

# ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT

## GROUP STATEMENT ON SUSTAINABILITY

*Guoco Group, being part of the larger Hong Leong Group, is built on the strong heritage of value creation for our stakeholders and communities within which we operate. Over the years, we have taken a progressive approach in integrating sustainability into our businesses, towards a stronger, more resilient group. We are committed to: growing our businesses responsibly, balancing environmental with economic considerations, as well as creating a positive impact for our stakeholders and contributing to our communities.*

In the course of developing this blueprint for our work in the area of Environmental, Social and Governance (“ESG”), we have methodically developed distinct, forward-looking values; namely honour, human resources, entrepreneurship, innovation, quality, progress, unity, and social responsibility. These values will serve to focus us on a long-term view of the ESG business imperatives that will help to shape our future. Our core values continue to serve as our compass in all that we do.

	<p><b>HONOUR</b></p> <p>To conduct business with honour.</p>
	<p><b>HUMAN RESOURCES</b></p> <p>To enhance the quality of human resources – as the essence of management excellence.</p>
	<p><b>ENTREPRENEURSHIP</b></p> <p>To pursue management vision and foster entrepreneurship.</p>
	<p><b>INNOVATION</b></p> <p>To nurture and be committed to innovation.</p>
	<p><b>QUALITY</b></p> <p>To consistently provide goods and services of the highest quality at competitive prices.</p>
	<p><b>PROGRESS</b></p> <p>To continuously improve existing operations and to position for expansion and new opportunities.</p>
	<p><b>UNITY</b></p> <p>To ensure oneness in purpose, harmony and friendship in the pursuit of prosperity for all.</p>
	<p><b>SOCIAL RESPONSIBILITY</b></p> <p>To create wealth for the betterment of society.</p>

Guided by our core values, we aim to achieve our objective of realising long term shareholders’ value and business sustainability, taking into account of the interests of our stakeholders. We believe that serving our communities is not only integral to run a business successfully; it is also part of our individual responsibilities as citizens of the world. We continue to support communities in ways that enhance the Group’s relationship and reputation with employees, customers, business partners and other stakeholders.

Being an integrated group with diverging businesses, a steering committee was established to develop group-wise sustainability visions, policies and messages in the relevant areas for adoption by the operating groups. A sustainability task force comprising key executives of the business and supporting units was set up by each of the business groups to drive sustainability programmes across their organisations.

## ABOUT THIS REPORT

We have published Corporate Social Responsibility Report since 2014 covering key performance of the Company and its subsidiaries (the “Group”) in various aspects of corporate sustainability and social responsibility. While this is our inaugural report on ESG, it is an extended report with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited (the “HKEx”).

### Approach

In preparing this report, we have reviewed the HKEx requirements and GRI standards to identify key topics that are important to our core business groups and most relevant to our stakeholders. The risks and opportunities associated with each of these topics would be addressed accordingly. This report serves to illustrate the key ESG performance of our core business subsidiary groups, namely Principal Investment, Property Development and Investment as well as Hospitality and Leisure.

## ENVIRONMENT

Guoco Group endeavours to identify and minimise the negative environmental impacts of our products and business activities. The focus of our business groups is to build a culture of environmental sustainability and adopting policies and practices which foster the judicious and efficient use of resources, for a business resilient to the impact of climate change and resource scarcity and for the benefit of our stakeholders and our communities.

### Emissions

The Group adheres to and complies with the relevant laws and regulations with regards to emissions where it operates in.

GLH, our hotel division, has been monitoring the carbon emission generated from its operations. Its direct (Scope 1) and energy indirect (Scope 2) GHG emission for the year were 7,840 Mt CO<sub>2</sub>e and 15,889 Mt CO<sub>2</sub>e respectively. The GHG emissions intensity was 0.017 Mt CO<sub>2</sub>e per occupied room. Waste is generated as a result of its hotel operations, front and back office activities as well as the kitchens, and all the waste is currently collected by local waste contractors. Non-hazardous waste emission for the year amounted to 8,134 Mt, about 19% of which were recycled or recovered. GL is in the process of identifying its waste generation baseline, including areas for improvement which we will disclose in our next report.

