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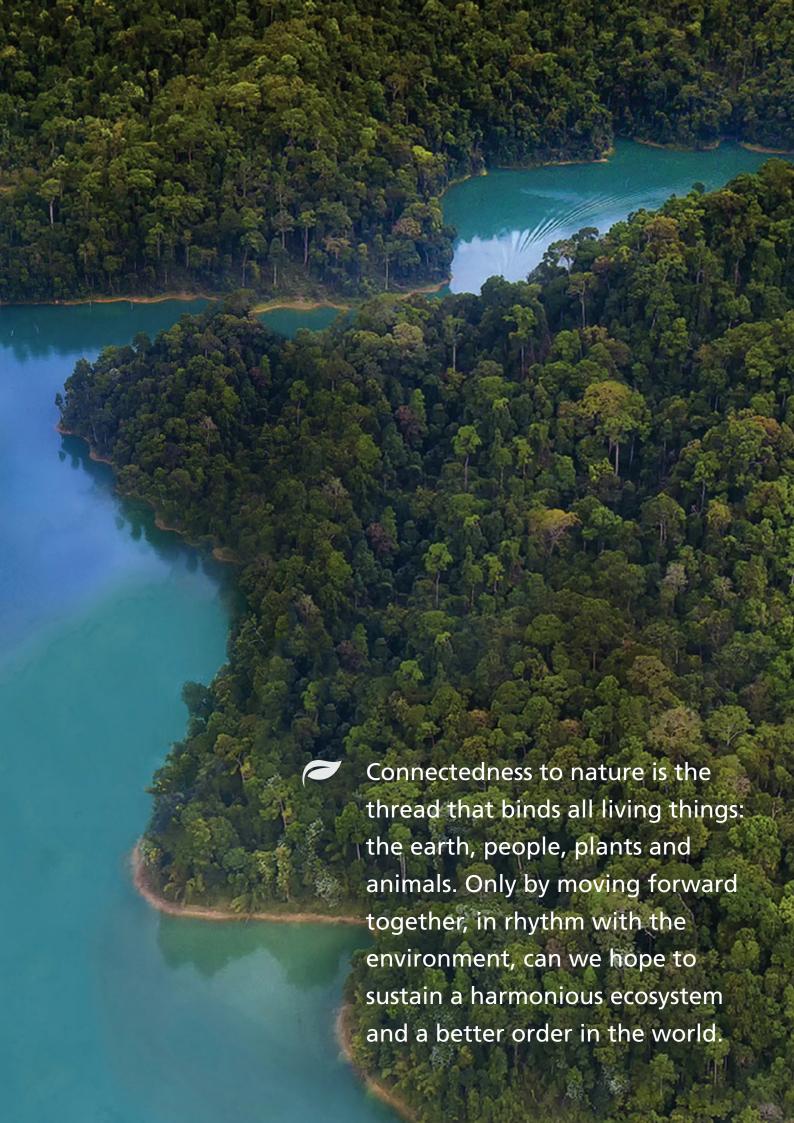


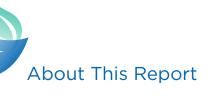




SHARE YOUR THOUGHTS FOR A GOOD CAUSE

Complete the questionnaire **HERE**, Kerry Properties will donate HK\$200 to a charitable organisation you opt to support





#### About the Company

Kerry Properties Limited ("Kerry Properties" or "KPL", which together with its subsidiaries referred to as the "Group"), is a world-class property company with significant investments in the Mainland and Hong Kong. The Group's major focus is on developing high-quality residential and mixed-use developments encompassing office towers, apartments, shopping malls and hotels in prime locations<sup>2</sup>. Beyond the delivery of quality properties, the Group continues to serve its clients by offering professional management and a range of valueadded services and diverse privileges.

The Group acts on principles of fairness and integrity, and we value the relationships we have developed over our long history with staff, suppliers, partners, government agencies, and other key stakeholders.

Kerry Properties is listed on The Stock Exchange of Hong Kong Limited ("SEHK") (Stock code: 683). The Group has renewed its listing in the "Hang Seng Corporate Sustainability Benchmark Index" for the fifth consecutive year, and is again included in the "Hang Seng Corporate Sustainability Index", along with a listing under the "Hang Seng (Mainland and HK) Corporate Sustainability Index".

#### **Reporting Period and Scope**

This report covers the Group's sustainability performance for the financial year from 1 January to 31 December 2019. It includes the sustainability performance of our operations in Hong Kong<sup>3</sup> and key properties in the Mainland<sup>4</sup> including seven mixed-use projects and seven selected properties, which is the same as the scope of our previous report published in June 2019. To enhance disclosure, we will extend the scope of the report to Tianjin in 2020.









Mixed-use Commercial Residential All properties Shenyang • Beijing Qinhuangdao



Tangshan

GFA under management (million square feet	) in China
Hong Kong	12.29 <sup>5</sup>
Jing An Kerry Centre, Shanghai	3.98*
Kerry Parkside, Shanghai	2.26
Beijing Kerry Centre	1.79
Shenzhen Kerry Plaza	2.15*
Hangzhou Kerry Centre	2.68*
Shenyang Kerry Centre	8.79
Qianhai Kerry Centre^	3.07
Kerry Everbright City Phase III — Enterprise Centre, Shanghai	1.56
Shenzhen Kerry Centre	0.84
Shanghai Central Residences Phase II	0.75
Habitat Phase I, Qinhuangdao	2.06*
Shanghai Central Residences Phase I	1.33*
Putian Arcadia Court	3.88*
Tangshan Arcadia Court	3.28*

- The Group is a property investment, development and management company headquartered in Hong Kong.
- As at 31 December 2019, the Group held a portfolio comprising properties under development, completed investment properties, hotel properties and properties held for sale, in the Mainland, Hong Kong, Macau and overseas.
- The scope of reported Hong Kong operations includes: a) properties under development; b) completed investment properties; and c) properties held for sale. Hotel properties are excluded.
- The scope of reported properties in the Mainland excludes: a) properties under development; and b) hotel properties.
- For the GFA figure of managed properties in Hong Kong, compared to 2018, Resiglow-Happy Valley and Mantin Heights are added. The GFA figure excludes projects/properties under development or those with occupancy rate lower than 80% in the reporting year.
- Includes non-accountable GFA, if any, such as basement, underground car parks and floors serving mechanical purposes.
- Excludes environmental key performance indicators

Hong Kong









### **About This Report**

Within the reporting scope stated above, this report only discloses the environmental key performance indicators ("KPIs") of selected properties with an occupancy rate of 80% or higher. For the first time the environmental KPIs of Resiglow-Happy Valley and Mantin Heights in Hong Kong and Shenyang Kerry Centre in the Mainland are added because their occupancy rates exceeded 80% during the reporting period.



#### **Reporting Standards**

This report has been prepared in accordance with the Global Reporting Initiative ("GRI") Standards: Core option and with reference to the GRI G4 Construction and Real Estate Sector Disclosures ("G4 CRE"). This report also satisfies the "comply or explain" provisions as well as "recommended disclosures" of Environmental, Social and Governance ("ESG") Reporting Guide ("ESG Guide") issued by the SEHK.



#### Data Preparation

The content of this report follows a pathway from identification of material sustainability issues to validation of the information reported.

The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible. Starting from 2020, our Internal Audit ("IA") Department will perform data validation, and review the procedures of data collection on selected areas.

Our Operational Committee members are responsible for the establishment and disclosure of relevant targets and KPIs. Our Sustainability Steering Committee has also reviewed and approved the final content.

In order to ensure the credibility and transparency of our report, an independent sustainability consultancy was engaged to oversee and facilitate the preparation of this report.



#### Reporting Principles

During its preparation, the Group adheres to the reporting principles of stakeholder inclusiveness, responsiveness, sustainability context, materiality, completeness, accuracy, balance, clarity, comparability and consistency, reliability, timeliness and quantitative. For details, please refer to the following table.

Principle	What it means	The Group's Response
Stakeholder inclusiveness	The report should include views and expectations among its stakeholders.	Stakeholder engagement is conducted for obtaining direct inputs and feedback from stakeholders. The outcome of the stakeholder engagement processes is consistent with the material topics included in the report.
Sustainability context	The report should examine performance with reference to broader sustainable development considerations and goals.	Discussions of material sustainability issues are supplemented with the Group's long-term strategy, risks, opportunities and goals whenever feasible.
Materiality	The report should cover aspects that reflect significant economic, environmental and social impact or substantively influence the assessments and decisions of stakeholders.	Material sustainability topics are identified through stakeholder engagement. Internal and external factors such as company strategy and stakeholder concerns are taken into account during the process. More details can be found in the Stakeholder Engagement section.
Completeness	The report should sufficiently cover the chosen material aspects, taking care not to leave out any aspects that are significant to stakeholders.	All material sustainability topics identified are addressed in this report to ensure a complete disclosure.

Principle	What it means	The Group's Response		
Accuracy	The report should present information that is sufficiently accurate and detailed for stakeholders to evaluate the organisation's performance.	A rigorous due diligence process is conducted to ensure quality and veracity of information disclosed.		
Balance	The report should present a balanced picture of each of the identified sustainability issues in an objective manner, be they positive or negative, to ensure a comprehensive picture of performance is reasonably reflected.	This report identifies and elaborates both the achievements and the challenges faced by the Group. Quantitative information is also disclosed to enable a transparent comparison of trends.		
Clarity	The report should present the information clearly in a manner that is reasonably understandable and accessible to stakeholders.	This report is written in a manner that is comprehensible to stakeholders who have a reasonable understanding of the Group and its activities.		
Comparability and Consistency	The report should present information on a consistent basis so that stakeholders can analyse and evaluate changes in performance over time.  Any changes in methodologies should be explained.	The Group has compared current and past KPIs and information on different aspects in order to facilitate year-on-year comparisons of its performance.		
Reliability	The report should be presented in a manner enabling the stakeholders to have the confidence to check the veracity of its information against the applied reporting principles.	The information contained in this report is clearly presented with no intention to be misleading or deceptive. This report has obtained external assurance.		
Timeliness	The report should report information which is recent and relative to the reporting period.  Regularity of reporting provides stakeholders with timely information, enabling them to make informed decisions.	The information in this report clearly indicates the tim period to which it relates, providing stakeholders with consolidated disclosure of economic, environmental a social impacts.		
Quantitative	The report should disclose KPIs in quantitative terms.	Information is presented with quantitative measures whenever feasible.		

### **Report Assurance**

This report is externally assured to validate the accuracy and reliability of its content. British Standards Institution ("BSI") was engaged to provide independent assurance of this report in accordance with GRI Standards: Core option and ESG Guide issued by the SEHK. The assurance, including the scope of work and conclusions, can be found in the Independent Assurance Opinion Statement on pages 128 to 130.

### **Feedback Mechanism**

We welcome your feedback. Whether you are our customers, business partners, members of the public, the media or community groups, your comments and opinions can help define and strengthen the Group's future sustainability strategy. Please contact us by email at sustainability@kerryprops.com. For comments on our sustainability report, please give us your feedback via the online survey.

### **New Reporting Features**

New features have been adopted to enhance readability of this report:















#### **People Health & Wellness**

#### **Sustainability Governance**

- Integrated sustainability risk factors into enterprise risk management
- Enhanced data governance with validation by IA department
- Formed the Sustainability Risk Management Taskforce
- Policies enhancement
- Planned for **sustainability training for Board** in 2020
- Board Sustainability Statement to be released in 2020

#### **Stakeholder Engagement for Reporting**

- Conducted in accordance with AA1000 & with reference to the United Nations Sustainable Development Goals ("UNSDGs")
- Response rate >60%
- Engaged stakeholders 700+
- Conducted a total of four focus groups in Beijing, Shanghai, Shenzhen and Hong Kong and five senior management interviews





- A digital transformation: Human Capital Management solution to manage employees' life cycle
- **Restructured job leveling** for promotion & retention
- Updated Employee Handbook with enhanced benefits
- Launched Kerry Properties Learning Curriculum with additional focus on employee wellness



Hang Seng Corporate Sustainability Index Series Member 2019-2020

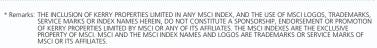




2019 Constituent\* MSCI ESG Leaders Indexes



RESET™ Air Core & Shell Certification awarded for 6 property projects





Asia Sustainability Reporting Awards
Asia's Best Stakeholder
Reporting

**GOLD 2019** 





Asia Sustainability Reporting Awards
Asia's Best Materiality
Reporting

**GOLD 2019** 







#### **Community Wellness**

- Participated in 600+ community investment initiatives
- Contributed to **local economy** by supporting night markets in Shanghai and Shenyang, generating approximately RMB6,000,000+ and attracting 585,000+ visits
- Established KPL Volunteer Team



#### Value Chain

- Planned to include **social criteria** in supplier screening in 2020
- Engaged partners through KerryOn on sustainability initiatives
- Implemented the **Enhanced Safety Performance and Environmental Protection Scheme** to motivate contractors to go beyond industry safety and environmental standards
- Established the **Sustainable Procurement Manual** for new building projects in Hong Kong
- Launched KPL Sustainability Sponsorship Fund Programme





#### **Environmental Stewardship**

- Achieved 2020 Carbon intensity reduction target for HK (-30%) and the Mainland (-10%) ahead of schedule
- 2 new taskforces formed Carbon Management Strategy Taskforce & Greenery Enhancement Taskforce
- Completed a pilot Climate Risk and Vulnerability Assessment in Hong Kong Kerry Centre
- Developed Climate Risk Policy
- Planned to employ Al Energy Management System from 2020 onwards





Bloombera Businessweek ESG Leading Enterprises 2019



Global Corporate Sustainability Award Reporting Awards



Asian Excellence Award 2019, Best Environmental Responsibility, Best CFO (IR) and **Best Investor** Relations Company (Hong Kong)



CarbonCare ® Label & CarbonCare ® Star Label 2019



Hong Kong Green Awards 2019 Green Management Award (Corporate Large Corporation) Gold Award & Sustained Performance (10 Years+)



Sustainable **Business** Award & Sustainable Leadership Award 2019















#### Message From The Sustainability Steering Committee

Challenging times are a test of resilience, but it's amazing how the human spirit can endure. As we navigate the unprecedented challenges brought on by recent disruptive events including the pandemic, Kerry Properties is doubling down in our long-term efforts to rebuild the trust of all our stakeholders.

Understanding that trust is a company's social licence to operate, we will seek even more support from the communities in which we operate to strive together towards the goal of a return to the natural order. Our hope is that, through concerted joint efforts and harmonious collaboration, in a spirit of mutual respect and cooperation, we can pull as one in charting the best way forward.

Among the achievements initiated in the 2019 reporting year, we followed the direction of the UNSDGs on climate action to undertake a pilot Climate Risk and Vulnerability Assessment for Hong Kong Kerry Centre. This will be extended to properties in Shanghai in 2020.

Overseen by the Sustainability Steering Committee, three new taskforces were formed to facilitate the implementation of initiatives to drive the Group's sustainability agenda, including sustainability risk management, carbon management strategy and greenery enhancement, in order to align our strategy with global best practices. The formation of these taskforces relied on the willingness of our diligent staff members to spare their precious time under hectic schedule, we hope the taskforce numbers will grow further in 2020. Their input means we now have quantitative data to verify our progress towards targets outlined in our Vision 2030. Latest figures are listed in this report.

Our goals towards 2030 aim to drive us forward in building for a sustainable future. With shared hearts and minds, we aim to move in rhythm with the environment, striving together to sustain a harmonious ecosystem as the source of natural order in the world.

> **Sustainability Steering Committee** June, 2020

**Business Overview** 

#### **Business Overview\***

Creating value for our stakeholders is an integral part of our philosophy. We are committed to generating wealth and benefits for our stakeholders as well as the communities where we operate. We continue to search for quality commercial and industrial related assets as well as land for residential development. Leveraging on our strength in project planning, quality assurance, sales strategy and after-sales services, the Group is confident in achieving long-term profitable development.

The Group posted solid results from the sales of completed properties during the year ended 31 December 2019. The rental and hotel operations, founded on a growing asset base, also maintained a steady performance.

### **Our property portfolio comprises**



Properties under development

million square feet

Hotel properties

Properties held for sale



Completed investment properties

in the Mainland, Hong Kong, Macau and Overseas

### **Key Financial Information**

Revenue

HK\$18,025 million

Dividend per share

HK\$1.35

Net borrowings

HK\$27,286 million

Cost of sales and direct expenses

HK\$9,041 million

Employee wages and benefits

HK\$1,560 million

Shareholders' equity

HK\$101,705 million

Gross profit

HK\$8,984 million

Payment to the Government (Taxation charge)

Total capitalisation

HK\$36,048 million

More details of KPL's financial performance and related information can be found on page 4, 111, 116, 161 and 163 of our Annual Report 2019, which is available on KPL's and SEHK's websites.

This section includes the financial performance of the Company and its subsidiaries, associates and joint ventures beyond the scope of this report. For the reporting scope, please refer to page 2.





The year 2019 will likely be remembered in history as a defining moment that sparked a new challenge on sustainability of the human race. When the world amidst of searching for a new modus operandi, we come to rediscover the beauty of some fundamental values — community solidarity, acts of compassion, and a heightened sense of common purpose.

Unless we act in concert, take care of each other and respect the fragility of the nexus between human and nature, there can hardly be a sustainable future for business or for society at large. This is the premise upon which we formulate our sustainability strategy.

As a corporate citizen, how can we integrate our business operations with what the community needs and what our stakeholders desire? To answer this question, we began by adopting the UNSDGs as a reference framework. Not only did we select the most relevant UNSDGs to our business, we went further by examining the underlying targets. With the help of a dedicated stakeholder engagement programme, we explored how the Group could contribute to these global targets through our daily operations.

This exercise enables us to enhance our "Vision 2030" with specific and quantifiable targets that the Group has committed to achieve by year 2030. We have taken one humble step on our sustainability journey: from alignment to integration with UNSDGs. No doubt more will be needed and more will be done to meet the daunting challenges ahead.

From people well-being to environmental stewardship, from value chain to community wellness, we strive to work in harmony with all key stakeholders. This is the spirit of our sustainability approach.



- Enhance sustainability governance and board accountability
- Ensure integration of sustainability issues into corporate governance and risk management
- Drive and manage implementation of sustainability initiatives under Vision 2030 with regular progress review

#### **Key highlights:**



#### **Corporate Governance**

- Continued to implement the Board Diversity Policy
- Maintained zero legal cases related to corruption and anti-competition



#### **Policies and Guidelines**

- Enhanced relevant policies and guidelines
- Launched the Ethical Guidelines
- Planned to publish the new Climate Risk Policy in 2020



#### **Sustainability Governance**

- The Chief Strategy Officer and a representative from the IA Department will join the Sustainability Steering Committee
- Formed three strategic taskforces:
  - Sustainability Risk Management Taskforce
  - Carbon Management Strategy Taskforce
  - Greenery Enhancement Taskforce
- Data quality enhancement: upgraded the OA system in the Mainland and IA Department to validate sustainability data periodically



#### **Stakeholder Engagement**

- Conducted in accordance to AA1000 Stakeholder Engagement Standard
- Engaged 700+ stakeholders for feedback
- Focused on internal stakeholders to review sustainability strategy
- Conducted a total of four focus groups in Beijing, Shanghai, Shenzhen and Hong Kong and five senior management interviews



### Corporate Governance

We are committed to pursuing operational excellence with robust corporate governance under the Board's leadership.

