	-
	General staff	24.1	15.9	-	8.5	-

43 Occupational disease rate (in percentage) = Total occupational disease cases in the category / Total days scheduled to be worked of all employees in the category X 100%

44 Absentee rate (in percentage) = Total absentee days in the category / Total days scheduled to be worked of all employees in the category X 100%

45 Average number of training hours per employee = Total training hours in the category/Total workforce in the category

Major Awards, Charters and Memberships

Selected Awards and Recognitions

Organiser	Award and Recognition	Business Unit
Hang Seng Index Company Limited	A constituent member of Hang Seng Corporate Sustainability Index	Wharf REIC
Hong Kong Quality Assurance Agency ("HKQAA")	CSR Index Plus	Wharf REIC
Hong Kong Management Association	Merit Award of 2017 HKMA Quality Award	Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel
EarthCheck	Bronze Certification	Marco Polo Hongkong Hotel and Marco Polo Changzhou
Capital Weekly Magazine	Best Services - Serviced Apartment at Best Services Awards 2017	Gateway Apartments
Employees Retraining Board	Manpower Developer Award Scheme - Manpower Developer - ERB (2013-2019)	Wharf Estates Limited (Harbour City, Times Square and Plaza Hollywood) and the "Star" Ferry Company, Limited (since 2010)
Environmental Campaign Committee	Hong Kong Awards for Environmental Excellence - "Class of Excellence" Wastewi\$e Label	Gateway Apartments, Wheelock House and Crawford House
	Hong Kong Awards for Environmental Excellence - "Class of Excellence" IAQwi\$e Label	Gateway Apartments, Wheelock House and Crawford House
	Hong Kong Awards for Environmental Excellence - "Class of Excellence" Energywi\$e Label	Pacific Club, Gateway Apartments and Wheelock House
Environmental Protection Department	IAQ Certification Scheme Certification	Harbour City, Times Square, Plaza Hollywood, Gateway Apartments and Wheelock House
Hong Kong Environmental Protection Association	Tree Conservation Scheme Certificate 2017	Harbour City, Times Square, Gateway Apartments, Wheelock House and Crawford House
The Hong Kong Council of Social Service	Caring Company Logo	Marco Polo Hongkong Hotel, Gateway Hotel, Prince Hotel
	The 5 Years Plus Caring Company Logo	Wharf Estates Limited (Harbour City, Times Square and Plaza Hollywood) and Gateway Apartments
	The 10 Years Plus Caring Company Logo	Pacific Club
	The 15 Years Plus Caring Company Logo	The "Star" Ferry Company, Limited
Hong Kong Police Force - Regional Crime Prevention Unit, Hong Kong Island	Outstanding Security Services - Commercial Property Award in the Hong Kong Island Best Security Services Awards 2016-17	Times Square
Hong Kong Police Force - Regional Crime Prevention Unit, Kowloon East	Outstanding Partner Property 2016-2017	Plaza Hollywood
Mandatory Provident Fund Schemes Authority	Good MPF Employer	Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel
Marketing Excellence Awards 2017	Excellence in Corporate Social Responsibility	Times Square
Next Media	Top Service Award 2017 (Shopping Mall Category)	Harbour City
PR daily's Corporate Social Responsibility Awards 2017 (USA)	Corporate Social Responsibility Award	Times Square
SGS HK Limited	Accreditation of ISO22000 Food Safety Management System	Pacific Club
Community Investment And Inclusion Fund	Social Capital Builder	Marco Polo Hongkong Hotel, Gateway Hotel and Prince Hotel
Trip Advisor	Certificate of Excellence	The "Star" Ferry Company, Limited

Organiser	Award and Recognition	Business Unit
UNICEF	Say Yes To Breastfeeding - Breastfeeding Friendly Premises	Harbour City, Times Square and Plaza Hollywood
Volunteer Movement - Social Welfare Department	Gold Award for Volunteer Service	Wharf Estates Limited
World Luxury Hotel Awards	World Luxury Hotel Awards - Luxury Harbour Hotel	Marco Polo Hongkong Hotel