Rank has reduced its carbon footprint for the sixth consecutive year, like-for-like, since 2010. The carbon footprint of its operations for the year was 63,605t CO<sub>2</sub>e, a reduction of 1.7% from 2015/16. Rank participates in the Carbon Reduction Commitment Scheme launched by the UK Government scheme designed to improve energy efficiency and cut carbon dioxide (CO<sub>2</sub>) emissions. The scheme upon completion in March 2019 will allow tax revenues to be recovered via the Climate Change Levy. This should translate to a reduction in cost for Rank.

### Use of Resources

Our business groups committed to a policy to optimize the use of resources. Initiatives and processes are in place which require working with suppliers and partners to reduce energy and water consumption, increase recycling levels and incorporate renewable energy into its business practices to reduce operational expenses.

GuocoLand complies with rules and regulations with regards to the efficient use of resources including National Green Technology Policy in Malaysia, the Building and Construction Authority (“BCA”) green mark framework and regulations in Singapore and Environmental policy in China. In addition, it monitors its contractors and suppliers to ensure that there is efficient use of resources in its developments so that costs and resources used are aligned with budgets and plans and that there are no unnecessary wastages.

## SIMS URBAN OASIS

Sims Urban Oasis, GuocoLand's city-fringe condominium development in Singapore received the Green Mark GoldPlus Award by the BCA in 2017. Green features in Sims Urban Oasis include the use of fully-laminated glass for East and West-facing towers, use of rainwater for irrigation with a fully-automatic water irrigation system and rain sensor, motion sensor lights installed in stairwells and water-efficient washing machines provided to all units.



## MARTIN MODERN

Martin Modern, GuocoLand's latest luxury residences in the in prime District 9, will feature an expansive garden concept with over 80% of the land area turned into a lush botanic garden spread over three split levels, and with more than 200 species of plants and 50 species of trees. A luxurious secret garden will be created on the rooftops of the two 30-storey towers which can provide residents with a private oasis with views of the city and the Singapore River.



## TANJONG PAGAR CENTRE

Tanjong Pagar Centre, an integrated, mixed use development in Singapore, is designed to achieve 32% energy saving and 35% water conservation as compared to similar code-compliant buildings. Some of the key green features which help with energy and water conservation include:

- High performance glaze and shading devices to reduce solar heat gain;
- Energy efficient lifts with regenerative drive;
- High performance chillers and cooling tower;
- High efficient light and water fittings;
- Use of Green Cement and Recycled Concrete Aggregates to reduce resource usage for concrete construction;
- Rainwater and condensate water harvesting system to collect rainwater and condensate water for landscape irrigation, cooling tower make-up and toilet flushing;
- Motion sensors, CO<sub>2</sub> sensors, daylight sensors to control the operation of light fittings and air-conditioning systems; and
- Installation of approximately 3,800 square metres of photovoltaic panels on the roof top of the City Room in the urban park to generate renewable energy of 250,000 kWh/year.



GLH is dependent on multiple sources of energy for running its operations like electricity in rooms and hotel areas and natural gas in kitchens. Fuel and energy costs make up a large part of its operational expenditure and is a key area of focus for its business. GLH continually looks for ways to improve the energy efficiency of its buildings and facilities, such as installing LED lights where possible.

Rank engaged its energy consultant to produce a PUSH Report – Electricity and Gas for each club on a weekly basis. The report is a valuable operational tool for the clubs, with easy to understand descriptions and a league position based on year to date carbon performance. It allows the clubs to see at a glance their electricity and gas consumption pattern over the current/preceding 12 months and act accordingly to improve/maintain control. Rank's overall electricity and gas consumption in the UK has been reduced by 1.4% over the last year.

### Environment and Natural Resources

The Group strives to maximize resource utilization and minimize waste within our operations to achieve effective and efficient resource management. We strictly adhere to environmental laws and regulations. The Group also encourages staff to adopt environmentally responsible behaviour and to raise awareness of environmental protection. Document digitalization, electronic communications, paperless meeting solution are adopted to reduce paper consumption. Meetings via electronic means are held to reduce the frequency of physical meetings to reduce indirect carbon emission arising from travel and lodging. There is a strong advocate of switching off lights and electronic appliances (rather than in stand-by mode) after office hours. This practice will wipe results with electrical consumption down on a kilowatt-per-hour-track.