Chaired by Mr. Wong Siu Kong, the Board operates with clearly defined objectives, strategies and responsibilities in setting the Group's core values and standards, strategy formulation, corporate governance and performance monitoring. The Board is also responsible for ensuring the Group's obligations to the its shareholders are understood and met.

Our Chairman is responsible for providing leadership to the Board in terms of establishing policies and business directions. In the mean time, other Executive Directors are delegated with responsibility to oversee and monitor key business operations and implement strategies and policies set by the Board. Whereas our Directors are designated to make full and active contribution to the Board's affairs and ensure the Board acts in the best interest of the Group.

We recognise the benefits of achieving diversity at the Board level, which is essential to the Group's corporate strategy. The Group's Board Diversity Policy sets out the approach to ensure composition of the Board is sufficiently diverse in skills, experiences and knowledge.

For further information regarding corporate governance, please refer to the Corporate Governance Report in our Annual Report 2019.





#### Compliance Management

The Group is aware that violation of laws and regulations will significantly impact its business operations, performance, financial status and reputation. Our business is governed by various laws and regulations, including but not limited to the following that have significant impacts on the Group: the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Securities and Futures Ordinance, the Residential Properties (First-hand Sales) Ordinance, the Personal Data (Privacy) Ordinance, the Employment Ordinance, the Minimum Wage Ordinance and the Occupational Safety and Health Ordinance, and ordinances regarding air pollution, water pollution and waste management.

The Group recognises the importance of regulatory compliance and implements monitoring measures to ensure compliance with the relevant laws and regulations. We also stay abreast of latest regulatory developments and will provide relevant trainings for relevant staff.

The Group stipulated clear procedures to handle non-compliance. We will expeditiously investigate complaints and ensure that appropriate corrective measures are adopted in response to any misconduct. During the reporting year, the Group did not identify any non-compliance cases with the above mentioned laws and regulations which resulted in significant fines and non-monetary sanctions.



#### Business Ethics

The Group is committed to the highest standard of business integrity. We strive to maintain principles of honesty and ethics while promoting fair competition across our business operation.

#### Anti-corruption

The Group adopts a zero-tolerance approach against all forms of corruption, including bribery, extortion, fraud and money laundering. During the reporting year, the Group received no reports of corrupt practices and there were no confirmed legal cases of corruption brought against the Group or its employees.

Our Anti-corruption Policy clearly states the responsibility of all business units and employees in complying with the relevant laws and regulations at the locations where we operate. Suppliers are required to adhere to the Vendor Code of Conduct to manage anti-corruption practices in our supply chain. We have formulated the Company Policy and Guidelines on Acceptance of Advantages for property management business in Hong Kong. Related guidelines are also in place in the Mainland operations to guide gift-giving practices during festive occasions. We also provided anti-corruption training to all new employees to increase their awareness and understanding of the possible corruption risks and our policies.

Our Whistleblowing Policy provides a mechanism for employees and our business partners to raise concerns to senior management about possible improprieties. The Group treats all whistleblowing reports in a confidential manner to protect the whistleblowers from any unfair treatment. The whistleblowing reports must be submitted in written to the Chairman of the Audit and Corporate Governance Committee ("ACGC"), who shall decide the appropriate follow-up action.

#### Anti-competition

Our Competition Law Policy Statement presents our commitments on promoting fair competition across our operations and along our supply chain. The Group prohibits anti-competitive conduct and proactively identifies risk areas in competition practices. We require all directors and employees to adhere to guidelines and standard work procedures regarding restrictive agreements with competitors, price fixing, market sharing, output limitation, bid rigging and information exchange.

To prevent bid rigging in tender processes, we evaluate and update the list of qualified and pre-approved suppliers regularly. Only companies on the list are invited to submit tender for property development projects, while all submissions should be accompanied by a non-collusive tendering certificate to state there is no anti-competitive behaviour in their business.

#### **Risk Management and Internal Controls**

Effective risk management is crucial to the long-term growth and sustainability of our business. The Board has the responsibility to maintain and review the effectiveness of the Group's risk management and internal controls systems (the "RMIC Systems"), while each business unit is responsible for managing and maintaining its internal control system. The ACGC is authorised by the Board to review the RMIC Systems on an annual basis.

The Company's IA Department assists to review the major operational, financial and risk management controls of the Group's businesses on a continuing basis. Besides, through regular audits, the IA Department identifies and makes recommendations to assist various business divisions to streamline their operational procedures.

Sustainability risks are also integrated into our risk management framework and internal control systems. To manage sustainability risks in our operations, including climate change-related risks, ethics and compliance-related risks, and risks related to changing expectations from stakeholders and community, various control measures and operating procedures are in place to mitigate their associated impacts.

For all land acquisitions, we perform risk assessments on environmental and social factors to better manage our impacts on the local community and the environment. The assessment provides more holistic considerations to advise acquisition decisions.

All significant risks management measures are reviewed regularly to ensure their continuous effectiveness. Assessment of major risk factors are conducted every quarter by responsible management, who will present the results to the ACGC for further discussion during quarterly meetings.

Specific risk management and mitigation measures are covered in the respective sections of the report. For more details on our risk management approach, please refer to the Risk Management and Internal Controls Report in our Annual Report 2019.

#### Sustainability Governance

Under the delegation of the Board, the Sustainability Steering Committee (the "Committee") oversees the Group's sustainability performance and ensures sustainability considerations are incorporated into our decision-making process across all business units. The Committee reports to the Board and evaluates the Group's sustainability strategies, targets and performance regularly.

Chaired by the Executive Director, the Committee comprises senior management executives of key functions and business units. As we continue to evaluate the performance and effectiveness of our sustainability governance, we plan to enrich the diversity of the Committee by recruiting the Chief Strategy Officer and a representative from the IA Department in 2020. Specialised taskforces were also established to facilitate the implementation of sustainability initiatives and realise our sustainability visions.

#### Sustainability Governance Structure with Board Oversight

#### **Sustainability Steering Committee**

- Review and endorse the Group's ESG standards and policy statements
- Review sustainability agenda
- Review targets and progress

Review and enhance ESG

Chairman and Vice Chairman

standards and policy

Make timely report to

Run meetings with sub-

statements

of Committee

committees







#### **Project Convener**



#### Michelle Lam

Head — Corporate & Marketing Communication

#### **Chairman of Committee**

#### **Bryan Gaw**

Executive Director and Board Member

#### **Vice Chairman of Committee**

#### **Louis Wong**

Executive Director and Board Member

#### **Committee Members**

Relevant Division Heads

- Assist in setting goals and developing plans
- Conduct progress review







Formulate and execute plans



Review plans and make amendments



Fulfill ESG standards and policy statements



Perform data validation audits and controls\*

#### **Environmental Initiatives**

#### **Tony Wang**

Head — Property Management in the Mainland

#### Sustainable Employee **Engagement**

#### Gloria Ho

Head — Human Resources & Administration

#### **CSR** and Community **Engagement**

#### Michelle Lam

Head — Corporate & Marketing Communication

#### **Corporate Governance**

#### Liz Li

Head — Company Secretariat



**Sustainability Risk** Management Taskforce



**Carbon Management Strategy Taskforce** 



In the reporting year, the Office Automation System in the Mainland was upgraded to allow properties in different regions to manage environmental data. To ensure data accuracy, endorsement by line managers and regional managers is required before it is submitted to the Shanghai office and Hong Kong head office for cross-checking. With respect to the data in the Sustainability Report, the IA Department will perform data validation annually on the selected areas and review procedures of data collection.

To enhance the role of sustainability governance and board accountability, the Group will publish a board statement in our sustainability reports starting from 2020. This statement will demonstrate the Board's overall vision and strategy in managing sustainability topics, its approach in assessing and managing sustainability risks and opportunities, and the Board's involvement in the process of sustainability goals and targets management. Sustainability training is also planned for the Board in 2020 to further enhance their capability in this regard.

#### **Policies and Guidelines**

Our sustainability policy statements guide us to achieve our sustainability visions while pursuing business excellence.

We recognise the importance of sharing our social and environmental commitments with our internal and external partners. To communicate our visions to all stakeholders, our sustainability policy statements are accessible on our corporate website (https://www.kerryprops.com/en/post/csr-our-policies).

The Group reviews the policy statements regularly. Since 2019, we have been enhancing and revising our policies, including the Sustainability Policy, the Corporate Health and Safety Policy, the Environmental Policy, the Sustainable Procurement Policy and the Vendor Code of Conduct. We are confident that this will help us make continuous improvement in transparency and accountability.

The new Climate Risk Policy will be introduced in 2020 to ensure climate change related risks are properly addressed in all of our operations. The policy stipulates procedures of identifying and mitigating climate related risks in our business.

In addition, we established the Ethical Guidelines during the year. The guidelines focus on business integrity, employment practices, company assets protection, environmental practices and community investment. Copies of the Ethical Guidelines have been shared with our employees via intranet to ensure they are aware of the Group's expectations as stipulated in the new guidelines.





#### **Stakeholder Engagement**

We value stakeholders' interests and input in our sustainability journey.

Regular engagement with internal and external stakeholders allows us to enhance transparency of communication, and better understand stakeholders' interests. This provides a foundation for future improvement in our sustainability performance.

The Group takes a proactive approach in responding to changes in stakeholder expectations. By identifying key stakeholders, engaging them in meaningful dialogues, and prioritising material topics, we keep ourselves abreast of dynamic stakeholder concerns. The engagement process also facilitates the Group to identify, prioritise and manage sustainability risks and opportunities, thereby to design its sustainability strategy and targets.

#### Stakeholder Engagement Approach

In 2019, the Group carried out a series of stakeholder engagement activities designed in accordance with AA1000 Stakeholder Engagement Standard and with reference to our past engagement activities.

In addition to the sustainability reporting and strategy frameworks, we incorporated new topics such as recommendations from the Taskforce on Climate-related Financial Disclosures ("TCFD Recommendations") in response to the emerging sustainability topics including climate change and the UNSDGs.

We focus on internal stakeholders in our engagement activities in 2019 as a means to collect their feedback, which helps us review our sustainability strategy. Stakeholders in Hong Kong and the Mainland were engaged through different engagement methods:



Moving forward, the Group will explore other forms of engagement activities, such as supplier engagement sessions and tenant surveys, so as to understand stakeholders' needs in a more comprehensive manner.

Other than the activities mentioned above, we regularly engage our stakeholders through various channels:

#### **Investors and Shareholders**



#### **Customers and Tenants**



#### **Government and Industry Associations**



#### Academia



#### Media



#### **Employees**

### Non-governmental **Organisation Partners**



#### **Suppliers and Contractors**

#### **Local Communities**



#### **Materiality Assessment**

A materiality assessment helps us better assess topics that are important to stakeholders and have significant impacts on the Group's operation and development.



identified for materiality assessment.

Collecting

Phase

relevant topics

stakeholder

feedback

We collected stakeholder feedback through a series of engagement activities with our internal and external stakeholders, including face-to-face interviews, focus group workshops and questionnaire survey.

Recommendations. Based on the review, 40 relevant sustainability topics were



The materiality of each relevant topic was assessed by taking into account:

- survey scoring on its importance to the stakeholders and to the operation and development of KPL,
- feedback collected in interviews and focus group workshops, and
- peer benchmarking results.

Based on the assessment results, 21 material topics were prioritised out of the 40 assessed topics.

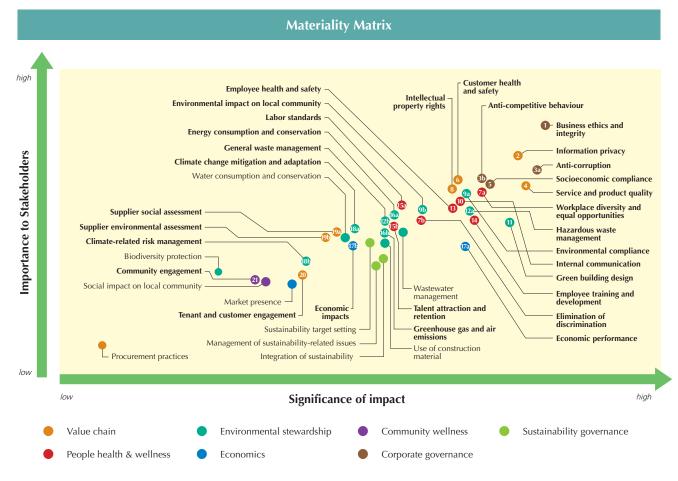


The list of material topics was presented to the Sustainability Steering Committee for review. 21 topics were validated to be material for us to address and report on.



#### Material Topics and Their Respective Impact Boundary

A materiality matrix was plotted according to the survey results to prioritise the sustainability topics. The matrix combines both internal and external factors, including the Group's overall strategy, mission, resources, and the concerns expressed by stakeholders.



In addition to the material topics stated in the materiality matrix, more topics were identified as material after taking into consideration the feedback and results collected from management interviews, focus group workshops, and peer benchmarking. By the end of the process, a total of 21 material topics were identified below (in descending order of materiality):

Number	Material Topics in 2019	GRI Standards^	Impact Boundaries		Addressed under
			Internal	External	Chapter
1	Business ethics and integrity	_	✓	✓	Our Sustainability Approach
2	Information privacy	GRI-418	✓	✓	Value Chain
3	Corporate governance (a) Anti-corruption (b) Anti-competitive behavior	GRI-205, GRI-206	✓	✓	Our Sustainability Approach
4	Service and product quality	GRI-417	✓	✓	Value Chain

Number	Material Topics in 2019	GRI Standards^	Impact Boundaries		- Addressed under
			Internal	External	Chapter
5	Socioeconomic compliance	GRI-419	✓	<b>~</b>	Our Sustainability Approach
6	Customer health and safety	GRI-416	✓	✓	Value Chain
7	Workplace diversity and equal opportunities (a) Workplace diversity and equal opportunities (b) Elimination of discrimination	GRI-405, GRI-406	<b>~</b>		People Health and Wellness
8	Intellectual property rights	<del>-</del>	✓	✓	Value Chain
9	Environmental management (a) Environmental compliance (b) Environmental impact on local community	GRI-307	<b>√</b>	<b>√</b>	Our Sustainability Approach and Environmental Stewardship
10	Internal communication	GRI-402	✓		People Health and Wellness
1	Green building design	GRI-417	✓	✓	Environmental Stewardship
12	Waste management (a) Hazardous waste management (b) General waste management*	GRI-306	✓	✓	Environmental Stewardship
13	Employee health and safety	GRI-403	<b>√</b>	<b>~</b>	People Health and Wellness and Value Chain
14	Employee training and development	GRI-404	<b>√</b>		People Health and Wellness
15	Employment and labour-related practices (a) Labour standards (b) Talent attraction and retention*	GRI-408, GRI-409, GRI-401, GRI-402	✓	✓	People Health and Wellness and Value Chain
16	Energy consumption and greenhouse gas emissions  (a) Energy consumption and conservation  (b) Greenhouse gas and air emissions*	GRI-302, GRI-305	<b>√</b>	<b>~</b>	Environmental Stewardship
17	Economic (a) Economic performance* (b) Economic impacts*	GRI-201, GRI-203	<b>√</b>	<b>√</b>	Business Overview and Community Wellness
18	Climate change  (a) Climate change mitigation and adaptation*  (b) Climate-related risk management*	_	<b>√</b>	<b>~</b>	Environmental Stewardship
19	Supply chain management  (a) Supplier social assessment*  (b) Supplier environmental assessment*	GRI-414, GRI-308	<b>√</b>	<b>~</b>	Value Chain
20	Tenant and customer engagement*	<del>-</del>	✓	✓	Value Chain
21	Community engagement*	GRI-413	✓	✓	Community Wellness

Additional topics identified after taking into consideration the feedback and results collected from management interviews, focus group workshops, and peer benchmarking. Relevant UNSDGs of each GRI topic specific disclosure can be found at the GRI Content Index.

#### Responding to our Stakeholders

Comments, views and suggestions from our stakeholders help us enhance our performance. We seek to address every concern of our stakeholders in an open manner.

#### **Aspects**

#### **Key Stakeholders' Concerns**

#### **Our Response**



Sustainability Governance

Stakeholders would like to know if sustainability strategy, and what has

The Group is updating the sustainability strategy and has developed relevant strategic areas regarding the sustainability framework.





**People Health** and Wellness

Stakeholders would like to know if **KPL** will consider offering more training and education to promote environmental awareness at all levels.

The Group has integrated sustainability training into its employee orientation. The Group is exploring to develop e-training on related topics for employees in all regions.





**Value Chain** 

Stakeholders would like to learn more about UNSDGs and how they are related to KPL's business and

The Group integrated UNSDGs with Vision 2030 strategy in 2019. New sustainability pillars were established to map with the six UNSDGs that are most relevant to KPL's business and operations, and targets have been set with respect to selected UNSDGs.



Educational materials were shared with the relevant internal and external parties.

Stakeholders would like to know what measures were implemented to strengthen the security system to ensure end-users' safety.

Measures adopted at properties in Hong Kong and the Mainland include visual and thermal scanning, access door contact system, facial recognition, QR code, and motion sensor systems.

Stakeholders would like to learn more about smoking bans in toilets of properties managed by KPL.

Smoke alarms were installed at various properties in Hong Kong and the Mainland, including Beijing Kerry Centre, Shanghai Kerry Parkside, Shanghai Everbright City Phase III, Shenzhen Kerry Plaza and Hong Kong Kerry Centre.



Stewardship

Stakeholders would like to know more about KPL's effort in reducing single-use plastic.

We participated in the Environmental Protection Department's Green Event Pledge and stopped serving disposable water bottles or dining wares in staff activities or clubhouse activities.

Stakeholders would like to know more about KPL's efforts in managing its carbon emissions.

We have achieved the 2020 carbon intensity reduction targets in Hong Kong and the Mainland ahead of schedule under our 5-year sustainability roadmap.

The Group formed the Carbon Management Strategy Taskforce to study the feasibility of future target setting on greenhouse gas emissions.

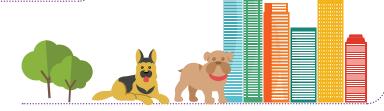




Community Wellness

Stakeholders would like to know if dogs are allowed to enter KPL's properties.

All residential properties in Hong Kong and most of the residential properties in the Mainland are pet friendly.





\*

Established in 2018, the Group's Vision 2030 seeks to align its sustainability roadmap with the UNSDGs. We see this as an opportunity to address the complex sustainability challenges by scaling up our efforts through collaboration with partners, industry and sector organisations, customers, governments, non-profit organisations, and society at large.

This year, we have enhanced the structure of our Vision 2030. The revision was also reviewed and endorsed by the Sustainability Steering Committee. The improved framework allows better performance management and inclusion of additional material topics. Our comprehensive sustainability governance framework spearheaded by our Sustainability Steering Committee would monitor the implementation and progress of the targets in the following four areas.