Selected Membership and Charters

Organizations	Nature of Membership/Name of Charters	Business Unit
Hong Kong General Chamber of Commerce	Corporate member	Marco Polo Hongkong Hotel
Employers' Federation of Hong Kong	Corporate member	The "Star" Ferry Company, Limited
Occupational Safety & Health Council	Corporate member	The "Star" Ferry Company, Limited
	Green Cross Group Member	Wharf Estates Limited
Hong Kong Retail Management Association	Associate member	Harbour City
Hong Kong Hotels Association	Organizational member	Marco Polo Hongkong Hotel, Gateway Hotel, Prince Hotel
The Society of the Golden Keys of Hong Kong	Adherent member	Marco Polo Hongkong Hotel, Gateway Hotel, Prince Hotel
	Associate member	Wharf Estates Limited
Marine Department	Member of the Disciplinary Panel for Authorized Surveyors	The "Star" Ferry Company, Limited
Environmental Bureau	Energy Saving Charter	Harbour City, Times Square, Plaza Hollywood and Wheelock House
	4Ts Charter	Harbour City, Times Square and Plaza Hollywood
Environmental Protection Department	Carbon Audit Green Partner	Times Square, Plaza Hollywood, Pacific Club, Gateway Apartments, Prince Hotel and Gateway Hotel
	Charter on External Lighting	Harbour City (2016-2017), Times Square (2016-2017), Plaza Hollywood (2016-2017), Pacific Club (2016-2017), Wheelock House (Gold Award 2017) and Crawford House (Platinum Award)
Labour Department	Occupational Safety Charter	Wharf Estates Limited (since 2010) and The "Star" Ferry Company, Limited (since 2002)
Occupational Safety & Health Council	Joyful@Healthy Workplace Charter	The "Star" Ferry Company, Limited

GRI Standards and HKEX ESG Reporting Guide Content Index

Disclosures	HKEX ESG Guide	Page Number/ Remarks	External Assurance
102: General Disclosures 2016			
Organizational profile			
102-1	Name of the organization	Wharf Real Estate Investment Company Limited	√
102-2	Activities, brands, products, and services	P. 10, 41-42	√
102-3	Location of headquarters	Hong Kong	√
102-4	Location of operations	P. 10	√
102-5	Ownership and legal form	Publicly listed company	√
102-6	Markets served	P. 10	√
102-7	Scale of the organization	P. 10, 14	√
102-8	Information on employees and other workers	KPI B1.1 P. 28-29, 48-52	√
102-9	Supply chain	KPI B5.1 P. 17	√
102-10	Significant changes to the organization and its supply chain	P. 3, 17	√
102-11	Precautionary Principle or approach	P. 11, 16-17	√
102-12	External initiatives	P. 53-54	√
102-13	Membership of associations	P. 54	√
Strategy			
102-14	Statement from senior decision-maker	P. 1-2	√
Ethics and integrity			
102-16	Values, principles, standards, and norms of behaviour	KPI B7.2 P. 10-12, 16-17	√
Governance			
102-18	Governance structure	P. 14-15	√
Stakeholder engagement			
102-40	List of stakeholder groups	P. 4	√
102-41	Collective bargaining agreements	Collective bargaining agreements do not apply to the Group's operations.	√
102-42	Identifying and selecting stakeholders	P. 4	√
102-43	Approach to stakeholder engagement	P. 4	√
102-44	Key topics and concerns raised	P. 5	√
Reporting practice			
102-45	Entities included in the consolidated financial statements	P. 3 Annual Report: Independent Auditor's Report (P. 102-104)	√
102-46	Defining report content and topic Boundaries	P. 6-8	√
102-47	List of material topics	P. 7-8	√
102-48	Restatements of information	P. 46, 48	√
102-49	Changes in reporting	P. 3	√
102-50	Reporting period	P. 3	√
102-51	Date of most recent report	Corporate Social Responsibility Report 2016	√