The Tanjong Pagar Centre is a benchmark for environmental sustainability having already won several awards in view of its environmentally friendly features including:

- Use of environmental friendly refrigerant;
- Use of high performance filter to minimise pollutants entering the indoor spaces;
- All paints, adhesives, sealants and coatings to have low VOC content; and
- Use of Engineered wood and FSC-certified wood to discourage non responsible forestry.

## SOCIAL

Our ESG blueprint sees the Group working closely with a broad spectrum of internal and external stakeholders where businesses are always conducted with integrity and with full cognizance of its impact to the community and society as a whole.

### Employment and Labour Practices

#### Employment

“To enhance the quality of human resources as the essence of management excellence” is one of the Group's corporate values. Our employees are the keystone of the Group's success. The Group provides competitive remuneration with various benefits to attract and retain talents. Salary is regularly reviewed with consideration of the market trend and results from salary surveys conducted by professional consultants. Annual increment and year-end performance bonus mechanism were incorporated in the Group's remuneration policy. Fair terms on working hours, overtime payment, holidays, termination of contract, fringe benefits and leave entitlement are stipulated on the employment contracts signed between employees and the Group. The Group is in compliance with all applicable laws regarding labour rights and employment.

### Equal Opportunities

The Group is committed to providing equal opportunities for all our employees. We ensure that every employee is treated equally and fairly, free from discrimination in respect of age, disability, religious belief, gender, sexual orientation, race, colour, marital status, political belief and nationality, or any other category defined by law in all aspects of employment including recruitment, promotion, and opportunities for training, pay and benefits. We promote equal opportunity with a strong emphasis on merit-based promotions.

### Appraisal System

The Group has a systematic and standardized appraisal system to evaluate employees' performances, assess their capabilities and determine whether they are in line with the Group's business development. It also provides a basis for promotion, salary increase and a communication platform for employees and management to set mutually acceptable and measurable performance standards, and career development opportunities.

### Health and Safety

The Group aims to ensure that the health and safety of our employees are well taken care of and we believe it is vital to put in place a work environment where the rights and well-being of each employee is respected. This helps us attract good talent regardless of background. While we regard legislative compliance as a minimum, whenever possible, we seek to implement higher health and safety standards throughout our businesses.

The promotion of occupational and health measures at workplace are regarded essential to our businesses and operations. Appropriate occupational and health manuals relevant to the industries/businesses are adopted by our business groups. Risk assessments of workstations are conducted constantly to identify and assess the risks to the safety and health of the employees, and to decide whether existing precautions are adequate.

We constantly provide regular environment, health and safety training to employees and continue to raise corporate and individual awareness of maintaining a healthy and safe workplace. For instance, Rank established an e-learning course aimed to improve health and safety awareness across the organisation. The programme was completed by almost all the Grosvenor and Mecca managers. It achieved an overall reduction of number of employee and customer accidents by 22% across its venues in the UK in the year.

We encourage our employees to advise us of any health and safety issues in their workplace so that we can look at eliminating or reducing the risk and work together to reduce health and safety risks to a minimum. For example, in GL, hotel employee concerns and views are represented and managed through on-site health and safety teams at each of its hotels. These teams also manage and oversee guest health and safety concerns. Health and safety topics are covered in discussions with unions.

Staff Training and Development

The Group invests on the continued development of its people. This is done in alignment with business priorities to equip employees with required skills to advance in the Group horizontally or vertically. It is the policy of the Group to encourage employees to attend appropriate courses to enhance their competence for performance improvement and career development. In view of this, the Group has organized workshops, seminars and training programmes for employees covering various aspects to improve their level of skills and knowledge and maximise their potentials. They are also encouraged to enrol in external study opportunities and job-related courses to enrich themselves through acquiring higher professional skills and qualifications.

Our career development programme is designed to enable our employees to progress within the Group, offering mobility between group companies and teams, and the opportunities to work within different areas of operation and to participate in cross-group projects.

Our hotel division will be launching the GLH Campus, which aims to provide a central training centre for all its employees. On-going training and development already exists with focus on compliance, front of house and individual needs. New induction programmes as well as new programmes for leadership development, hotel general manager development and line management development will be launched later this year.