#### **People Health & Wellness**

# 3 GOOD HEALTH AND WELL-BEING

#### **UNSDG Targets**

- **3.9** By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination
- **5.1** End all forms of discrimination against all women and girls everywhere
- 5.2 Eliminate all forms of violence against all women and girls in the public and private spheres, including trafficking and sexual and other types of exploitation
- 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life
- **8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

#### **KPL 2030 Targets**

- Reduce worked related injury rate of employee to 10 per 1,000
- Maintain record of zero work-related fatalities of all our employees
- 100% of employees receive gender equality, anti-sexual harassment and related ethical training
- Maintain zero discrimination cases in all operations by treating all people fairly, impartially and with dignity and respect
- At least one third of women are in senior management level
- 100% of employees receive labour rights, diversity and social inclusion training



#### Value Chain



#### **UNSDG Targets**

- By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value
- **8.7** Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms



- **12.2** By 2030, achieve the sustainable management and efficient use of natural resources
- **12.5** By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

#### **KPL 2030 Targets**

- 100% of contractors/suppliers are governed by sustainable procurement guidelines which forbid forced labour, slave labour, and child labour
- 100% of operations governed by sustainable procurement guidelines which include use of sustainable resources throughout project development and operation
- 100% of construction projects implement waste recycling programme
- 100% of investment properties adopt wellness feature in building design
- 100% of contractors/suppliers are governed by sustainable procurement guidelines which contains mandatory diversity requirements

#### **Environmental Stewardship**



#### **UNSDG Targets**

- **13.1** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
- 11 SUSTAINABLE CITIES
  ADDITIONAL COMMUNITIES

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

#### **KPL 2030 Targets**

- 100% of investment properties complete climate risk and vulnerability assessment and adopt climate adaptation plan
- 100% of investment properties adopt climate-resilient building features
- 100% of investment properties implement rainwater harvesting system
- 50% of new investment properties adopt biophilic design feature
- 100% of new buildings achieve green certification

#### **Community Wellness**



#### **UNSDG Targets**

- **11.4** Strengthen efforts to protect and safeguard the world's cultural and natural heritage
- **11.7** By 2030, provide universal access to safe, inclusive and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities

#### **KPL 2030 Targets**

- 100% of new mixed-use developments plan and design with cultural and heritage conservation consideration
- 100% of new mixed-use developments plan and design through a mandatory community engagement process, with but not limited to women, children, elderly and disabled persons

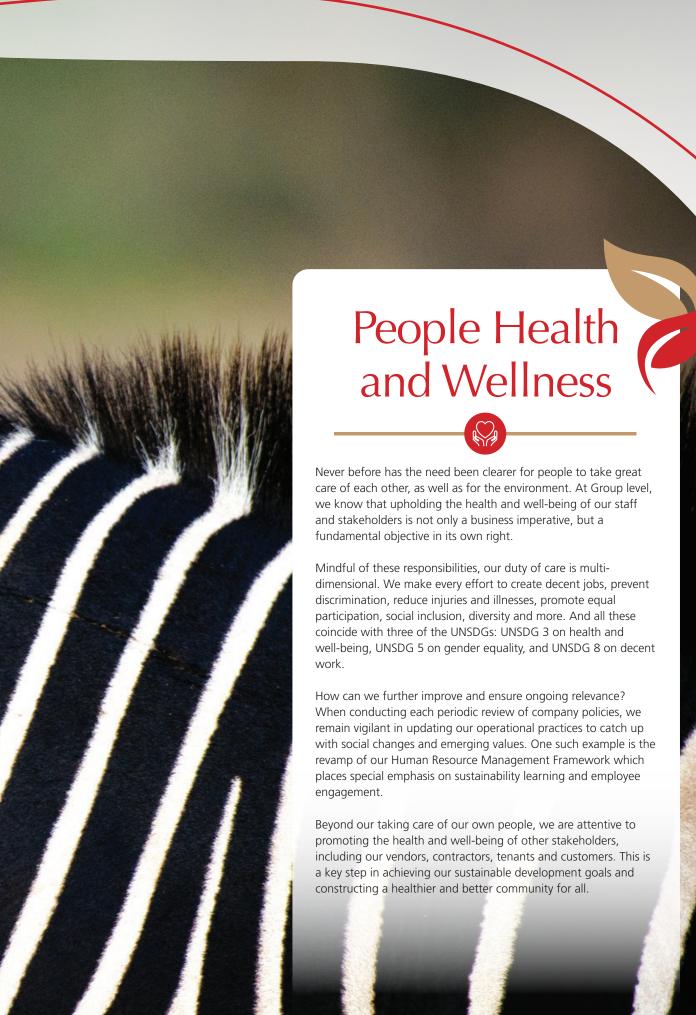












# People Health and Wellness







- Promote the health and well-being of employees through the implementation of effective measures and management systems
- Uphold fairness and human rights with in our human resource management
- Ensure effective internal engagement and communication
- Instill a sustainable corporate culture and engage employees in our journey towards sustainability

#### **Key highlights:**



#### **Human Capital Profile**

- Restructured job leveling
- No. of employees: 3,745
- New employee rate: 22.1%



#### **Learning and Development**

- Launched Kerry Properties
   Learning Curriculum with
   additional focus on employee
   wellness
- Set up new portal Kerry Click & Learn for e-learning
- Total training hours: 58,622 hours
- Average training hours: 15.7 hours per employee





#### **Occupational Health and Safety**

- Safety Committee
- Awarded the Eco-healthy Workplace Label from the Green Office Awards Labelling Scheme (GOALS)
- Safety training for employees
- Certified with ISO 45001 health and safety management system for six properties



#### **Employee Engagement and Wellness**

- More than 108 employee engagement activities
- Kerry Engagement Programme
- Health and wellness seminars
- Employee opinion survey in the Mainland with a 93% response rate
- Benefit enhancement

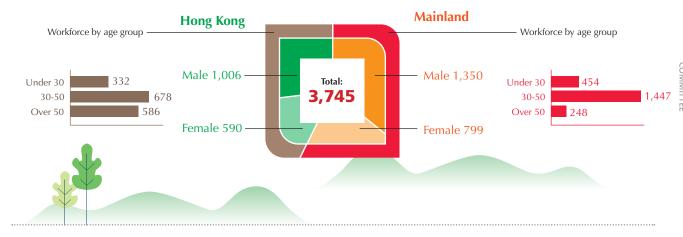




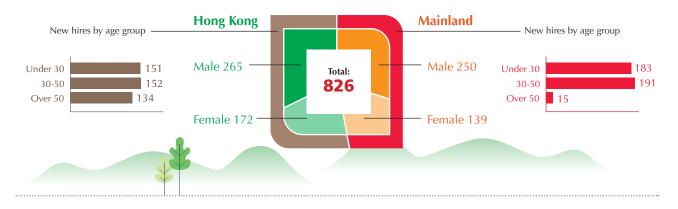
### Human Capital Profile

The Group has a strong and competitive workforce, with 3,745 employees\* located in Hong Kong and the Mainland.

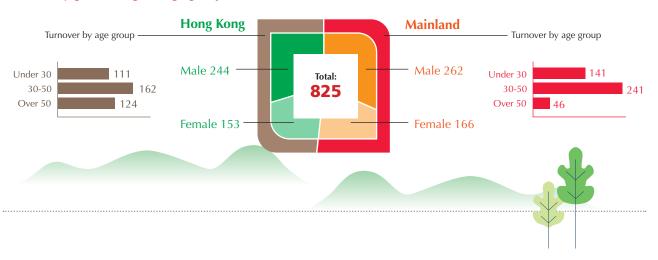
#### Workforce by gender, region, age group\*



#### New hires by gender, region, age group\*



#### Turnover by gender, region, age group\*



Excludes employees not under the reporting scope.

#### People Health and Wellness

#### Policies and Labour Standards

As a caring and supportive employer, we aspire to create a workplace where employees feel valued, supported and engaged.

In our Employee Handbook, Equal Opportunity Policy, Workplace Quality Policy and other established procedures, we set out quidelines and regulations to protect the employees' well-being. It includes information on employees' compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and welfare, as well as the prohibition of child labour or forced labour. These policies ensure human rights are upheld and protected in our operations.

Every employee plays a vital role in our journey of value creation. We uphold the principles of fair, inclusive and respectful employment practices. We are committed to offering equal opportunities despite differences in gender, age, race, religious belief, sexual orientation, marital status, family status, disability or ethnic origin. Grievance procedures have been set up and our departmental personnel are in place to ensure a fair and timely response to related complaints. Established procedures and regular review are also in place to eliminate all forms of child labour or forced labour.

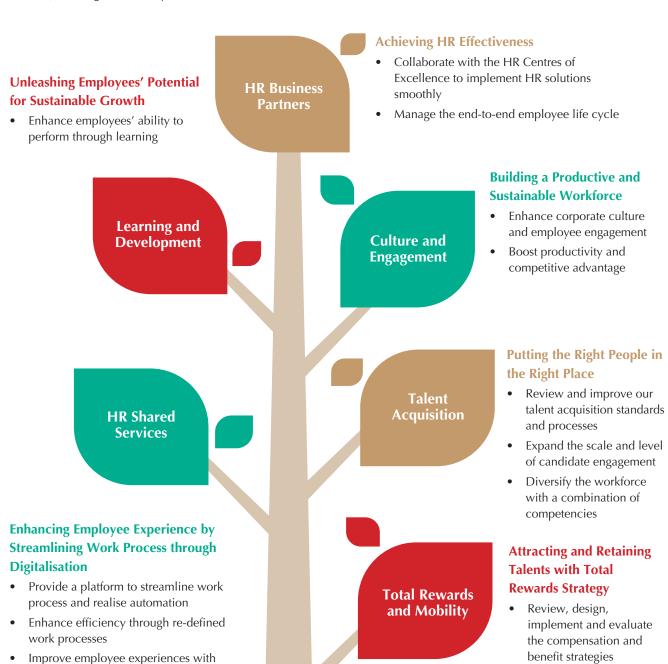
We emphasise workplace gender equality, enforcing a fair and inclusive employment strategy. In 2019, the remuneration ratio of female to male employees in Hong Kong was 1:0.82 (1:1.24 in 2018). Similarly, in the Mainland, the ratio was 1:0.996 (1:0.93 in 2018). The remuneration ratio of female to male in Hong Kong was higher in 2019 because the proportion of female management staff increased. We review our compensation and benefits on an ongoing basis to stay competitive in the market and to ensure gender equality and fair remuneration to all.



#### Human Resources Management Framework

digital tools and exceptional services

Under our Human Resources ("HR") Management Framework, we have defined our HR strategic areas across six designated teams. These teams cover Culture and Engagement, Total Rewards and Mobility, Talent Acquisition, Human Resources Shared Services, Learning and Development and Human Resources Business Partner.



Each team has been working on enhancing our HR management processes, such as streamlining onboarding workflow as well as improving recruitment procedures and standards. In 2019, to improve process efficiency, we had upgraded the appraisal system of the Group, and automated payroll management for all operations in the Mainland.

Attract, reward and retain talents with mobility policies

#### People Health and Wellness



#### Learning and Development

The Group's training and development strategy aims to nurture a talented and motivated workforce. We equip employees with core competencies and skills to support their career and personal development, preparing them for future business challenges and opportunities.





Hong Kong Male 15.4 hours Female 17.5 hours



Including training hours for employees who left the Group during the reporting year.

#### Training and Development

We provide comprehensive training programmes for our employees. In addition, we have established different educational platforms to provide more learning opportunities and enhance the employees' overall experience.

In 2019, we launched the new Kerry Properties Learning Curriculum with several training objectives. To achieve these objectives, we have designed a clear and comprehensive framework to deliver training initiatives for our employees at different stages of their career.

#### **Kerry Properties Learning Curriculum**

#### Key objectives:

- Provide essential skills for fulfilling job duties across different roles and positions
- Support employees' individual development and emotional needs
- Align personal growth with business goals of the Group

### **Framework of learning Curriculum**

#### Manager

- Leadership and management
- Personal effectiveness
- Property management

 Leadership and management

**Director** 

#### **Assistant**

- Personal effectiveness
- Property management
- Property management

effectiveness

Officer

Personal

In the same year, the Group has organised a series of training programmes for employees, such as Leadership & Management, Core Customer Service Programmes, Personal Effectiveness and Sustainability Learning. Additionally, as stated in our new Employee Handbook, all employees are eligible for sponsorship to attend additional training that improves job performance and long-term career development.

#### **Situational Leadership Workshop**

In 2019, we held a series of situational leadership workshops for directors in Shenyang, Beijing, Shanghai, Hangzhou, Shenzhen and Hong Kong. The workshops helped participants understand the needs of their teams. To meet and manage those needs and enhance overall team performance, we provided the most appropriate leadership style to handle different situations.

#### **Effective Leadership Skills Programme**

The goal of this training is to equip our managers with the most effective leadership skills and tools. The programme had four modules, including effective ways to motivate and coach a team. Interactive training methods were also incorporated to enhance the learning experience.

#### **Accelerated Development Programme**

We have also designed the Accelerated Development Programme to enhance directors' and senior managers' overall leadership and management competencies. This 16-month training enables participants to acquire the core knowledge, skills and leadership practices that are crucial for creating long-term value for the company. Besides conventional classroom training, we introduced one-on-one coaching, as well as physical well-being and mindfulness training to enhance their physical and mental strength in 2019.



Accelerated Development training hours in 2019

**Core Customer** Service **Programmes** 

Leadership &

Management

#### **Reinforced Customer Service Training**

Apart from regular training and guidelines on service quality, From Good to Great is a six-month programme organised to empower our colleagues by enhancing their service quality. This will increase customer satisfaction.



Personal **Effectiveness**  Emotional and stress management workshops were organised in 2019.



**Sustainability** Learning

In 2019, we delivered a series of workshops and seminars that aimed to educate employees on sustainability. Our aim is to raise awareness of sustainability issue as it is an integral part of our culture. For new employees joining the Group, we have also enhanced staff orientation materials to inform them of our sustainability management and progress. In the future, we will explore the use of other online learning platforms to increase the accessibility of sustainability knowledge for our employees.



Kerry Speaker Series 2019

We value the individual training needs of our employees. In Kerry Speaker Series 2019, we arranged speakers to educate our employees across a wide variety of training topics. Employees can choose topics according to their own interests. Past topics included principles of branding, stock market, artificial intelligence and the wine business.

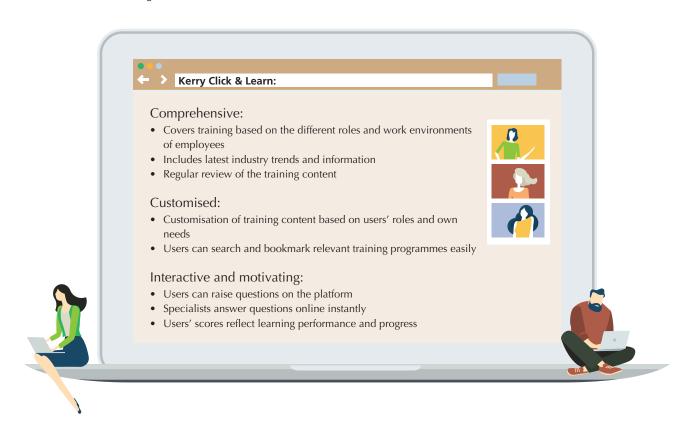


#### People Health and Wellness

In addition to regular training programmes, to provide a convenient, systematic and interactive learning experience, we have developed online platforms for employees in the Mainland, such as Kerry Learning Room (嘉里微課) and Kerry Click & Learn (嘉里網課).

Kerry Learning Room is a platform that disseminates specific training messages to front-line staff through WeChat App. The messages cover various areas such as security, environmental protection, maintenance and customer services. We hope that the platform could help our staff to meet their specific operational and professional needs within their job duties.

In 2019, we introduced the Kerry Click & Learn online platform. It was a significant upgrade that was based on the existing Office Automation Knowledge Base and Kerry Learning Room. To further enhance employees' learning experience, we plan to collect feedback on training needs in the future.



#### Performance Appraisal

As part of our HR strategic framework, we attract, reward and retain talents with the Total Reward Strategy. An annual performance-based appraisal system is in place for all employees. We use it to provide an objective and fair review of employee performance based on their achievements and career potential.

In 2019, to enhance the process efficiency and effectiveness of performance appraisal, we have upgraded the system with several new features:

- The ability to set objectives in various perspectives
- The capability to align the assessment criteria of employees' competency with our company's core competency model
- · Set out performance indicators that clearly define the performance level of individual employees
- Focus on both performance appraisal and employees' development needs

#### Occupational Health and Safety

Ensuring the health and safety of our employees is our key mission and responsibility. Health and safety management systems, guidelines, necessary precautionary measures and comprehensive training are in place to provide a safe and healthy work environment for employees.

#### Safety Management System

To uphold sound governance on health and safety, we have established a health and safety monitoring system, headed by Executive Director and led by top management. Within the system, we set up a Safety Committee with representatives from different business units.

The primary responsibility of the Safety Committee is to ensure effective enforcement of safety measures. The committee is required to submit monitoring reports and conduct policy review and audit regularly. Frontline workers are also included in the committee to ensure their opinions on health and safety are reported to management.



#### Safety Performance

To cultivate a safe work environment, we consistently provide employees with health and safety information and conduct regular monitoring.

In 2019, there was no employee fatalities while the overall injury rate of the Group was 10.4 per 1,000 employees compared to 9.0 in 2018. The incidents were mainly minor injuries incurred in our managed properties. Investigations of the situation and work processes as well as follow-up actions were carried out immediately.

#### **Our Safety Initiatives**

- Daily monitoring and inspection
- General safety training (such as safety principles, use of protective equipment, prevention of occupational diseases)
- Role-based training (such as safety guidance on high-risk works)
- Communication materials to promote safety awareness (such as newsletter and internal portal information about office safety and health tips)

#### People Health and Wellness

#### **Health and Safety Achievements in 2019**

- Arranged 2 seminars on safety measures and use of the automated external defibrillator
- Increased the total number of safety reviewers to at least 10



#### **New Health and Safety Targets in Hong Kong**

- At least 15 property management staff to complete the Occupational Health and Safety Supervisor Course
- At least 120 property management staff to complete the Construction Industry Safety Card Course



While we have achieved the health and safety targets in 2019, we have set new objectives to strengthen our commitment to workplace safety. In addition, we are upgrading the health and safety management system to a more stringent standard for our properties. Six of our properties in Hong Kong are certified with the ISO 45001 Occupational Health and Safety Management System. The properties include Branksome Grande & Branksome Crest, Hong Kong Kerry Centre, Enterprise Square Five & MegaBox, Resiglow-Happy Valley and Tavistock, Tavistock II and Aighurth.

Furthermore, we are reviewing and enhancing our Corporate Health and Safety Policy to improve our management of the health and safety of our employees. Revised terms include setting tracked health and safety performance indicators to monitor our performance.

We have been promoting a healthy and green office through various measures, such as improvement of indoor air quality and raising employees' awareness through different channels. Relevant guidelines are covered in our Employee Handbook. In 2019, we received the Eco-healthy Workplace Label under the Green Office Awards Labelling Scheme by the World Green Organisation. The assessment criteria include different environmental, health and safety aspects, such as indoor air quality, greening, noise and office equipment.

For employees in the property management business, we provide manuals to set out safety guidelines. We also provide instructions for different high-risk activities, sufficient resources, training and other support. Additionally, we regularly review the safety measures for continuous improvement to achieve our health and safety targets. In Hong Kong, we established a Safety Committee to oversee the implementation of safety policies. All properties are required to follow the framework of our safety performance assessment system. As part of our ongoing initiatives, we organised 12 safety tool box talks in the reporting year, with a total attendance of 3,548 employees. In these talks, we discussed key safety topics such as the usage of personal protective equipment, proper false ceiling maintenance and high-risk work safety. In the Mainland, we provided regular online training on different safety topics to employees via our Kerry Learning Room.