Disclosures	HKEX ESG Guide	Page Number/ Remarks	External Assurance
102-52	Reporting cycle	Annual	√
102-53	Contact point for questions regarding the report	P. 3	√
102-54	Claims of reporting in accordance with the GRI Standards	This report has been prepared in accordance with GRI Standards: Core option.	√
102-55	GRI content index	P. 55-58	√
102-56	External assurance	P. 59	√
200: Economic			
201: Economic Performance 2016			
103	Management approach	P. 10-11 Annual Report – Chairman's Statement (P. 9-13)	√
201-1	Direct economic value generated and distributed	P. 14 Annual Report – Directors' Report (P. 88-101)	√
201-2	Financial implications and other risks and opportunities due to climate change	P. 16, 20-26 Annual Report – Directors' Report (P. 100-101)	√
201-4	Financial assistance received from government	No financial assistance from HKSAR Government was received.	√
203: Indirect Economic Impacts 2016			
103	Management approach	GD B8	√
203-1	Infrastructure investments and services supported	KPI B8.1 KPI B8.2	√
204: Procurement Practices 2016			
103	Management approach	GD B5	√
205: Anti-corruption 2016			
103	Management approach	GD B7	√
205-3	Confirmed incidents of corruption and actions taken	KPI B7.1	In 2017, there were no confirmed incidents of corruption.
300: Environmental			
302: Energy 2016			
103	Management approach	GD A2, A3	√
302-1	Energy consumption within the organization	KPI A2.1	√
302-3	Energy intensity	KPI A2.1	√
CRE-1	Building energy intensity	KPI A2.1	√
302-4	Reduction of energy consumption	KPI A2.3	√
303: Water 2016			
103	Management approach	GD A2, A3	√
303-1	Water withdrawal by source	KPI A2.2	√
CRE-2	Building water intensity	KPI A2.2	√

Disclosures		HKEX ESG Guide	Page Number/ Remarks	External Assurance
303-2	Water sources significantly affected by withdrawal of water	KPI A2.4 KPI A3.1	There is no withdrawal of surface or groundwater. All water consumed in Hong Kong and Mainland China is either collected through our rainwater harvesting system or purchased and distributed by the Government's municipal water supplies department.	√
305: Emissions 2016				
103	Management approach	GD A1, A3	P. 11-12, 20-23	√
305-1	Direct (Scope 1) GHG emissions	KPI A1.1 KPI A1.2	P. 22, 46	√
305-2	Energy indirect (Scope 2) GHG emissions	KPI A1.1 KPI A1.2	P. 22, 46	√
305-4	GHG emissions intensity	KPI A1.2	P. 22	√
CRE-3	GHG emissions intensity from buildings	KPI A1.2	P. 22	√
305-5	Reduction of GHG emissions	KPI A1.5	P. 21-22	√
305-7	NOx, SOx, and other significant air emissions	KPI A1.1	P. 23, 45	√
306: Effluent and Waste 2016				
103	Management approach	GD A1, A3 KPI A2.5	P. 11-12, 25 The Group does not have significant impact on the environment from packaging materials.	√
306-2	Waste by type and disposal method	KPI A1.3 KPI A1.4 KPI A1.6	P. 25-26, 47	√
306-3	Significant spills	KPI A3.1	No significant spill was recorded.	√
306-5	Waste bodies affected by water discharges and/or runoff	KPI A3.1	No water bodies are significantly affected by our operations.	√
307: Environmental Compliance 2016				
103	Management approach		P. 11-12	√
307-1	Non-compliance with environmental laws and regulations		P. 20-26 In 2017, Wharf REIC received no fines or non-monetary sanctions for incidences of non-compliance.	√
400: Social				
401: Employment 2016				
103	Management approach	GD B1	P. 11-12, 28, 30	√
401-1	New employee hires and employee turnover	KPI B1.2	P. 49-51	√
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	KPI B1.2	P. 30	√
402: Labour/ Management Relations				
103	Management approach		P. 11-12	√
402-1	Minimum notice periods regarding operational changes		We do not have a fixed notice period. Depending on commercial and/or other aspects of business sensitivity, reasonable notice is normally allowed for any significant operational changes of the company	√
403: Occupational Health and Safety 2016				
103	Management approach	GD B2	P. 11-12, 32	√
403-2	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	KPI B2.1 KPI B2.2 KPI B2.3	P. 32, 51-52	√