Employee Engagement

We value the importance of maintaining a healthy lifestyle and worklife balance of our employees. The Group actively engages its employees through social, employee bonding, outing, volunteer works and charity activities. During the year, Hong Kong staff took part in Walk for Millions, Dress Casual Day, Flag Day and Skip Lunch Day organised by The Community Chest of Hong Kong.



*Guoco Group 2017 Annual Dinner*



*GuocoLand Chinese New Year staff luncheon*



*GuocoLand staff participated in the Urbanathlon 2017*

Staff of GuocoLand grouped their efforts to compete in the Bloomberg Square Mile Relay Singapore 2016, the Urbanathlon 2017 organised by Men's Health Singapore and REDAS Bowling Competition. Other staff bonding activities also included staff annual luncheon/dinner and Christmas gatherings, etc. Staff concern programmes varied from fruity day, personal birthday greeting and gift, festival gifts, etc. Staff privileges are also offered from time to time.

#### Labour Standards

The Group is against the child and forced labour. This stance is carried across all our business groups operating in different parts of the world. The human resources department of the business groups will perform information check for employee candidates before interviews to ensure compliance with the applicable laws regarding employment of child or forced labour in their respective jurisdictions.

#### Operating Practices

The Group is committed to good business ethics and integrity. We believe in fair and open competition based upon sound commercial practices and aim to develop long term relationships with suppliers and contractors based upon mutual trust. Therefore, the hire of services or the purchase of goods should be based solely upon price, quality, service dependability and need. We believe in fair play, advocate a level playing-field and do not adhere to a collusion model.



Supply Chain Management

The Group adheres to policies and guidelines for supplier selection and contractor selections (Procurement Policy). Work safety track record, material quality, labor reliability (i.e. prohibit illegal workers) are some of the criteria that are considered when selecting these suppliers or contractors.

GLH's Supplier Code of Conduct is issued to all its suppliers. All maintenance and mechanical and electrical suppliers are required to have safe contractor certifications from relevant authorities. GL has pledged to continue ensuring that suppliers sign up to abide by the Code of Conduct which prohibits suppliers using, participating in or benefiting from any forms of forced, bonded, slave, compulsory or involuntary labour or any form of human trafficking.

Product Responsibility

"To consistently provide goods and services of the highest quality at competitive prices" is our corporate value.

GuocoLand uses "Project Quality Plan" methodology that monitors the verification, inspection and testing points at various stages of a project. By doing so, GuocoLand is able to monitor, measure and analyse processes to deliver quality homes and commercial premises that project capital appreciation. GuocoLand was named as one of Singapore's most valuable brands in June 2017. It had climbed 4 places to 33rd place in a report by Brand Finance on Singapore's Top 100 Brand Rankings 2017. Changfeng Residence, its French-themed, high-end residential development in Shanghai's Putuo District, was recognised as one of Shanghai's most influential residential developments by various property publications and dominant real estate sites in China such as Sina Leju and Sohu Focus.

GLH places great emphasis on the comfort and safety of guests in its hotels to ensure they have a memorable stay. A group guest service manager has been employed who is responsible for reviewing guest satisfaction and putting in place actions to drive performance. Standard safety and security practices have been incorporated into all hotel operations and activities, and these are regularly reviewed to ensure they are sufficient. In GLH's hotel kitchens, regulated food safety standards are strictly complied with to ensure the highest levels of food safety. It also undertakes quarterly audits by an external company to ensure health, safety, hygiene and fire compliance, the results of which are shared and regularly reviewed with the general managers of the hotels.

Rank is very much aware that, whilst the principal purpose of its businesses is to provide an exciting and entertaining experience for its customers, there is also a need to protect those few customers who may be most at risk of gambling related harm. With that in mind, Rank continues to develop its pioneering responsible gambling policy under the award winning "Keep it Fun" banner. Its approach is to seek a more sophisticated understanding of the problem and to use that understanding to tackle gambling related harm. Actions include to understand through research and engagement, influence customer behaviour through communication, provide safeguards and intervene where problems arise as well as to support treatment and counselling.