#### Employee Engagement and Wellness

Employees' satisfaction and wellness matter to us. We make every effort to create a caring and inclusive culture to maintain a great work-life balance. We want every employee to feel that they are part of the family.

To build a better work environment, we create two-way engagement channels where employees can express their views and opinions. Our staff communication channels include intranet, Kerry Innovation and Creation Community ("KICC"), surveys, newsletters, orientations, lunch seminars, emails and more. In 2019, we revamped the existing intranet and launched a new mobile application in Hong Kong to allow access to the latest company information anytime and anywhere. In the case of any significant operational changes, we are able to consult with our employees through these channels before implementation.

Additionally, we organised various team building and recreational activities to build cohesiveness amongst employees to enhance their sense of belonging. Highlights include Fun Friday, Green Wrap Day, festive celebrations, birthdays and music parties. Besides, our Kerry Engagement — Who Cares for Carers programme provides a platform for employees to collaboratively organise community activities, such as visits to the elderly and to people with disabilities.

To engage our employees and promote healthy eating, we have transformed a podium space in Shenzhen Kerry Plaza to a garden in November 2019, where our Shenzhen office staff can experience urban farming by growing organic vegetables. The regular harvest were turned into dishes served in the on-site staff cafeteria.







In 2019, to plan future sports activities, we conducted a Kerry Engagement Sports Survey to understand employees' needs and preferences. To raise health consciousness and promote work-life balance, we held a range of seminars addressing current trends related to employee health and wellness. Topics include managing emotions and stress, maintaining a healthy diet and tips to sleep better. We also organised sport activities and competitions in Hong Kong and the Mainland. Our more popular events include table tennis, swimming and football competitions, badminton and basketball leagues, yoga classes and slow jogging club.

To support our employees' emotional health, a 24-hour professional counselling hotline is also available for all employees and their immediate family members. Employees and their families can share their concerns on any personal, family or workrelated issues. If there are cases that require follow-up actions, counsellors could provide face-to-face meetings for timely assistance.





#### People Health and Wellness

# Q

#### Mini case

#### Employee Satisfaction — Kerry & I Employee Opinion Survey<sup>6</sup>

In 2018, we commissioned a professional research agency to conduct the Kerry & I Employee Opinion Survey in the Mainland.

2,841 responses
Response rate: 93%

Opinion survey results indicated KPL's operations in the Mainland as:

"high performance/best employer"

In 2019, we carried out the following enhancement projects in response to the feedback collected in 2018:

#### A. Company Policy and Staff Benefits

- Standardised benefits and policies
- Enhanced leave entitlement
- Upgraded group insurance
- Promoted casual attire on Fridays

#### B. Learning and Development

Expanded online training to other regions and enhanced the training content

#### C. Recognition and Communication

- Provided programmes and additional channels for employee recognition and engagement
- Conducted incentive programmes, management seminars for employees to understand the company progress

This survey covered employees outside of the reporting scope in the Mainland operations in 2018.



#### Family-friendly Initiatives

We also encourage employees to balance work and family life with a wide range of family-friendly employment practices. All our full-time employees are entitled to parental leave and we provide support for employees returning from parental leave. In 2019, the retention rate of employees that took parental leave was 85.9%.



#### Special leave to attend to family needs



## **Living Support**



#### **Family Day**



#### **Seminars**



# Byilding a Caring Cyltyre

Taking care of people with whom we engage is a philosophy entrenched across the organisation. In striving to foster a culture of caring, we are determined to enhance the health, wellness and job satisfaction of every staff member, and support the wider society in ways that help to build strong, connected communities.





#### Treasuring our people

To further reinforce our practices as a responsible employer, we updated the Corporate Policies, Code of Conduct and Ethics sections of our latest Employee Handbook in 2019.



We not only offer a respectful work environment, but also care about the holistic development of all our employees. In terms of their individual advancement, we have simplified the grading structure through which remuneration and benefits are standardised. As part of our Rewards and Mobility Strategy, the simplified structure can facilitate the process of promotion and planning of training programmes.



In parallel with the grade restructuring, we have significantly enhanced a wide range of employee benefits such as Caregiver Leave, Study Leave, Maternity and Paternity Leave. We believe that such measures will help us build a more engaged and satisfied team of talents. These benefits have also been included in the updated Employee Handbook to ensure clear and effective communication with all employees.







In order to build better, healthier and more harmonious relationships with staff, we have adopted the Human Capital Management solution for strategic workforce planning. This digital tool transforms the traditional administrative functions of HR Department into opportunities to drive engagement, productivity, and business value, facilitating the participation of our workforce as a driver towards sustainable development.





#### **Empowering through training**

The Group's learning and development strategy is based around an on-going and systematic training programme tailored to advance employees at different stages of their career. Delivering comprehensive training through different learning platforms is key to nurturing a talented and motivated workforce, equipping individuals with skills and competencies to prepare for future challenges and opportunities.

Externally, our recruitment activities seek to benefit the communities in which we operate by offering opportunities to people who have lost their jobs due to recent social events and the coronavirus outbreak. Considering the impact on food and beverage businesses in particular, we devised a special Work Experience Programme, providing opportunities for those unemployed to receive new skill sets to increase their competitiveness, and perhaps a change in career. Over a two-month period in early 2020, participants were given training as property service assistants to equip them for a role in the property management industry. Those enrolled in the programme received a monthly subsidy to support their family. All participants expressed gratitude for this initiative which opens another door in their career development, and may just lead to becoming part of our professional team.

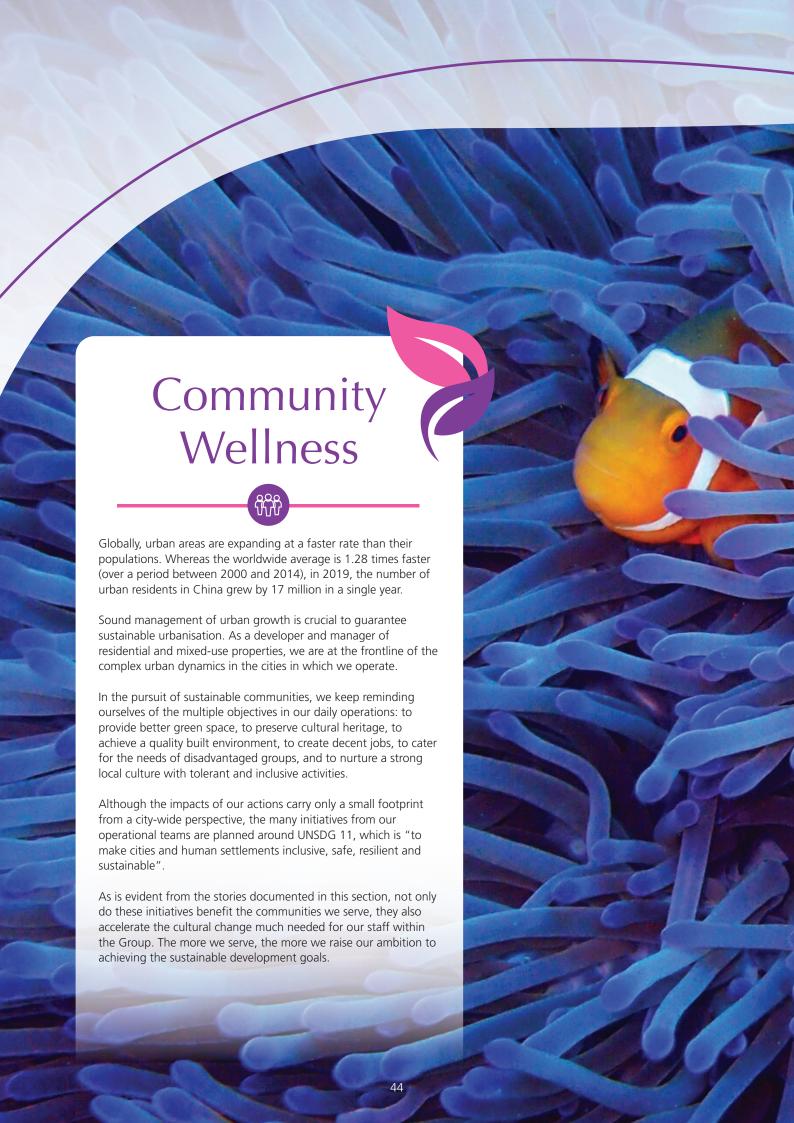
These strategies to enhance our human capital management demonstrate how highly we value our people, seeking to engage and support them both internally to achieve their full potential, and externally in striving to build a professional team through a meaningful recruitment process.



I am grateful for the Work Experience Programme organised by Kerry Property Management Services Limited, and feel lucky to have joined the Kerry family. Through a series of training and practice sessions, I gained exposure to the work of property management and captured a new opportunity in my career.

Ms. Ma A trainee in the Work Experience Programme











- Create shared values by placemaking and community building
- Contribute to the sustainable development of society by:
  - supporting the local economy
  - cultivating community awareness about issues relating to sustainability
  - engaging in voluntary and philanthropical activities

#### **Key highlights:**



#### **Placemaking**

- Weekend community markets at The Piazza, Jing An Kerry Centre
- KERRY Music Live, Hangzhou Kerry Centre
- JLL Rock Climbing Challenge 2019, Shenzhen Kerry Plaza
- FUSE Community Festival, Jing An Kerry Centre
- Contributions to the local economy
  - Green Escape Street, Jing An Kerry Centre
  - Xiematai Night Market, Shenyang Kerry Centre





#### **Green Culture**

- Green Wave Sustainable Market, Beijing Kerry Centre
- Children Bazaar, Beijing Kerry Centre
- Earth loving and LOHAS, Jing An Kerry Centre
- Sustainable consulting project for the rejuvenation of Shanghai Gaoqiaolaojie ("高橋 老街")



#### **Caring for Society**

- Green Handcraft Market,
   MegaBox Kowloon East Art Park
- Pet Adoption & Bazaar, Kerry Parkside
- Book exchange and charity sale, Shenzhen Kerry Plaza



#### **Community Well-being**

- International Yoga Day, Jing An Kerry Centre
- Lawn Bowl Fun Day in Hong Kong
- Inclusion-Joy Charity Walk and Sports Fun Day 2019 in Hong Kong



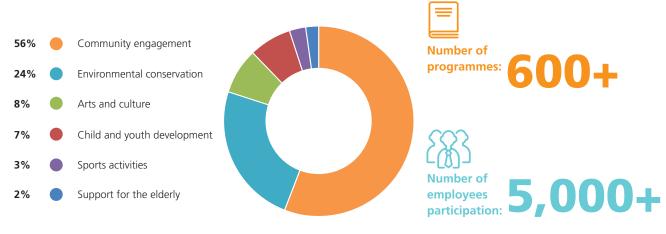


In order to make positive impacts on society, it is important to understand and respond to the needs of communities. To achieve this goal, our strategy is to leverage upon our strengths to help the community thrive. Through voluntary work, community service, donations and sponsorships, we actively contribute towards a better community. By monitoring the decision-making process of our charitable programmes, we ensure that they are accountable, transparent and effective. We specially donate towards six main areas which are aligned to our community investment initiatives — support for the elderly and the needy, children's education, academic activities, disaster relief, arts and culture, and environmental conservation. By doing so, we hope to create a significant impact within these areas.



We regularly engage our employees, partners and customers in various initiatives to facilitate and organise volunteer activities. In 2019, we established a volunteer team comprising of colleagues from both Hong Kong and the Mainland. In the same year, we have held various community investment initiatives in multiple aspects. We aim to create sustainable impacts through a series of programmes:

#### **Community Investment** Initiatives by focus areas





## Community Wellness



#### Placemaking

We reinvent public spaces as the heart of the community. Through exciting community engagement initiatives such as night markets and art projects, we aim to offer unique experiences to members of the community. Additionally, we want to build social platforms for cultural sharing and contribute to the local economy while promoting heritage conservation and providing opportunities for urban and personal development.

The Piazza at Jing An Kerry Centre is an open space that hosts a series of themed weekend community events. These events connect people and offer a platform for small businesses and local start-ups to showcase their products and ideas. In the reporting year, we held several events at the Piazza, including organic markets, music, fitness and arts. The hub fostered a sense of community and promoted a healthy and sustainable lifestyle, conducting events such as eco-friendly markets, books and clothing exchange. The Piazza also serves as a space for leisure activities in the community.

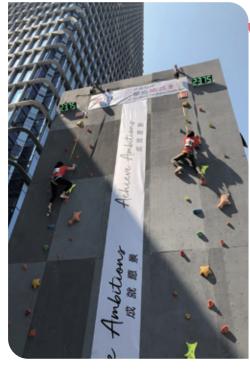
Furthermore, the Piazza encourages environmentally-friendly habits with incentives such as bringing your own cup. This reduces the usage of disposable cups. We also repurposed the outdoor decorations with the intention of reusing them in future events. On top of that, we have donated 5% of all beverage revenue from Playground@The Piazza to EARTH WATER, an organisation that aims to deliver clean water sources to children.

To promote art and cultural exchange, we designed a series of KERRY Music Live at Hangzhou Kerry Centre as a platform for young musicians to express themselves and interact with the audience. For example, to enrich the exposure of passionate youngsters as singers and musicians, we invited young talents from the Zhejiang Conservatory of Music and other music groups to have a concert on the stage of KERRY Music Live in July. In October, various local artists and musicians were also invited to perform at the KERRY Music Live. During the events, the public enjoyed original music performed by local musicians by partaking in the buzzing atmosphere we created.

In addition, Shenzhen Kerry Plaza teamed with Jones Lang LaSalle Limited to present the JLL Rock Climbing Challenge 2019. The event proved to be an excellent opportunity for rock climbing enthusiasts to exchange experiences and learn skills from one another. The two-day event was full of activities, including competitions for individuals and teams, climbing experience for beginners, fun challenges and an X-sport movie night. It was a fantastic way to bring the community together. The event attracted nearly 600 climbing and sports enthusiasts, including members of the plaza.







#### Mini case

#### **FUSE Community Festival**

In April, Jing An Kerry Centre held a Community Leaders Conference to kick off the FUSE Community Festival. The 10-day festival brought together 18 creative communities across Shanghai, with topics encompassing fitness, travel, reading, wine and dine, design, creativity, leisure, entertainment and sustainability.

We organised 15 events under three themes, namely "Connecting Through a Shared Passion", "Getting the Brand Community Right" and "The Role of Design in Connections among People". The events were diverse, including city walk, dancing class, pets' day out, craftsmanship workshops and even a hip hop show that celebrates women's strength and grace.

Additionally, we invited a renowned designer to create an urban-friendly architectural installation — Diffuse Pavilion. Our goal was to promote diversity, inclusion and creativity in order to encourage interactions between different groups and communities. The festival served as a platform and an icon for the community to get together to enjoy entertainment, music performances and social interactions.





## Community Wellness



#### Caring for Society

We are dedicated to build a community where every individual is loved and respected. We continually seek opportunities to deepen our understanding of the needs of society, paying closer attention to the needs of the elderly, youth, families with children, women and pet owners.

We regularly partner with charities and non-profit organisations for fundraising, visiting tours and workshops for these vulnerable groups. Highlights include Family Walkathon, Inclusion — Joy Charity Walk and Sports Fun Day 2019, and LOVE in Kerry.

Our spaces also serve as platforms to promote a caring and inclusive society. In June, MegaBox joined hands with "SuperMami" to organise a Green Handcraft Market. It featured around 20 booths set up by local mothers at the MegaBox Kowloon East Art Park. Through this event, we aim to empower mothers in the community by promoting their handmade products. In October 2019, we organised a series of activities designed for kids and families held in the KerryOn Living Room at Jing An Kerry Centre and Kerry Parkside. We had a range of activities that included a coding class for kids, crayon drawing, cake factory visit and Halloween costume party. Nearly 230 families joined the events at Kerry Parkside.

To protect the welfare and rights of animals, we hosted the Pet Adoption & Charity Bazaar at Kerry Parkside. Participants were able to interact with their pets or stray animals in activities such as doga, little veterinarian and story sharing. We aim to increase public awareness and encourage adoption of animals. A total of 18 cats and 22 dogs were adopted, and over RMB72,000 was raised for the homeless animal adoption project.

In support of education in underprivileged regions, we held a book exchange and charity sale in Shenzhen Kerry Plaza in partnership with Futian Library. Customers can join the event by bringing books or purchasing book coupons. Additionally, we held a book charity sale week to encourage reading. Proceeds from the events went to the construction of a book corner in a primary school in Xinjiang Province. Our team in Hangzhou is also devoted to helping disadvantaged communities in need. In June, our volunteers set off to a remote village in Jiangxi province to visit rural students in poverty. Gift packs with stationery and backpacks were distributed to support students' daily learning. We also continued to provide financial support to students based on considerations on conduct, grades and family situation. Three were selected in the end to receive sponsorship from us.







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#### Green Culture

We collaborate with different stakeholders in our green initiatives to spread awareness on conservation and environmental issues. We hosted a wide range of activities regularly at all sites of operation, including upcycling workshops, educational initiatives, recycling programmes and coastal clean-up activities.

We hope to nurture green habits among stakeholders. At Shenzhen Kerry Plaza, we organised a campaign targeting coffee lovers. In this campaign, we rewarded customers who brought their cup to designated shops with free cups of coffee. Additionally, we held recycling workshops to inspire participants to make art



pieces and fertiliser with coffee grounds. To reconnect city-residents with the nature, Hangzhou Kerry Centre also organized an organic festival in October. Plant dyeing workshop, insect specimens workshop and an organic lifestyle forum were held to promote organic living and the beauty of nature. In Beijing, we collaborated with the first market that promotes UNSDGs, the Beijing Kerry Centre Green Wave Sustainable Market was organised. It aims to raise environmental awareness and encourage sustainable purchasing behaviour. Held from October to December 2019, the market promoted recycling and helped participants to change their habits through clothing swaps and sustainable markets. In the spirit of Christmas and love, we celebrated this holiday and supported a meaningful cause, encouraging the donation of second-hand goods and spreading care for mother nature.





We donated all unsold garments to Tongxin Huhui, a social enterprise that helps left-behind children.



A plastic collection station was set up at the market service counter in Beijing Kerry Centre to uphold the principle of not providing plastic bags. Customers can recycle their plastic bags there, and shoppers who need a bag can take one there.





The Market gives priority to environmentally friendly brands. These brands take into account recycling and waste reduction in their selection of raw material, packaging or lifecycle management.

## Community Wellness

At the Green Escape Street and Jing An Kerry Centre, we set up a pop-up art museum in the busy district of Shanghai to promote the concept of earth-loving and LOHAS (Lifestyles of Health and Sustainability). Photography and art pieces related to the environment and sustainability were showcased. Furthermore, we organised seminars and workshops to educate and build a culture of sustainability in the community. The five themes we wish to promote through the event were biodiversity, organic movement, dark sky preservation, durable design and the LOHAS earth charity programme. We hoped that visitors are inspired to take actions to protect the environment that surrounds us.