Disclosures		HKEX ESG Guide	Page Number/ Remarks	External Assurance
404: Training and Education 2016				
103	Management approach	GD B3	P. 11-12, 30	√
404-1	Average hours of training per year per employee	KPI B3.2	P. 29, 52	√
404-2	Programmes for upgrading employee skills and transition assistance programmes		P. 30	√
405: Diversity and Equal Opportunity 2016				
103	Management approach		P. 11-12	√
405-1	Diversity of governance bodies and employees		P. 14, 28-29	√
406: Non-discrimination 2016				
103	Management approach		P. 11-12	√
406-1	Incidents of discrimination and corrective actions taken		P. 31 In 2017, there were no recorded incidents of non-compliance with anti-discrimination legislation.	√
408: Child Labour 2016				
103	Management approach	GD B4	P. 11-12, 17, 30	√
408-1	Operations and suppliers at significant risk for incidents of child labour	KPI B4.1 KPI B4.2	P. 17, 30	√
409: Forced or Compulsory Labour 2016				
103	Management approach	GD B4	P. 11-12, 17, 30	√
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	KPI B4.1 KPI B4.2	P. 17, 30	√
413: Local Communities 2016				
103	Management approach		P. 11-12, 34	√
413-1	Operations with local community engagement, impact assessments and development programmes		P. 34-38	√
416: Customer Health and Safety 2016				
103	Management approach		P. 11-12, 40, 42-43	√
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		In 2017, there were no recorded incidents of non-compliance.	√
417: Marketing and Labelling 2016				
103	Management approach		P. 11-12, 40	√
417-3	Incidents of non-compliance concerning marketing communications		In 2017, there were no recorded incidents of non-compliance.	√
418: Customer Privacy 2016				
103	Management approach	GD B6	P. 11-12, 44	√
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	KPI B6.5	In 2017, there were no recorded incidents of non-compliance.	√
419: Socioeconomic Compliance 2016				
103	Management approach		P. 11-12	√
419-1	Non-compliance with laws and regulations in the social and economic area		In 2017, there were no recorded incidents of non-compliance.	√

Verification Statement

Scope and Objective

Hong Kong Quality Assurance Agency (“HKQAA”) has been commissioned by Wharf Real Estate Investment Company Limited (“Wharf REIC”) to undertake an independent verification for its Sustainability Report 2017 (“the Report”). The scope of this verification covers the sustainability performance data and information of Wharf REIC’s business in Hong Kong and Mainland China for the period of 1st January 2017 to 31st December 2017, as defined in the Report.

The aim of this verification is to provide a reasonable assurance on the reliability of the report contents. The Report has been prepared in accordance with the Core Option of the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”), GRI G4 Construction and Real Estate Sector Disclosures and the Environmental, Social and Governance Reporting Guide (“ESG Guide”) of The Stock Exchange of Hong Kong Limited.

Level of Assurance and Methodology

HKQAA’s verification procedure is designed for devising opinions and conclusions to obtain a reasonable level of assurance. The extent of this verification process undertaken covered the criteria set in the GRI Standards: Core Option, Construction and Real Estate Sector Disclosures and the ESG Guide.

The verification process included verifying the systems and processes implemented for collecting, collating and reporting the sustainability performance data, reviewing relevant documentation, interviewing responsible personnel with accountability for preparing the reporting contents and verifying selected representative sample of data and information. Raw data and supporting evidence of the selected samples were also thoroughly examined during the verification process.

Independence

Wharf REIC was 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 were entirely independent from Wharf REIC.

Conclusion

Based on the verification results and in accordance with the verification procedures undertaken, HKQAA has obtained reasonable assurance and is in the opinion that:

- The Report has been prepared in accordance with the Core option of the GRI Standards, the Construction and Real Estate Sector Disclosures and the ESG Guide;
- The Report illustrates the performance of the material sustainability aspects of Wharf REIC in a balanced, comparable, clear and timely manner; and
- The data and information disclosed in the Report are reliable and complete.

In conclusion, the Report reflects truthfully the sustainability commitments, policy and performance of Wharf REIC and addressing the interests of stakeholders in an appropriate manner with respect to the company’s environmental, social and economic impacts.

Signed on behalf of Hong Kong Quality Assurance Agency



Connie Sham
Head of Audit
May 2018



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