*Rank established customer contact centre to improve monitoring of customers who may be at risk gambling and to provide professional help and support*

### Intellectual Property Right

The Group strives to protect its own IP rights and respects third party IP rights according to all related applicable laws and regulations. It registers new IPs (including trademarks, design and patents) in different parts of the world, renew existing IP rights, supervise usage of IPs and assess whether its IP rights have been infringed by other parties. The Group may take legal actions against any alleged infringer.

The Group also ensures its service providers, suppliers or business partners undertake and warrant that all their deliverables or products are their original creation and/or do not infringe third party's IP rights. Infringers are liable to specified appropriate consequences in the event of breach.

### Data Protection

The Group takes its data protection and privacy obligations very seriously. We have established internal policies and processes to comply with the applicable data protection laws. We have a data protection framework and mission statement that underpins the deployment and monitoring of relevant policies. Before collecting personal data from customers, the Group informs customers of its intended purposes of which the personal data collected will be used. There is a methodical process of review and renewal based on company need and changing regulatory landscape.

### Anticorruption

The Group has implemented policies on anti-corruption and procedures concerning offering or accepting gifts and gratuities. All employees are required to become acquainted with and to abide by these policies and procedures. We have a Whistleblower Policy that ensures any internal or external stakeholder can raise any issue through any of our independent and accessible whistleblower channels. Such reports, if any, shall be treated in strict confidence to protect the identity of the whistleblower.

The Group was in compliance with the applicable laws on prohibiting corruption and bribery of the relevant jurisdictions. There was no concluded legal case regarding corrupt practices brought against the Group or its employees during the reporting period.

## COMMUNITY

The Group has long been committed to the corporate value of creating wealth for the betterment of society and strongly believe that a business organisation should not detach itself from its social responsibility. To this end, the Group and its staff are dedicated to charity works and active engagement with the communities.

Guoco staff participated in Walk for Millions, Skip Lunch Day, Flag Day, Dress Casual Day and Love Teeth Day organised by The Community Chest of Hong Kong during the year. We were ranked second in the overall fund raising for The Community Chest Walk for Millions 2017 with our director, Mr. Tan Lim Heng, being the Top Individual Fund Raiser for this annual event for the tenth year in a row. To recognise our enthusiastic participation and contribution, Guoco has been awarded the Platinum Award and the prestigious President's Award for the eleventh year by The Community Chest. Guoco, together with three group companies in Hong Kong namely Guoco Management Company Limited, Hong Leong Insurance (Asia) Limited and Hong Leong Bank Berhad, Hong Kong branch have been awarded "Caring Company" designation by The Hong Kong Council of Social Service for the second year in recognition of the continuous dedication and enduring efforts in performing corporate social responsibilities.

In Singapore, GuocoLand has supported the educational needs of children and students, donating to schools and fundraising events such as The UOB Heartbeat fund to support programmes for children from the following Singapore beneficiaries: Rainbow Centre Margaret Drive School, MINDS Fernvale Gardens School, MINDS Woodlands Gardens School and Lighthouse School. These schools provide special education for children and students with various disabilities, autism, and visual and hearing impairment. GuocoLand is also a supporter of Corporate Governance Week, an initiative by the Securities Investors Association Singapore with the aim of fostering and promoting good corporate governance practices among listed companies and all stakeholders involved.

GL contributes to its communities through the “Room to Reward” programme. It is a partnership of UK hotels which provides registered charity staff and volunteers with complimentary short breaks as a respite to their efforts in caring for their communities.

Rank Cares is a fund-raising and volunteering programme launched by Rank in 2014 to partner with Carers Trust, the UK’s largest charity for carers. Carers Trust works to improve support, services and recognition for anyone living with the challenges of caring, unpaid for a family member or friend. Rank raised a fantastic GBP500,000 for the year and the programme had raised a total of GBP1.5 million since the start of the partnership in 2014. The programme also provides opportunities for the employees of Rank to volunteer their time to help the Carers Trust. More than 2,000 volunteer hours were completed by Rank staff for the year.



Participation of Guoco staff in The Community Chest Walk for Millions 2017



Guoco was awarded the 1st runner-up in the overall fund raising for The Community Chest Walk for Millions 2017