We also aim to promote environmental conservation to stakeholders of all ages. To support environmental and conservation education for the future generation, we organised the Children Bazaar at Beijing Kerry Centre. All booths were managed by children so that they can have a first-hand experience with waste reduction. By selling their old toys, children were able to make money which they could purchase second-hand toys sold by other kids. The programme encouraged participants to be rational shoppers and to appreciate the value of second-hand goods. The children also built friendships with each other and enhanced their communication skills.

In Hong Kong, we collaborated with Ocean Park Hong Kong during Easter 2019 to present a campaign on ocean conservation and STEAM (Science, Technology, Engineering, Art, and Mathematics) development. In this campaign, we conducted storytelling sessions to promote conservation to the student participants.

In addition to our efforts in raising awareness of sustainability to community members, we also leverage upon our expertise and knowledge to create a positive impact. In 2019, we conducted a site visit to one of the local historical streets in Shanghai Gaoqiaolaojie ("高橋老街") together with local officials. We aimed to help rejuvenate the city and enhance its environmental performance. Based on our experience in property management and sustainability initiatives, we came up with innovative solutions for the sustainable development of the area. After analysing the architecture and environment of the site, we recommended environmental strategies. These strategies include the adoption of renewable energy and improvements on efficient use of energy, waste management and site greenery. Finally, we submitted a report with our insights to the local official bodies for reference.



Community Wellness

OUR PEOPLE HEALTH SUSTAINABILITY AND WELLNESS

COMMUNITY ENVIRONMENTAL VALUE CHAIN WELLNESS STEWARDSHIP



#### Community Well-being

We are dedicated towards the promotion of the health and well-being of all ages. To target different age groups, we hosted various sports events during the year. Highlights include fitness day, a sports summer camp for kids and pet-friendly fitness programmes.

We encourage a healthy lifestyle through community sports events. On the International Yoga Day in 2019, Kerry Parkside and Jing An Kerry Centre joined health instructors, various local and international brands as well as community members in celebrating the benefits of yoga. Over 230 participants took part in six different events to reconnect their bodies and minds.

At Shenzhen Kerry Plaza, community badminton and table-tennis tournaments were held for tenants to engage in sports activities. Through friendly matches, not only did the participants have the opportunity to polish their skills, but they could also strengthen their connection within the neighbourhood.

We are committed to connecting stakeholders while boosting the well-being of the community. The Light Run was organised in Qinhuangdao in August, combining lights, music and exercise. Runners, dressed in fluorescent garments, gathered to enjoy two hours of exciting workout, music and games. We specially designed the event for the white-collar workers who may be too busy to exercise during the day. They were able to relieve their stress after participating. A trail race was also organised for tenants and other stakeholders in Shanghai at Chung Yeung Festival.

Partnering with Kowloon Bowling Green Club and Loving Kids Community Service, our volunteering team organised its first activity, the Lawn Bowl Fun Day, in June. The team invited 25 underprivileged children from Sham Shui Po area to experience lawn bowling with 28 volunteers, who were their instructors for the day. We also sponsored the Inclusion-Joy Charity Walk and Sports Fun Day 2019 organised by the Hong Kong Federation of Handicapped Youth by donating 10 wheelchairs. Our volunteer team joined the walk alongside the participants with disabilities. In addition, to promote youth wellness, we sponsored 30 student teams to join Run for Wellness 2019, organised by the Hong Kong Federation of Youth Group.

Creating Value for the Community

To Kerry Properties, community wellness goes hand-in-hand with shared value creation, a flourishing local economy, community engagement and heritage conservation. By leveraging our spatial resources to bring together a range of different stakeholders, such goals are achievable within the scope of our business operation. The greater good — more important than generating business — is that these campaigns galvanise communities and help build a cohesive neighbourhood.

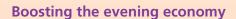












In support of the Shanghai Jing'an District People's Government to boost the local economy, we sought to extend business hours by initiating a night market. Entitled Green Escape Street, this was held every weekend between October 2019 and January 2020 on An Yi Road next to Jing An Kerry Centre, featuring florists, catering zones, entertainment and leisure pursuits.

The market became a platform for small businesses and entrepreneurs to showcase their products and ideas at the prime location of Jing An district, boosting the prospects of 35 participating vendors. It also provided more occasions for the community to get together and create memories in ways that are different from the usual shopping mall routine.

Similar initiatives have stimulated the local evening economy in Shenyang. Near Shenyang Kerry Centre on Qingnian Street, the Xiematai Night Market was held five times in August 2019. Highlights included elements of cultural heritage, culinary creations, retro handicraft and plants as well as live music performances and interactive games.

Given the success harvested by the two night markets in Shanghai and Shenyang in 2019, they have been relaunched in June 2020 to bring vibrancy and liveliness to the neighbourhood again.

The two night market campaigns recorded approximately

**585,000** visits



RMB **6,000,000** in sales





While serving the community, we actively pay tribute to preserve China's cultural heritage. As such, a former residence of Mao Zedong located on the site of Jing An Kerry Centre was well preserved throughout the mall's design and development.

Under the management of Jing An Kerry Centre, and in consultation with the municipal government, the site is now being repurposed as a gallery for contemporary art, An Yi 63 Gallery, which is scheduled to open in 2020.

The Group aims to create a sense of "place" that would enrich the lifestyle of residents, encourage local artists, and attract visitors in its own right.



At Jing An Kerry Centre, we have begun exploring solutions for reducing and reusing materials produced for festive displays. Local artists and environmental organisations are invited to join in this movement promoting the benefits of a healthy, low-carbon lifestyle in an engaging way. The Christmas 2019 decorations, on the theme *Love is Togetherness*, highlighted the results of this collaboration, and the materials used were redesigned into three new light series installations. We will continue to creatively advocate for art and commercial space to be more organically integrated for more sustainable outcomes.

Enriching communities in which it operates is a strategic imperative for Kerry Properties. In striving to create shared value for all stakeholders, we take the opportunity to integrate our business growth into place-making and awareness building.





#### Awareness through art

We constantly engage community members to promote a sustainable lifestyle. To highlight ocean plastic pollution as one of the most pressing environmental issues of our time, we partnered with local art group "&dear" to build two sculptures of hammerhead sharks using recycled waste. Kerry Group volunteers collected, cleaned and sanitised waste for the installation, which symbolised the fragility of marine life and the intricate link between our consumption, activities and the ocean's future.

Titled "Plashark", the installation made from wine crates from Kerry Wines, along with plastic bottles collected from various locations, was exhibited at Kerry Centre, MegaBox and Enterprise Square in Hong Kong between August and October 2019. We hope that this unique project would remind the public to be considerate and strike a balance between convenience and environmental protection.



Materials reused for building "Plashark":

1,874
recycled plastic

3,258
bottle caps

93 wooden wine







The environmental impact of property development has always been a complex matter in terms of scope and time scale. From land acquisition to site formation, from design to construction, from operation to maintenance — all of these processes cast a variety of environmental footprints that could affect workers, users and the community at large over many years.

The foundation of our strategy in environmental stewardship is to mandate our staff to adopt a life cycle perspective in our business. For instance, in resource planning we begin by designing out waste and pollution, keeping the materials in use longer, then recycling more of them through our value chain, and disposing of them in the least harmful manner when no alternative can be found. This is a process of continuous improvement as more innovation and smart applications become available.

We pay special attention to integrate our operations with two global goals — UNSDG 11 in building sustainable communities and UNSDG 13 in taking climate action. This is exemplified by the initiatives of multiple teams in our Group — pioneering climate resilience assessment, improving indoor air quality, cutting down carbon emissions, adopting biophilic design features, as well as various water conservation and waste management programmes.

In harmony with nature — that is a goal we strive for throughout our operations.





- Embed sustainability throughout the lifecycle of our properties from design and construction to operation and maintenance
- Manage carbon emissions and mitigate climate risks
- Promote efficient use of resources, including energy, water and other materials
- Manage and reduce waste generated by employing proper waste handling and monitoring practices
- Maintain indoor air quality and improve user comfort

#### **Key highlights:**



#### Sustainable Building Design

- Life cycle management approach
- Qianhai Kerry Centre
  - Constructed in accordance to WELL Building Gold Standard
  - LEED-CS Platinum and LEED-CS Gold pre-certified
- Mantin Heights
  - BEAM Plus Final Silver rating under BEAM Plus New Buildings Version 1.2
- The Bloomsway
  - BEAM Plus Final Silver rating under BEAM Plus New Buildings Version 1.1



#### **Carbon and Energy Management**

- Completed a pilot Climate Risk and Vulnerability Assessment at Hong Kong Kerry Centre, and will extend to the portfolio in Shanghai in 2020
- Achieved and exceeded 2020 carbon intensity reduction target in Hong Kong and the Mainland ahead of schedule (Hong Kong: −30%; the Mainland −10%)
- Hong Kong head office and four properties in the Mainland certified with ISO 50001:2011 Energy Management System



#### **Environmental Management System**

- Hong Kong and eight properties in the Mainland certified with ISO 14001:2015 Environmental Management System
- Review and update environmental objectives and targets annually



#### **Waste Management**

- Exceeded the target of 60% recycling rate of construction waste
- Recycled over 17 recyclable items in all operations during the reporting year
- Selected properties equipped with food waste decomposer machines to recycle food waste
- Five properties trialled a smart waste monitoring system to track waste generation



#### **Indoor Air Quality and Water Management**

- Property projects received RESET<sup>TM</sup> Air Core & Shell certification:
  - Beijing Kerry Centre
  - Jing An Kerry Centre
  - Kerry Parkside
  - Hangzhou Kerry Centre
  - Shenzhen Kerry Plaza
  - Hong Kong Kerry Centre
- IAQ (Excellent Class): Head Office and common areas of Hong Kong Kerry Centre
- IAQ (Good Class): common areas of Enterprise Square and Enterprise Square Three in Hong Kong
- Adopt faucets with Water Efficiency Labelling Scheme for new developments in Hong Kong



We endeavour to drive low-carbon operations and strengthen the climate resilience of our buildings. Guided by our Vision 2030 Strategy, we continue to enhance our management approaches by revising the Group's sustainability policies. These policies outline our principles towards the management and reduction of our environmental impacts. We have measures, procedures and systems in place to achieve our environmental objectives. We aim to minimise the Group's negative impacts on the environment and natural resources, manage emissions and promote resource efficiency.

Adopting a holistic approach, we actively work with stakeholders whenever necessary throughout the life cycle of our properties. This extends from land acquisition, building design, construction and to operation and maintenance to reduce our environmental footprint and to address our stakeholders' concerns with building design and operation.

#### **Life Cycle Consideration**



#### **Planning**

#### **Land Acquisition**

· Increase connectivity with the neighbourhood

#### **Planning and Design**

- Incorporate sustainable building designs
- Create a pleasant environment

#### **Our 2019 Efforts**

- Incorporated green building elements, e.g. rainwater harvesting for irrigation, low-E double glazed windows and orientation design
- · Considered green design, e.g. building setback design, landscape, leisure spaces, biophilic design and picture

#### Construction

#### **Procurement**

 Promote sustainable procurement

#### Construction

- Waste management
- Reduce natural resources consumption

#### **Our 2019 Efforts**

- Purchase green products and services (according to the Green Procurement Manual)
- Launched Sustainable Procurement Manual in 2019

#### **Our 2019 Efforts**

- Waste recycling at construction sites
- · Reduce the use of timber and bamboo

#### Management

#### **Operation and Maintenance**

- Conserve resources
- Waste management

#### **Our 2019 Efforts**

- Energy saving initiatives (such as use of LED tubes and other facility upgrades)
- Awareness campaigns and recycling initiatives

#### **Project Life Cycle**





#### **Land Acquisition**

Connectivity within and between communities is one of the considerations during land acquisitions. The locations of our properties are close to neighbourhood amenities and public transport systems. There is also convenient pedestrian access to these services.

#### **Planning and Design**

Sustainability considerations in the planning and design stages help prevent environmental impacts arising from subsequent stages of operations. Hence, it creates a more pleasant living environment for the community.

In the planning and design stage, we have made use of virtual reality technology to replace physical mock-ups as far as possible in order to reduce the wastage of resources.

Building Information Modelling ("**BIM**") has been adopted to improve the quality and efficiency of information management throughout the building life cycle for all stakeholders.





#### **Procurement**

The Green Procurement Manual requires our employees, suppliers and contractors to incorporate environmental and health consideration in the procurement process.

The Manual lists green specifications in different categories of procurement. It includes building accessories, electrical and gas appliances and water-consuming equipment. For instance, energy-efficiency labels are required for electrical and gas appliance while water-efficiency labels and water-efficient features are required for water-consuming equipment.

For property development business, all building contractors of Hong Kong development projects will be required to obtain ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System accreditations to qualify as approved vendors of new building projects and major renovations, with effect from 2020.

In 2019, we upgraded the Green Procurement Manual to a Sustainable Procurement Manual associated with Kerry Project Management (H.K.) Limited. Additionally, we designed the Sustainable Procurement Manual to align with the UNSDGs and ISO 20400:2017 Sustainable Procurement — Guidance.

Please refer to the "Value Chain" chapter for details.







#### Construction

We have established a monitoring system via the Environmental Management System to standardise construction management in all sites. Through this system, we aim to reduce the impact on the environment and the community.

#### Impacts on the environment:

- All contractors must submit monthly environmental monitoring reports and recycle at least 60% of the construction waste. At the same time, we conduct a bi-annual environmental audit to ensure that construction sites are fulfilling the environmental requirements
- We promote the use of alternative construction materials, such as reusable aluminium system formwork, metal waling and scaffolding. Construction site offices are built with reused materials
- We conduct prefabrication of building elements to reduce wastage of materials and on-site waste generation

#### Impacts on the community:

To minimise inconvenience and disturbance caused by construction works, we

- require contractors to install barriers and signs for temporary traffic diversion during excavation works outside the site boundary
- prohibited the use of trucks or construction vehicles during rush hours
- developed safety instructions for transport on site and formulated emergency procedures
- require contractors to use noise canopy, soundproofing canvas and conduct regular noise measurements to monitor construction noise level
- maintain regular communication with district representatives and nearby communities regarding the construction schedule



#### **Operation and Maintenance**

To improve our environmental performance, we continuously assess the effectiveness of our facility management practices. It includes using a property management system to promote waste recycling campaigns.

We maintain active communication with tenants and customers. To raise their awareness of sustainability, we engage them in different initiatives.

Please refer to the "Value Chain" chapter for details.













#### **Sustainable Building Design**

Sustainable building design promotes environmental conservation and delivers economic and health benefits. At KPL, property design focuses on eco-friendliness, resource efficiency as well as the health and well-being of customers and the community. Below are highlights of sustainable building design features at selected properties:

#### **Highlights of Sustainable Building Design Features**



#### **Energy Saving**

- Maximisation of natural daylight availability and ventilation with building setback and orientation design
- Window, curtain wall and glass wall installed with double-glazed, insulated glass unit to enhance energy efficiency
- Energy-efficient appliances, lifts and pumps
- Variable speed of pumping system



#### **Air Quality**

- Adhere to statutory requirements on the content of total volatile organic compounds ("**VOCs**") in the procurement of paint, adhesive and sealants
- Benchmarking with IAQ Certification Scheme



#### **Biophilic Design and Biodiversity**

- Open building design to enhance physical connection with nature
- Diverse species of trees and shrubs planted
- Construction of greenery area, landscape planters and vertical green walls



#### **Noise Control**

Increase separation between the carriageway and our building projects



#### **Material Use**

- Timber from well-managed forests
- Durable materials



#### **Water Management**

- Installation of rainwater harvesting system for irrigation when possible
- Drip irrigation and soil moisture sensors to conserve water resources



#### **Amenities for Sustainable Living**

- Installation of recycling facilities and food waste composters
- Provide electrical vehicle charging facilities



#### **Inclusive Design**

- Barrier-free design of ramps and lifts to promote universal access
- Breast feeding room and family-friendly toilets

# Qianhai Kerry Centre



Qianhai Kerry Centre, located in Shenzhen, is a large-scale mixeduse commercial landmark, comprising office, apartment, commercial space and hotel. Phase I of the development is planned to be completed in 2020.

Qianhai Kerry Centre emphasises the people-oriented architectural design and incorporates green building features in the building design to promote environmental sustainability. It pays attention to

energy-saving and environmentallyfriendly features. All the materials used meet the formaldehyde and VOC standards. Curtain walls with

Humanistic design **Design Focus** 

laminated glass units of low-emissivity were installed to enhance energy efficiency. The water circulation system saves more than 70% of water consumption. A solar power system was installed on the roof. Electric vehicle supply equipment (EVSEs) are provided at parking space to promote the use of electric vehicles.

Standard

In addition to green building design features, we also brought art, culture, nature, wellness and innovation together. We hope to connect people, nature and space.

We designed a diverse system of public spaces and landscaping to allow visitors to engage with the natural scenery and experience. We included a central park, sunken plaza, mid-air sky gardens and lush vegetation such as trees and shrubs. We have carefully planned for the features to integrate into the open interconnecting passageways and building spaces. Additionally, the project will provide public spaces for different activities, such as exhibitions, family gatherings and picnics. People can visit these spaces and relax in their spare time. The natural environment attracts people of different cultural backgrounds and serves as a platform for people to exchange ideas and interact.

To cater for ever-changing business needs, we are designing co-shared communal spaces. These spaces will be equipped with state-of-the-art multimedia audio-visual devices, smart office design and smart gym.

LEED-CS Certification by the U.S. Green Building Council	<ul> <li>The office (Towers 1, 2, 3 and Tower of Bank of East Asia) — the LEED-CS Platinum pre-certification</li> <li>The apartment (A1, A2, A3) — LEED-CS Gold pre-certification</li> </ul>
Chinese Green Building Evaluation Label	• The office (Towers 1, 2, 3 and Tower of Bank of East Asia) and apartment (A1, A2, A3) — the three-star green building design label
WELL Building Gold Standard	• The office (Towers 1, 2, 3 and Tower of Bank of East Asia) and apartment (A1, A2, A3) — designed and constructed in accordance with the WELL Building Gold

## Mantin Heights



We aim to create a humanistic and sustainable living environment for our customers through a combination of green building designs and educational programmes.



Achieved the BEAM Plus Final Silver rating under BEAM Plus New Buildings Version 1.2 in 2019.

#### Sustainability throughout the building life cycle

#### **Design**

- Resource efficiency
- Picture window to enhance air ventilation and allow prevailing wind to reach the neighbourhood
- Over 30% of site areas covered with plants, with 23 species of trees and 90 to 100 species of shrubs planted to reduce heat island effect

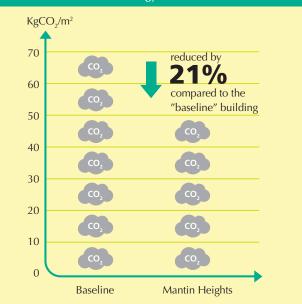
#### Construction

- Used precast concrete component for building construction
- Reused natural stone excavated from foundation stage as outdoor benches
- Built construction site offices with reusable components
- Adopted BIM to analyse the building design for detecting possible clashes and eliminate these clashes through coordination process before construction, which reduces the chance of alteration or demolition works and increases accuracy in material orders

#### **Operation**

Organised environmental initiatives for residents, such as food waste art workshops

#### **Annual Energy Reduction**



The annual electricity consumption of air-conditioning for residential floors was estimated through a simulation programme. Thanks to energy-saving features (including building layout, construction and service design according to the air-conditioning with a higher coefficient of performance and light fittings with reduced lighting power density), there was an estimated reduction of 30% in maximum electricity demand



# The Bloomsway



We aim to create an environment that enhances connections with nature



Achieved the BEAM Plus Final Silver rating under BEAM Plus New Buildings Version 1.1 in 2019.

#### **Micro-climate Responsive Design**

- Varying height of buildings to facilitate downwash wind to the pedestrian level
- Wide and permeable wind corridor between buildings

#### **Biophilic Design and Biodiversity**

- Open building design to enhance connection with nature, such as hanging treehouse and an open clubhouse design
- 30% greenery coverage
- Over 500,000 shrubs and ground-cover of more than 45 species
- 764 trees, of which 40% being native varieties



#### **Promote a Sustainable Lifestyle**







#### **Environmental Management System**

We adopted the Environmental Management Systems ("EMS") as a framework for our property development and management. The EMS of Kerry Properties Limited, Kerry Property Management Services Limited ("KPMSL") and MegaBox Management Services Limited in Hong Kong, as well as eight properties in the Mainland, have achieved the ISO 14001:2015 certification.

As part of our EMS, environmental management representatives are responsible for reviewing the Group's annual environmental performance<sup>7</sup> and the effectiveness of the EMS. Furthermore, they have to execute environmental management programmes, and report to the top management and EMS Committee regularly.

The table below presents our progress in 2019 of Hong Kong operations:

## **Highlights of Objectives & Targets in 2019**

30% carbon intensity reduction at head office and properties under our management by 2020 as compared to the base year of 2011

Upgraded the Green Procurement Manual to the Sustainable Procurement Manual associated with Kerry Project Management (H.K.) Limited (effective on 1 January 2020) -----



**60**%

recycling rate of construction wastes

Maintained indoor air quality certification at "Excellent Class" for Hong Kong head office

Implemented phase 1 of the LED tube replacement plan for the head office in 2019. Subsequent phases will be completed by 2022.



#### Carbon and Energy Management

Extreme weather events and natural disasters due to climate change has had an impact on our operations and business. Energy consumption of properties managed is the primary source of greenhouse gas ("GHG") emissions (or "carbon emissions") from our operations. To minimise the adverse impacts on our business and the environment, we manage our carbon footprint at different stages of the buildings' life cycle. We start by incorporating energy-efficient design to managing the energy consumption in the course of our operations.

We have achieved the ISO 50001:2011 Energy Management System ("EnMS") accreditation for the head office in Hong Kong and four other properties in the Mainland. The implementation of EnMS helps us maximise energy efficiency and save energy through a variety of initiatives, procedure enhancements and regular performance reviews.

Within operations in Hong Kong, the total carbon emissions in 2019 were 51,199 tonnes of CO<sub>2</sub>-equivalent. Purchased electricity was the primary source of carbon emissions, which accounted for around 98% of the total emissions. On the other hand, the total carbon emissions in 2019 were 84,113 tonnes of CO<sub>3</sub>-equivalent in the Mainland. Similarly, purchased electricity was the major source of carbon emissions, which was around 82% of the total emissions.

Compared to 2018, the carbon intensity in Hong Kong decreased by 4.9%. This was mainly due to the reduction in consumption of freshwater, diesel and liquefied petroleum gas. For the Mainland, the carbon intensity decreased by 11.5%, due to reasons such as the reduced use of natural gas for heating and reduced use of vehicles for transport. Another reason is the addition of the Shenyang Kerry Centre in the reporting scope of 2019. The added property had a relatively low carbon intensity of 0.99 tonnes of CO,-e/1,000 square feet, compared to the average carbon intensity of 2.38 tonnes of CO,-e/1,000 square feet in the Mainland. Our work on carbon management has not been smooth sailing. Our team in the Mainland encountered unexpected challenges in 2019. We responded quickly with a holistic approach to ensure that our carbon reduction target can be achieved successfully.

Only waste is included for environmental performance of user-controlled areas in shopping malls, offices and residential buildings.

As part of our five-year sustainability roadmap, both operations in Hong Kong and the Mainland have achieved the 2020 carbon intensity reduction targets ahead of schedule. In Hong Kong, there was a reduction of 32% in the carbon intensity in 2019 compared with 2011. In the Mainland, there was a reduction of 57.4% in the carbon intensity in 20198 compared with 20159.



#### Mini case

#### Comprehensive Response on GHG Emission Incidents

We installed fire detection systems in all our properties for public safety. However, two incidents of accidental discharges of the gas flooding system occurred at Jing An Kerry Centre and Kerry Parkside in 2019. FM200 is used as the fire retardant of the gas flooding system, which has a high global warming potential, and hence its release into the atmosphere led to a surge of our GHG emissions equivalent to 4,804 tonnes of CO<sub>2</sub>. We saw this as an important learning opportunity and responded with four prompt actions:



**Investigation** 

The operation team conducted a thorough investigation with the system suppliers. At Jing An Kerry Centre, the supplier concluded it was a rare incidence of signal interference. At Kerry Parkside, suppliers revealed that an undetected design fault eight years ago was the root cause of the incident.



Remedial **Action** 

At Jing An Kerry Centre, we replaced the complete set of control system and wiring to enhance the safety margin. At Kerry Parkside, the design fault concerning heat and smoke detectors was rectified and retested according to prevailing fire regulations.



**Preventive** Action

The lessons learnt from these two incidents were communicated to all management teams of our properties. They were requested to conduct safety checks to prevent similar events in the future.



Compensation

To fully offset the carbon emissions from the incidents, we purchased 4,804 tonnes of carbon credits from two carbon offset projects in line with the spirit of the GHG Protocol.

#### Carbon Offset Projects with Socio-economic Benefits for the Community

Project Features	YGF Mangshi Household Biogas Tanks Project	Xundian Jinfeng Small Hydropower Project
Location	Yunnan Province, China	Yunnan Province, China
Project Type	Install biogas tanks for 1,200 rural households to replace coal and firewood	Install a 12.6MW run-of-river hydropower plant in an ethnic minority autonomous county
Co-benefits	Improve sanitation and indoor air-quality; avoid deforestation; alleviate poverty by reducing fuel costs and health costs	Alleviate poverty for ethnic minority; create jobs in an underdeveloped region; reduce coal burning; improve public health by reducing air pollution
International Certification Standard	Gold Standard VER	VCS
Carbon Credits Purchased by KPL	2,070 tonnes	2,734 tonnes

All properties in the Mainland included in the reporting scope in 2019. Including Beijing Kerry Centre, Jing An Kerry Centre, Kerry Parkside and Shenzhen Kerry Plaza.

#### **Carbon Emission Summary**

#### 2019 Performance A.

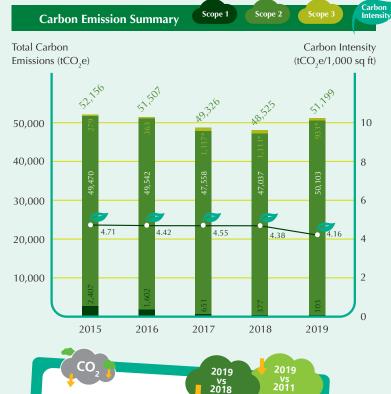
- Scope 1 Direct Carbon Emissions: 103 tonnes of CO<sub>2</sub>equivalent
- Scope 2 Energy Indirect Carbon Emissions: 50,103 tonnes of CO2-equivalent
- Scope 3 Other Indirect Carbon Emissions: 993 tonnes of CO2-equivalent
- Total Carbon Emissions: 51,199 tonnes of CO<sub>2</sub>-equivalent
- Carbon Intensity: 4.16 tonnes of CO<sub>2</sub>-e/1,000 square feet
- emissions generated from outsourced shuttle bus services (previously included in Scope 1).

# From 2017 onwards, scope 3 emissions include carbon

#### **Hong Kong**

**Total Carbon Emissions** 

Carbon Intensity



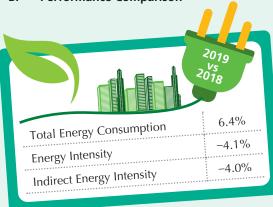
#### Performance Comparison/ **Target Achievement**

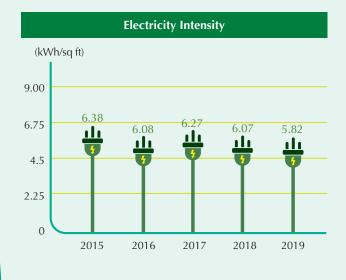
#### **Electricity Intensity**

#### 2019 Performance

Electricity Intensity: 5.82 kWh per square foot

**Performance Comparison** B.





5.5%

-4.9%

3.9%

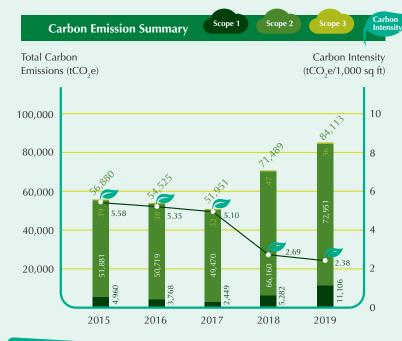
-32%

#### **Carbon Emissions Summary**

#### A. 2019 Performance

- Scope 1 Direct Carbon Emissions: 11,106 tonnes of CO<sub>2</sub>equivalent
- Scope 2 Energy Indirect Carbon Emissions: 72,951 tonnes of CO<sub>2</sub>equivalent
- Scope 3 Other Indirect Carbon Emissions: 56 tonnes of CO<sub>2</sub>equivalent
- Total Carbon Emissions: 84,113 tonnes of CO2-equivalent
- Carbon Intensity: 2.38 tonnes of CO<sub>2</sub>-e/1,000 square feet

#### The Mainland





#### B. **Performance Comparison/ Target Achievement**

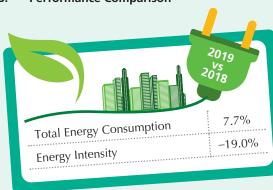
#### **Energy Consumption Summary**

#### 2019 Performance A.

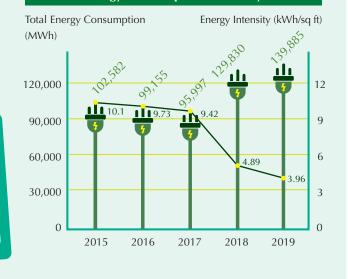
Total energy consumption: 139,885 MWh

Energy Intensity: 3.96 kWh per square foot

#### В. **Performance Comparison**



#### **Energy Consumption Summary**



All properties in the Mainland included in the reporting scope in 2019. Including Beijing Kerry Centre, Jing An Kerry Centre, Kerry Parkside and Shenzhen Kerry Plaza.

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#### **Energy Saving Initiatives**

We are committed to improving our properties' energy consumption and efficiency. Apart from green building design features, we have implemented facility and equipment replacement and upgrades:

#### **Energy Management Initiatives and Highlights in 2019**



#### **Energy monitoring systems**

- At Jing An Kerry Centre, electricity and gas consumption is measured and managed through a monitoring platform
- At Kerry Everbright City Phase III, new sensors and flow meters have been installed in the chilled water system and boiler system. Through the central building control system, the installations allow more precise measurement, recording and monitoring of energy consumption for future optimisation



#### **Facilities upgrade**

- Hangzhou Kerry Centre has revamped the oil separation pool to improve the kitchen foul water treatment capability
- At Kerry Everbright City Phase III, an elevator energy recovery system was introduced to enhance energy efficiency
- At Kerry Everbright City Phase III and Jing An Kerry Centre, thermal insulation films are installed to reduce thermal transfer through windows, resulting in less energy use for cooling by air conditioning
- Recycled materials were used for thermal insulation at Shenyang Kerry Centre to reduce energy consumption for air conditioning



#### Air conditioning systems

- Condensed water of the air-conditioning system at Jing An Kerry Centre are collected for water cooling purpose. This measure can reduce the water consumption of the chiller system significantly
- Upgraded to variable speed drives for air conditioning systems at Kerry Parkside and Enterprise Square, Hong Kong



#### Lightings

- In 2019, LED tube replacement was completed in eight properties in the Mainland and 15 properties in Hong Kong. Phase 1 of the LED tube replacement plan at head office was completed as well. A total of 548 lighting tubes were replaced
- Installed motion sensors in some of the plant rooms, lift lobbies and staircases
- Installed timers to control common area lighting
- Reduced decorative lights



#### **Operations**

- Adjusted the operation hours of facilities and equipment to reduce unnecessary energy consumption
- Installed timers on ventilation and air conditioning systems and swimming pool circulation pumps

Due to our air-conditioning systems energy efficiency upgrades, Kerry Properties Development Management (Shanghai) Co., Ltd. was recognised as the industry benchmark by The Trade Association of Shanghai Property Management and Shanghai Air-conditioning and Refrigeration Institute, and was invited to participate in the revision of Shanghai's Local Code of DB31/ T255-2003 Technical Requirements for Energy-Saving Operation and Management of Centralised Air Conditioning Systems.

Similarly, Jing An Kerry Centre received an energy-saving fund from the Shanghai Municipal Development and Reform Commission in recognition of its accomplishment in energy saving initiatives.

To support the HKSAR Government's long-term strategy on energy-saving, more than 20 Hong Kong properties participated in the Energy Saving Charter 2019 and 4Ts Charter. The participated properties set energy-saving targets, implemented measures and ensured transparency of energy consumption data to track energy-saving results.

We seek to explore the adoption of renewable energy resources. In the Mainland, we have installed solar panels at several properties for electricity generation. In the future, we plan to expand the use of solar power at our properties in the Mainland and Hong Kong.

#### Climate Resilience

Climate resilient buildings provide value for stakeholders as they can withstand extreme weather and natural disasters more effectively, and also lower the cost and waste associated with damage and reconstruction. As such, we have been working on a long-term mitigation plan to combat climate risks. In 2019, we completed the first Climate Risk and Vulnerability Assessment for Hong Kong Kerry Centre and will expand the scope to Shanghai in 2020.



We are also in the process of formulating the Climate

Risk Policy to guide the identification and mitigation of climate risks concerning the Group's operations. We established the Carbon Management Strategy Task Force to manage relevant issues better and explore the feasibility of setting long-term carbon reduction targets, including the adoption of Science Based Targets ("SBT").



#### Indoor Air Quality Management

Indoor air quality ("IAQ") impacts the health, comfort and well-being of building occupants. With this in mind, we adopted different initiatives to maintain indoor air quality and improve user comfort.

We continuously explore and adopt new technologies to enhance IAQ management. Air quality sensors were introduced to selected properties in Hong Kong and the Mainland to monitor IAQ in real-time. The IAQ sensing system indicates the levels of PM2.5, VOCs, carbon dioxide, indoor temperature and relative humidity. It allows us to analyse trends, identify anomalies and take follow-up actions. Through our IAQ improvement measures and establishing a real-time platform to track IAQ parameters, selected properties in Hong Kong and the Mainland received RESET<sup>TM</sup> Air Core & Shell certification, providing building occupants with a healthy workspace.

# **Environmental Stewardship**

In Hong Kong, we have established the new Greenery Enhancement Taskforce. The taskforce aims to improve the well-being of our stakeholders in Hong Kong through enhancing greenery landscaping. The taskforce comprises members with specific functions, including Environmental Manager, Landscaping Manager, designers and architect. The taskforce's first initiative, "My Plant 綠色工作間比賽", encourages employees to improve the workplace environment in our head office with houseplants.

In 2019, we received the Eco-healthy Workplace Label under the "Green Office Awards Labelling Scheme" organised by the World Green Organisation. IAQ is one of the areas of assessment within the scheme. Additionally, we continued to be certified with IAQ Certification Scheme for Offices and Public Places organised by the Environmental Protection Department ("EPD").



Head office and common areas of Hong Kong Kerry Centre

IAQ (Excellent Class) certification

Common areas of Enterprise Square and Enterprise Square Three

IAQ (Good Class) certification

In the Mainland, we implemented a series of IAQ improvement measures. For example, we installed F7 bag filters, electrostatic precipitators, HEPA filters, intense field dielectric filters and multi-stage air purification system.



We understand our obligation towards the proper and effective management and reduction of the waste produced in the course of our operations. Waste is mainly generated along our value chain, involving our contractors, tenants, residents and customers. It is our goal to ensure proper waste disposal is carried out according to the local waste regulations by engaging our value chain partners. We implemented our waste management practices through the EMS and provided clear guidance to our employees and contractors through the Environmental Procedures.

#### Waste Management at Construction Sites

Waste generated by our contractors at construction sites is mainly construction and demolition ("C&D") waste. It includes metal, paper or cardboard, timber, plastic, concrete, hard rock and broken concrete, and general waste. We require all contractors to collect and sort the waste properly and dispose of them according to local rules and regulations. It is also compulsory for them to track waste generation against the monthly recycling target set within our EMS. In 2019, we achieved and exceeded the target of 60% recycling rate of construction waste<sup>12</sup>. Under the Enhanced Safety Performance and Environmental Protection Scheme, contractors are rewarded if more than 70% of C&D waste generated is recycled. We aim to encourage contractors to go beyond industry environmental standards through this scheme.



Data corresponds to contract period instead of reporting period

#### Waste Management at Managed Properties

In 2019, the total hazardous waste and non-hazardous waste generated in Hong Kong were 3.6 tonnes<sup>13</sup> and 11,378 tonnes<sup>14</sup> respectively. General waste made up 95% of the total non-hazardous waste.

In the Mainland, the total hazardous waste and non-hazardous waste generated amounted to 4.2 tonnes<sup>15</sup> and 61,340 tonnes<sup>16</sup> respectively. General waste and construction waste of interior fitting-out works carried out by tenants contributed 36% and 62% respectively of the total non-hazardous waste.

For non-hazardous waste, non-recyclable waste was collected and directly sent to landfills by contracted handlers. The recyclable waste was either reused or recycled, and we also donate them to NGOs. Qualified contractors performed disposal of hazardous waste. The waste included toner cartridges, fluorescent light tubes, compact fluorescent lamps and rechargeable batteries etc.

We monitor our waste performance in the managed properties in Hong Kong against the waste recycling targets set within the EMS. As part of an ongoing initiative, recyclables were collected and recorded at our managed properties in Hong Kong and the Mainland. In 2019, we joined the Green Event Pledge organised by the EPD. By doing so we pledged our support for green events and committed to reducing waste generated from our events.

<sup>65.6%</sup> to 90.9% recycling rate of construction wastes

Including compact fluorescent lamps, fluorescent light tube, toner cartridge, CDs, rechargeable battery and cleansing containers in Hong Kong.

Including general waste in Hong Kong.

Including LED tube, fluorescent light tube, rechargeable battery, paint containers, CDs and toner cartridge in the Mainland. Including construction waste of interior fitting-out works carried out by tenants and general waste in the Mainland

## **Environmental Stewardship**



# Highlight of recyclables collected from properties managed in Hong Kong and the Mainland



Clothes 28 tonnes



Old toys **2,711** 



7,035



Plastic 64 tonnes



Food waste 231



Mooncake tins/candy tins
201
pieces



Old umbrella

33

pieces



Paper 945 tonnes



Used computers and appliances

426 pieces



Old CDs (1,308 pieces)

**0.02** tonnes



Glass 31



Old toner cartridges (837 pieces)

0.8 tonnes



Cleansing containers (158 pieces)

0.004
tonnes



Old fluorescent light tubes and compact fluorescent lamps (18,011 pieces)

**2.7** 

tonnes

Old rechargeable batteries (1,333 pieces)



(1,333 pieces)

**0.07** tonnes





**Clothes hangers** 



Metal 42 tonnes

#### Staff Engagement

In Hong Kong, we provided our employees with guidelines on waste management and reduction to ensure that they understand the best practice. To prepare for the upcoming municipal solid waste charging scheme, we arranged training for property management staff. In the Mainland, we communicated the latest information and practices on waste sorting among employees and customers on social media platforms.

In December 2019, we held an EMS upcycling workshop in the head office. Through this workshop, we engage our staff in sustainable waste management in a casual and practical way. For example, staff learned how to transform old jeans to stylish and practical denim bags.



#### - Tenant, Resident and Customer Engagement

To drive behavioural change among tenants, residents and customers for promoting environmental protection, the Group provided relevant waste handling guidelines and organised a series of recycling campaigns, educational tours and workshops. In response to the introduction of mandatory garbage classification in Shanghai and Hangzhou, we introduced new waste management initiatives to Kerry Everbright City Phase III and Hangzhou Kerry Centre. Designated personnel were assigned with the responsibility of enforcing and monitoring the waste sorting and recycling. Tenants and customers were provided with clearly labelled containers and sorting guidance. To encourage waste reduction at the source, we distributed reusable umbrella bags to tenants and residents as souvenirs during our green activities in Hong Kong.

At Kerry Everbright City Phase III, we produced posters, notices and videos on waste sorting to raise awareness. Community activities, such as visiting tours, were also organised to promote best practices. At Hong Kong Kerry Centre, we held a 66-day "Bring Your Own Container" campaign to encourage customers to build a green habit. During the campaign, customers who brought their own takeaway containers could enjoy discounts at selected restaurants.



#### Waste Monitoring

The Hong Kong government has been taking critical steps in reducing waste and promoting recycling. To echo the government's policy, we participated in the three-year "BEC Jockey Club Intelligent Resource Management Programme". We also enhanced our waste monitoring. In 2019, we set up a smart waste monitoring system in five properties in Hong Kong. Waste and recyclable data were collected through cloud technology, enabling us to track waste generation more accurately and efficiently. At the same time, we organised educational activities on waste reduction and recycling.

#### Food Waste Management

Food waste has been one of our priorities in waste management. Selected properties in Hong Kong and the Mainland are equipped with food waste decomposers. In 2019, food waste decomposers were installed in additional properties, for example, The Bloomsway, Mantin Heights, and Mont Rouge. Moving forward, we will continue to explore the feasibility of introducing food waste decomposers to other managed properties.

At MegaBox, we extended the food waste collection and recycling programme to food and beverage tenants since May 2019. Collected food waste was transported to O • PARK1, the first organic resources recovery centre in Hong Kong. Food waste is converted into biogas and compost, which are used for electricity generation and landscaping and agricultural purposes respectively.



# Environmental Stewardship

#### - Plastic Management

Plastic pollution has made international headlines in recent years. To reduce plastic waste at the source, we introduced the "No Disposables" campaign to our managed properties in Hong Kong in 2019. We aim to ban disposable cutlery in all clubhouse activities through this campaign. Bottled water was also banned in all in-house staff engagement activities, meetings and large functions in Hong Kong. Instead, we provide water dispensers and water served with glasses whenever possible. To demonstrate our commitment to plastic management with our business partners, we require building contractors to ban plastic bottled water from all meetings at construction sites under "Kerry Project — Community Caring Scheme".



Rainwater harvesting system in Shanghai

To promote recycling of plastic bottles, we installed smart plastic-bottle recycling machines at Kerry Everbright City Phase III, Shanghai Central Residences in Shanghai and MegaBox in Hong Kong. We offered monetary incentives for bottles returned, while plastic bottles collected will be used to produce new bottles.

#### 7

#### **Water Management**

Clean water remains a scarce resource in many parts of the world today. Furthermore, climate change continues to put pressure on water sources. With the goal of sustainable water management, we are committed to reducing the

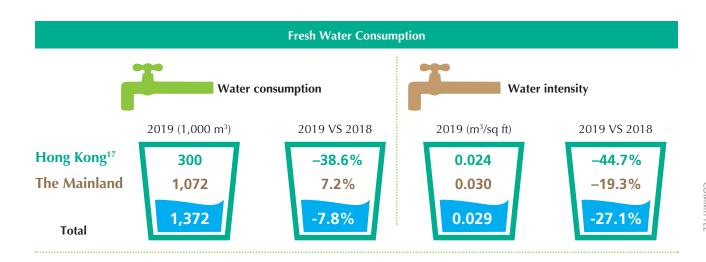
environmental impact in our operations by managing water consumption and wastewater discharge effectively.

#### Managing Water Consumption

The Group withdraws potable water from municipal supply. There is no issue in sourcing water for business operations. In our property development business, water is mainly utilised by our building contractors for dust control and sanitation purposes. For our property management business, it is mainly used in operation and maintenance of buildings.

We focus on water conservation and water efficiency throughout the design, construction and management of our properties.

Water-efficient fixtures and fittings was adopted in the initial stage of planning. We also installed rainwater harvesting systems for irrigation in selected Mainland properties such as Kerry Everbright City Phase III, Jing An Kerry Centre, Kerry Parkside, Shenzhen Kerry Plaza. In Hong Kong, we installed the same systems in selected residential development projects, such as The Bloomsway, Mantin Heights, and Mont Rouge. In the management of our properties, we provided water saving guidelines to employees, tenants and customers. Periodic checks and maintenance of water supply systems were performed to avoid wastage due to water leakage.



For our construction sites, as stipulated in EMS, contractors are required to recycle wastewater from wheel washing and road spraying after treatment for reusing. To encourage wastewater recycling, contractors are rewarded if 30% of wastewater is recycled and reused under the Enhanced Safety Performance and Environmental Protection Scheme.

#### Managing Wastewater Discharge

Wastewater produced in our operations is mainly domestic and construction wastewater. Domestic wastewater was discharged directly to the municipal sewage treatment plant.

For construction wastewater, we work closely with our contractors to manage and monitor the quality of wastewater of construction sites. Contractors are required to collect wastewater samples, perform weekly visual checks on turbidity and pH tests, as well as to conduct monthly laboratory tests and submit reports on effluent quality. We will stay vigilant and work with our contractors in the management of water discharge.

Due to the waiver of water and sewage charges for water consumption announced by Water Supplies Department in late 2019, some buildings did not receive water bills, and hence the manual record of all managed properties has been used to estimate water consumption. Water consumption for restaurant and fresh water for flushing is excluded.

# Byilding a greener environment

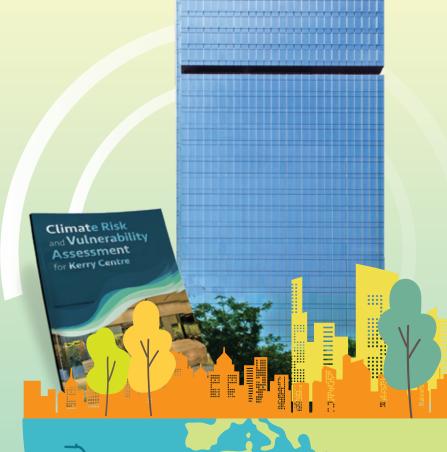
At the core of our environmental initiatives is our will to address global challenges in ways that meet and even exceed the expectations of our stakeholders. To that end, we strive to take a forward-looking approach to mitigating climate risk and improving the environment for our employees and tenants.

#### Action on climate resilience

Following the direction set out in UNSDG 13:
Climate Action, we initiated a Climate Risk and
Vulnerability Assessment of Hong Kong Kerry
Centre to determine the risks the building is
exposed to. The nine-month assessment was
carried out in accordance with the risk
management process and framework outlined in
ISO 31000, which emphasises understanding of the
internal and external context of the Company.

This pilot project was conducted in 3 phases between May 2019 and February 2020. Stakeholder engagement played a significant role in the process. Tenants will be kept informed of the findings, and their opinions sought on future direction to strengthen the related measures.

We reviewed the existing controls, management regimes and responses to each risk identified. The Climate Risk and Vulnerability Assessment in Hong Kong Kerry Centre is a perfect starting point, and a similar practice will be carried out in the Mainland projects in the near future.



# Responses backed by science



Progressing from the pilot Climate Risk and Vulnerability study, we are heartened that our operations in Hong Kong and the Mainland have achieved their 2020 carbon intensity reduction targets ahead of schedule as stated in our Sustainability Roadmap. Furthering these efforts, our newly established Carbon Management Strategy Taskforce will conduct a feasibility study on SBT aiming to update our carbon reduction target, and continuously align with global best practices.

#### Cleaner air for all

As a responsible developer, a key aspiration is to ensure our properties promote the health and wellbeing of users by conforming to the imperatives of climate resilience, indoor air quality and emissions reduction. Studies suggest that air quality is not only related to occupants' comfort, but also their cognitive performance and efficiency. In recognition of our green leadership, more than two decades after Beijing Kerry Centre was delivered for operation in 1998, the complex became, in 2016, the first mixed-use development in Asia Pacific to receive Platinum LEED Existing Building Operations & Maintenance (EBO&M) certification.

This achievement was followed in 2019 when Beijing Kerry Centre became one of the first properties to comply with RESET™ Air, the world's first sensor-based and performance-driven building certification programme. In particular, RESET™ Air Core & Shell tracks and communicates the health performance of entire buildings to tenants. Apart from benefiting our employees and tenants, the real-time results obtained also help us maintain asset value and reduce any potential liabilities associated with underperformance.

Six properties attained the RESET™ Air

Six properties attained the RESET™ Air Core & Shell certification in 2019

- Beijing Kerry Centre
- Jing An Kerry Centre
- Kerry Parkside
- Hangzhou Kerry Centre
- Shenzhen Kerry Plaza
- Hong Kong Kerry Centre



"The RESET™ Air technology does not only facilitate the maintenance of a high IAQ standard in our properties, but also creates a real-time platform with data for our tenants and for managing Hong Kong and Mainland teams on property services as a whole. We are glad to become accredited professionals in the field of IAQ intelligence and are proud to be part of KPL's efforts in building a healthier community for our stakeholders."

**KPL Technical Services Team** 

We are also pleased to have a team of accredited RESET™ Air professionals in Hong Kong and the Mainland.

Currently, preparations are underway to help more properties under our portfolio to attain RESET<sup>TM</sup> Air certification by upgrading their air filtration devices.

Investing in technology to mitigate both climate change and health risk to our stakeholders demonstrates the strength of our commitment to the Group's sustainability agenda.







# Value Chain





- Constantly improve our customers' satisfaction by delivering quality, efficient and safe services and products
- Foster a sustainable procurement system that is transparent and accountable
- Influence and collaborate with partners and customers to promote sustainable operations and to achieve our sustainability goals

#### **Key highlights:**



#### **Customer Communication and Satisfaction**

- KPMSL customer satisfaction survey:
   More than 1,100 survey respondents
   From 29 managed properties
   Mean satisfaction rating:
   4.8/6 (residential properties)
   4.5/6 (commercial properties)
- "From Good to Great" Customer Experience Enhancing Programme
- Interactive mobile application and platform for Shanghai Everbright City Phase III and Resiglow buildings





#### **Customer Engagement and Experience**

- 23 sustainability initiatives via KPL
   Sustainability Sponsorship Fund Programme for managed properties in Hong Kong
- 30 commercial tenants joined the Green Office Recycling Campaign and Recognition Ceremony
- Creative Upcycling



#### **Customer Health and Safety**

- Gold certificates of Water Supply Scheme for Buildings — Fresh Water (Management System) and Quality Water Supply Scheme for Buildings — Flushing Water
- "Smart Office" launched in Shanghai Kerry Everbright City Phase III for security upgrade



#### **Responsible Supply Chain Management**

- 3,254 vendors for project development and property management
- Launched Sustainable Procurement Manual for Kerry Project Management (H.K.) Limited
- Building contractors in Hong Kong must obtain ISO 14001 EMS and ISO 45001 Occupational Health and Safety Management System accreditations to be our approved vendors of all new projects and major renovations



## Customer Orientation

Our business activities connect us to a diverse customer base — residents, tenants, building occupants and shoppers. It is our top priority to deliver quality products and services that are valuable and safe for our customers.

Therefore, our policies and standard operating procedures ("SOPs") outline our commitment to our customers. They include significant issues such as data privacy, intellectual property rights, responsible marketing communications, customer engagement and experience and customer health and safety.

#### **Customer Interest**

#### Data Privacy

The growing importance of data privacy is more evident than before amid technological advancement and increased use of data. We adhere to the Personal Data (Privacy) Policy, SOPs and work guidelines in the collection, use, disclosure, sharing, retention, disposal and security of personal information during the course of our business activities.

Our front-line and supervisory staff follow the Administration Manual and Operation Manual on handling personal data. Specific SOPs guide the proper handling of personal data of residents, tenants, visitors and shoppers in various situations.

Before data collection, we obtain consent from each customer. In the process, we inform customers about the reason and method of using their data. When feasible, we adopt alternatives that are less intrusive to minimise the collection of personal data and sensitive information. Customers are entitled to access and amend their data. Channels for inquiry or complaint are also available.

#### Protection of Intellectual Property Rights

We respect the intellectual property rights of any third parties. Our employees are required to comply with the applicable legal requirements as stated in the new Ethical Guidelines. In the course of our business activities, employees are also required to protect the confidentiality of all privileged information provided to us.

#### Responsible Marketing Communications

As a responsible property developer, we help customers make informed choices and protect their interests by providing accurate and reliable marketing materials.

In Hong Kong, to manage the content of our sales brochures and marketing materials, we have formulated a set of procedures and engaged external professional advisors. Architects, surveyors and solicitors were consulted to ensure that information provided is accurate and in compliance with the Residential Properties (First-hand Sales) Ordinance. Similar standards apply to our business operations in the Mainland.

Value Chain

#### **Customer Communications**

We encourage open and constant communication with our customers through a wide range of communication channels. These channels are accessible from every stages of building inspection and handover to after-sale. Customers can contact us in several ways, including online service platforms, surveys, social media platforms and mobile apps. These communication channels enable us to solicit their feedback and understand their needs, which guides us to improve customer experience continuously.

Through our social media platforms and mobile apps, customers of selected properties in Hong Kong and the Mainland can manage their membership accounts. Other features include making facilities reservation, receiving news and event updates. The MegaBox mobile app combines features such as sales and promotions, news, offers, shop directory, event calendar, facility reservation and membership account access. More functions, such as enquiries, payment and maintenance request are also available on WeChat for properties in the Mainland.





In 2019, we launched a new initiative, Kinetic, for office tenants at Jing An Kerry Centre. The initiative engages office tenants and promotes work-life balance. Tenants can register for campaigns, while we can maintain timely communication with them.

#### **Customer Satisfaction**

It is our goal to improve customer satisfaction and build trust with them continuously. To exceed customers' expectations, we always review and enhance our procedures and the quality of our products and services.

For employees who are responsible for customer services, we guide them through SOPs and regular trainings. Our training includes handling customer inquiries and complaints, as well as assisting customers with different needs.

Customers' feedback enables us to understand their experiences and needs. External enquiries or complaints are processed

and handled by the Corporate Communication Department in line with internal guidelines. In 2019, we received 13 complaints regarding the health and safety of our products and service quality. The local offices and the Corporate Communication Department have undertaken follow-up actions and resolved the complaints.

To assess the level of satisfaction of our residents and occupants with our customer service and facility management, KPMSL has appointed an academic institution for external evaluation. In late 2018, the institution undertook a customer satisfaction survey and developed a service quality index, followed by a survey analysis in 2019. Based on the findings, KPMSL has employed a professional consultancy to review and enhance the SOP, with a focus on improving customer experience.



Over 1,100 survey responses from 29 properties managed by KPMSL were received. The mean satisfaction rating of residential properties and commercial properties are 4.8/6 and 4.5/6 respectively. This indicates that customers are satisfied with the services we provided. The overall satisfaction ratings consist of the ratings of customer services, facility management, environmental protection and education.

# Mini case

#### "From Good to Great" Customer Experience Enhancing Programme

Improving customer experience is a continuous process. To boost the creativity of frontline customer service staff as they deal with different situations, we organised an exciting workshop for property management staff in 2019.

We adopted a six-step approach during the workshop:



Firstly, participants worked in teams in scenario-based simulations to identify specific customer needs and expectations. Next, they had to analyse existing problems and perform necessary steps for improvement. The workshop provided an opportunity for participants to develop customer service and team-building skills. Furthermore, it also encouraged them to take ownership of customer experiences and go the extra mile by resolving different customer service simulations.

#### **Key topics of interest**



Value Chain





Customers will receive attentive service addressing their requirements. To create a positive experience for all customers, we have adopted a range of customised facilities at MegaBox. This includes lactation rooms, electric wheelchair charging services and automatic doors. In 2019, we provided a training workshop for our customer service staff at MegaBox on how to assist customers with special needs.

In the Mainland, we have received recognition and awards for our effort in delivering quality services. Habitat Phase I, Qinhuangdao received the "Hebei Provincial advanced unit in Property Management 2019" from the Hebei Provincial Property Management Association. Beijing Kerry Centre also received the "2019 China Golden Landmark Award for Office Buildings" from the China Office Management Institute.





'China Golden Landmark Award for Office Buildings' **Beijing Kerry Centre** 

#### **Customer Health and Safety**

As a manager of spaces where people live and work, we place great emphasis on ensuring the safety and well-being of our tenants, residents and shoppers. Our commitment is outlined in the Corporate Health & Safety Policy Statement. We are enhancing the policy to incorporate more comprehensive considerations for the health and safety management of our stakeholders. We adhere to SOPs and training related to ensuring safety and security in our buildings. To enhance our customer health and safety management, we are considering establishing specific goals to promote the health and well-being of our tenants in the future.

**Preventative Inspection and** 

Regular inspections and maintenance are performed by licensed contractors on all escalators and lifts.



**Emergency** Response

Emergency drills and training (such as fire, extreme weather conditions, interruptions to power and water supply as well as escalator and lift services) are organised to improve our team's emergency management skills. Post-training assessments were also carried out to identify improvement areas.

In particular, Jing An Kerry Centre is equipped with a 24-hour mini fire station to provide access for rescue operations to the property and nearby areas.



**Quality Water Supply** 

To ensure drinking water safety, regular water safety audits were conducted. Periodic cleaning of drinking and flushing water tanks and maintenance of internal water supply and plumbing systems were carried out to prevent contamination and plumbing failures.

In 2019, Hong Kong Kerry Centre has received the Gold certificates of the Quality Water Supply Scheme for Buildings — Fresh Water (Management System) and Quality Water Supply Scheme for Buildings — Flushing Water, organised by the Water Supplies Department in Hong Kong. Selected properties in Hong Kong also joined the schemes.

In 2019, Beijing Kerry Centre installed water filters on every floor of its office towers, providing clean and filtered drinking water for tenants. A SOP is in place to manage the new water filters and the water filters are replaced periodically.



**Sanitation** and Indoor **Air Quality** 

Handrail sanitation is regularly monitored through bacteria testing. In 2020, antibacteria handrails will be installed at Hong Kong Kerry Centre and MegaBox.

To provide a hygienic environment for our customers and tenants, MegaBox introduced its first cleaning and disinfection robot in early 2020. The robot cleans and disinfects the mall and office floors as it patrols along the premise. We can also gather cloud data, cleaning reports and status reports from the robot via a smartphone app, which supports comprehensive and timely monitoring and analysis of its cleaning performance. By employing smart cleaning technology, we enhance the level of sanitation in our environment, hence protecting the health and safety of

On top of day-to-day cleaning and regular bacteria testing, we also maintain good indoor air quality ("IAQ") in our buildings. For more details, please refer to the "Environmental Stewardship" chapter.



Security and **Prevention** 

Advancement in technology has changed our customers' expectations on safety. In addition to traditional CCTV systems and security guards, we explore and employ smart technologies to improve security and loss prevention management.

At Shanghai Kerry Everbright City Phase III, the concept of "smart office" have been implemented to improve security and convenience. In the property, there are two separate access control systems for building occupants and visitors. Smart camera systems with face and license plate recognition capabilities were installed to monitor all pedestrian and vehicle entrances and exits. Conventional access cards for building occupants were also replaced.

At the same time, visitors can make online reservations in advance and enter the building with a QR Code. This enables us to perform accurate control of access rights and identify suspicious behaviour. In turn, this minimises security vulnerabilities and potential dangers.



**Promotion of** Customer Wellness

To promote the health and wellness of customers, we regularly organise recreational activities such as yoga, jogging and basketball. Residents, tenants and shoppers are welcome to join. For more details, please refer to the "Community Wellness" chapter.



Value Chain

#### Customer Engagement and Experiences

Getting customers on board is crucial in our journey towards sustainability. By engaging our customers with our sustainability initiatives, not only do we emphasise the importance of sustainability values to the Group, we also set ourselves up as a role model to inspire our customers to integrate sustainability into their daily lives.

#### KPL Sustainability Sponsorship Fund Programme

The KPL Sustainability Sponsorship Fund Programme supports events related to environmental or social sustainability. These events are hosted at properties in Hong Kong managed by KPMSL. Its purpose is to encourage innovative projects that raise the awareness of sustainability for residents, tenants or staff. Additionally, we hope to build a closer relationship with residents and tenants in order to strengthen our connection with local communities, which include non-governmental organisations or minority groups.

85%+

coverage of properties managed by **KPMSL** 



initiatives organised in 2019, mainly include:

- Volunteer work
- Green workshops and events
- Installation of food waste decomposer
- Family yoga event



#### Green Office Recycling Campaign and Recognition **Ceremony**

To further promote an environmental-friendly lifestyle and reduce plastic and waste, we organised the "Plastic Avoidance • Waste Reduction Seminar" in conjunction with the Green Office Recognition Ceremony. In the ceremony, we gave recognition to tenants who participated in the Green Office Recycling Campaign in 2018. Nearly 100 participants attended the event. We also collaborated with two local social enterprises to provide reusable cutlery and containers for the event.

Recycle bins were provided to 30 commercial tenants of Enterprise Square Two and Three in 2018 to encourage recycling.





We saved over 450 pieces of singleuse plastic items at the event by using reusable cutlery

#### **Eco-friendly Initiatives**

We implemented a range of initiatives and programmes to raise the awareness of environmental issues for our tenants and residents.

#### Examples include:

- encouraging our tenants and residents to opt for electronic bills of the management fee
- sharing tips on green office, green home and waste reduction through brochures and sharing sessions
- launching energy-saving initiatives for tenants in the pilot "Green Lease Partnership Programme"
- encouraging tenants to reduce consumption and waste by adopting the interior decoration of previous tenants

To help users of our managed properties develop environmentally-friendly habits, we launched a new initiative in 2019. The "No Disposables" campaign aims at banning the use of disposable cutlery for all clubhouse activities. The campaign not only reinforces our stance towards combating single-use plastic but also sends a clear message about the gravity of the related problems.

In 2019, Hangzhou Kerry Centre also implemented a pilot scheme of replacing plastic straws with biodegradable paper straws in 10 restaurants. At Kerry Everbright City Phase III, tenants were encouraged to use reusable or biodegradable food containers to reduce plastic waste. At MegaBox, a DIY cup sleeve workshop was co-organised with Kwun Tong Community Green Station for tenants to encourage them to bring their own bottle or cup.

To raise awareness towards the conservation of marine organisms, we collaborated with the Ocean Park Conservation Foundation Hong Kong to organise the "Save Our Horseshoe Crabs Programme". We engaged our tenants at MegaBox to visit the mudflat habitat of horseshoe crabs. During the event, participants learnt about the features of the horseshoe crab, their importance to humanity and how human activities affects their habitat. Participants also cleaned up the mudflat to restore the habitat of horseshoe crabs.



#### Creative Upcycling

To encourage tenants to have a green Christmas, we collected second-hand items from residents and used them as festive decoration at Hong Kong Kerry Centre. We partnered with local architecture firm AaaM to design an eco-friendly Christmas tree made with 500 wine crates and to set up pop-up recycling stations for item collection. The collected toys and gifts were donated to the Salvation Army to support their work in social service. The wine crates from the Christmas tree were donated to St. James Settlement. Over the course of this six-month campaign, we successfully connected different groups of stakeholders and showcased the possibilities for reusing existing materials. It also allowed the more fortunate members of the community to offer help to the underprivileged.

#### Total number of items collected or donated:





Value Chain

#### **Responsible Supply Chain Management**

We have clear policy and guidelines for the promotion of sustainable practices along our supply chain. We are formulating the Sustainable Procurement Policy, which reinforces our commitment towards integrating sustainability considerations into all purchasing decisions and management of our supply chain partners including architects, designers, consultants, service providers, suppliers and contractors.

#### Supplier Management



We work closely with our partners along the supply chain to ensure they meet our requirements on sustainability. The Kerry Properties Vendor Code of Conduct and EMS set out clear guidelines on ethical business conduct concerning employees, society and the environment respectively:



We communicate any updates on our policy and requirement to suppliers through tender documents and in writing. To improve environmental protection and occupational health and safety, we require additional accreditations to qualify as approved vendors of new building projects and major renovations in Hong Kong, with effect from 1 January 2020. All building contractors will be required to obtain ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System accreditations.

As part of our supplier management process, we require all tenderers to sign the acknowledgement form to become our preferred vendors. In this form, tenderers acknowledge that they are aware of and will comply with our Environmental Policy and Green Procurement Policy. To strengthen our screening process of suppliers, we planned to include social criteria in supplier screening in 2020, by stipulating the Vendor Code of Conduct as a mandatory requirement in the acknowledgement form.

Our business partners are also required to communicate our policies and guidelines to their employees, suppliers, subcontractors and other parties in their supply chains. To ensure suppliers follow our environmental requirements as stated in the EMS, they are required to provide the relevant information for assessment. Guided by our environmental procedures and instructions, our employees will monitor and review their environmental performance.

To enhance our supply chain risk management, we are reviewing the current supplier management process. Going forward, we will strengthen the due diligence process. Furthermore, we will explore possibilities in developing a sophisticated approach to identify and manage potential environmental and social impacts along the supply chain.

#### Sustainable Procurement

The Green Procurement Manual (the "Manual") stipulates clear specifications on mandatory environmental credentials of products used in different business activities. The Manual encourages the use of products that are durable, recyclable, energyefficient, clean and of reduced packaging. All suppliers and contractors are required to comply with the requirements stated in the Manual. To help them understand the requirements of the Manual, the property management division has set up a hotline service to handle their enquiries.

Criteria enabling selection and		Property Management and head office	Property Development		
	purchase of green products	50 selected items	16 selected items		
\tag{ \sqrt{ \qquad{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \qquad{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \qq}} \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sqrt{ \sq}} \sqrt{ \sq \sq} \sqrt{ \squipt} \squt{ \sq} \squiptit{ \sq \sint{ \sq}}  \sq \sint{ \sint{	Durability Recyclability Energy efficiency Use of clean technology Reduced packaging	Covering 12 aspects of products and services:  1. Building accessories  2. Cleansing materials  3. Computer equipment and products  4. Electrical appliances and light equipment  5. Furniture  6. Horticultural products	Covering three aspects of products and services:  1. Building accessories  2. Water using equipment  3. Electrical and gas appliances		
		<ol> <li>Transportation services</li> <li>Paper products</li> <li>Textile products</li> <li>Water using equipment</li> <li>Printing services</li> <li>Stationery and office supplies</li> </ol>			

We perform internal audits to ensure the green procurement practices are compliant with the Manual. To drive continuous improvement of our green purchasing process, we regularly review the applicability of green specifications. We do so by considering past performance and the latest provisions of green products in the market and environmental standards. The Manual covers operations in Hong Kong and will gradually expand to cover our properties in the Mainland.

We aim to further our efforts in developing and implementing sustainable procurement. In 2019, we performed a comprehensive review of the current Green Procurement Policy and Manual. We upgraded the Green Procurement Manual to Sustainable Procurement Manual by incorporating economic, environmental and social considerations. The upgraded manual covers new building projects associated with Kerry Project Management (H.K.) Limited. Additionally, we designed it to align with the UNSDGs and ISO 20400:2017 Sustainable Procurement — Guidance, the first ISO for sustainable procurement released in 2017.

During the development stage, we established a dedicated task force to oversee and drive the formulation of the Sustainable Procurement Policy and Manual. A sustainable procurement consultant has been appointed to provide relevant recommendations. To identify risks arising in the procurement process, we have conducted a stakeholder engagement activity and gap analysis against our current practices. Mandatory training was provided to Project Management Department staff by the sustainable procurement consultant in order to raise their awareness and facilitate the implementation of the new manual.

Value Chain

#### Supplier Engagement

Our suppliers' support is key to the Group's pursuit of sustainable development. We engage our suppliers through on-going conversations, daily operations and regular programmes on sustainability.

To promote environmental awareness at our construction sites, we request our contractors with contract period longer than nine months to participate in at least one environmental schemes or awards for each construction site. This is also part of our EMS objectives and targets.

Among contractors and project management staff, we promote environmental-friendly and healthy construction practices through relaxing events. In "The 6th Green Construction Site Award 2019", five teams of building contractors and project management staff participated in an environmental board game design competition, a parent-child environmental slogan competition as well as an environmental game competition. Participants not only learned about environmental protection but also had a wonderful time.

In 2019, we launched the "Kerry Project — Community Caring Scheme", which was led by our project team. The strategic initiative aims to engage contractors by enhancing their awareness across environmental, social and community issues. In the reporting year, we engaged our contractors, consultants and suppliers to join the coastal clean-up event in Lung Ha Wan as well as the Food Rescue Programme with the People Service Centre. Participants collected surplus food from the wet market at Yau Ma Tei and delivered them to the people in need.



Educating our contractors on our sustainability standards is imperative to construct a supply chain that illustrates our sustainability values. To better integrate our Vision 2030 into our supply chain management, we plan to promote the UNSDGs among our supply chain partners to enhance their capacity in this regard. In the first quarter of 2020, we plan to circulate an UNSDG info-pack to our suppliers and contractors from Hong Kong and the Mainland. We explain the background of UNSDGs and our positioning and contribution to this global initiative. In the future, we would explore more training opportunities to engage our supply chain partners.

#### Worker Health and Safety

We are responsible for the health and safety of our contractors at our construction sites and properties. Hence, we have set up health and safety management systems, guidelines, necessary precautionary measures and training.

In 2019, there were zero work-related fatalities. The overall injury rate was 0.04 per 1,000 workers at construction sites of projects under development in Hong Kong. While most work injuries were minor cases, we ensured that the appropriate follow-up actions were taken. To avoid future accidents, we have conducted investigations into the causes.

In our construction business, we continue to engage our contractors and business partners to enhance our safety performance. We do so by maintaining constant communication with them and providing clear requirements, guidance and sufficient support. To enable timely reporting, we established a work accident and injury reporting mechanism. Next, we will conduct investigations and set corrective actions for each case. A series of health and safety on-site briefings were held to raise awareness of safety among frontline workers. The briefings covered health and safety hazards and necessary measures for safety compliance.

## **Vendor Code of Conduct** and safety rules

- Safety and emergency plans prior to the commencement of work
- · Monthly monitoring report during work
- · Regular risk assessments
- Guidance, training and supervision
- Personal protective equipment for workers

# **Tender requirements**

Health and Safety Certification

• Starting from January 2020, approved vendors of all new projects and major renovations in Hong Kong must be certified by ISO 45001 Occupational Health and Safety Management System accreditation

Enhanced Safety Performance and Environmental Protection Scheme

- Promote safety and environmental awareness
- Encourage contractors to go beyond industry safety and environmental standards
- Reward contractors with performance beyond industry safety and environmental standards by offering
- · Penalise practices contravening work safety and health and environmental requirements

#### **Enhanced Safety Performance and Environmental Protection Scheme**

The scheme was implemented in the Wong Chuk Hang Station Package Two Property Development Project. We aim to motivate contractors to achieve advanced safety standards in creating a safe and healthy environment to all stakeholders. Contractors were also encouraged to participate in safety campaigns organised by external parties.

# Partnering for a positive change

It is our wish to be an influencer driving improvements across every aspect, and at every stage, of the complete value chain. By educating and engaging all stakeholders in these endeavours, we share a united goal to make sustainable practices the norm.





#### A meaningful festive celebration

Festive celebrations bring the community together and hence present an excellent opportunity to flesh out ideas. We grasped this opportunity at Christmas, one of the most resource-intensive occasions, to engage local businesses and charities in a meaningful campaign.

The impetus was the September 2018 Typhoon Mangkhut in Hong Kong. In the aftermath, fallen tree branches were collected for upcycling. During a workshop involving residents at our property Mantin Heights, some branches were refurbished as Christmas tree displays; others turned into decorative gifts.

Upcycled Christmas trees were featured in 11 properties, namely Branksome Crest, Tavistock, Tavistock II & Aigburth, SOHO 189, The Summa, The Altitude, Constellation Cove, Belgravia, Mont Rouge and The Bloomsway.

The project included a charitable component. At the Christmas charity market 2019, decorations and other gifts donated by residents raised funds for Hong Chi Association to support their work assisting the development of the people with intellectual disabilities. Around 30 properties participated in this initiative by hosting their own charity market.

#### **Enhancing the user experience**

Always seeking new ways to encourage open and constant communication with our customers, we have adopted digital tools. The mobile application launched at Resiglow buildings, our new rental residential projects in Hong Kong, is proving an effective way to engage with our residents who can use the app to access latest information and property management services, from receiving resident news and event updates, making amenities bookings, to renting household items from the concierge. All can be done at their fingertips, enhancing the user experience.

Another example, Kerry Links — an interactive service platform rolled out at selected properties in the Mainland — provides corporate tenants with timely updates on a range of information related to their building, including the option to log service requests.

Based on positive feedback from users, we will continue to leverage technology to make communication with our customers faster and easier.



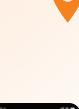


## **Actioning customer insights**

Beyond the construction of living spaces, the Group takes responsibility for the development of lives and communities. Following this guiding principle, office workers and tenants of Beijing Kerry Centre were consulted on what they wanted and needed within their own building. As a result, a new Food Street was introduced — and the crowds of contented diners show how ideas actioned can satisfy stakeholders.

Through initiatives which promote a greener lifestyle, and engage our customers and suppliers in meaningful social interaction, the Group adds value along every step of the chain.











# 



# Share Your Thoughts for a Good Cause

Complete the questionnaire HERE before 30 September 2020, Kerry Properties will donate HK\$200 to a charitable organisation you opt to support.







Food Angel rescues edible surplus food from the food industry which would otherwise be disposed, and turns it into nutritious free meals and food packs which are redistributed to serve the underprivileged communities in Hong Kong.

For more information, please visit:



#### **Hong Chi Association**

Hong Chi Association is a non-profit making organisation in Hong Kong dedicated to providing quality service in educating, training and empowering people with intellectual disabilities of all ages and all grades, as well as their families.

For more information, please visit:



#### St. James' Settlement

St. James' Settlement is a non-governmental social welfare organisation dedicated to people of different ages and needs, including children, teenagers, families, the elderly and people with disabilities, promoting self-reliance and harmony in the community.

For more information, please visit:

www.foodangel.org.hk



www.hongchi.org.hk



www.sjs.org.hk





Donate



Share





# Major Recognitions, Awards, Charters And Memberships

## **Memberships & Charters**

Parnter/Authority	Memberships & Charters
Business Environment Council	Council Member
Business Environment Council	Low Carbon Charter
Environment Bureau and Electrical and Mechanical Services Department	4T Charter
Environment Bureau and Electrical and Mechanical Services Department	Energy Saving Charter
Environment Protection Department	Green Event Pledge
Green Council	Sustainable Procurement Charter – Founding Member
Hong Kong Association of Property Management Companies	Member - Kerry Property Management Services Limited
Hong Kong Council of Social Service	Caring Company Patron's Club – Coral Membership
Hong Kong General Chamber of Commerce	Member
Hong Kong Green Building Council	Gold Patron Member
The Chamber of Hong Kong Listed Companies	Full Member

#### **Major Awards And Citations**

A. ENVIRONMENT	
Award/Citation	Issuing Authority
<ul> <li>BEAM Plus</li> <li>New Buildings (NB) Version 1.1 - Final Silver Rating – Mantin Heights, Hong Kong</li> <li>New Buildings (NB) Version 1.2 - Final Silver Rating – The Bloomsway, Hong Kong</li> </ul>	Hong Kong Green Building Council
CarbonCare® Label & CarbonCare® Star Label	CarbonCare InnoLab
Carbon Challenge 2019 – Certificate of Participation  • Enterprise Centre at Kerry Everbright City Phase III, Shanghai	US Green Building Council
<ul> <li>Energy Management System – ISO 50001:2011</li> <li>Head Office, Kerry Properties Limited</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd.</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Shenzhen Branch</li> </ul>	Multiple certification bodies

# Major Recognitions, Awards, Charters And Memberships

A. ENVIRONMENT	
Award/Citation	Issuing Authority
<ul> <li>Environmental Management System - ISO 14001:2015</li> <li>Kerry Properties Limited</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd.</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Beijing Branch</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Hangzhou Branch</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Shenyang Branch</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Shenzhen Branch</li> <li>Kerry Property Management Services Limited</li> <li>MegaBox Management Services Limited</li> </ul>	Multiple certification bodies
Green Office Awards Labelling Scheme (GOALS)  • Green Office Label  • Eco-Healthy Workplace Label	World Green Organisation
Hong Kong Green Awards 2019  • Green Management Award (Corporate – Large Corporation) – Gold Award  • Sustained Performance (10 Years+) Certificate	Green Council
Hong Kong Green Organisation • Kerry Properties Limited, alongside 28 managed properties in Hong Kong	Environmental Campaign Committee, Environmental Protection Department and nine leading trade associations and professional bodies
RESET™ certification  • Beijing Kerry Centre  • Hangzhou Kerry Centre  • Hong Kong Kerry Centre  • Jing An Kerry Centre, Shanghai  • Kerry Parkside, Shanghai  • Shenzhen Kerry Plaza	GIGA
Three-Star Green Building Rating • Qianhai Kerry Centre, Shenzhen	Shenzhen Green Building Association

B. CORPORATE GOVERNANCE AND CITIZENSHIP			
Award/Citation	Issuing Authority		
Asian Excellence Award 2019  • Best Environmental Responsibility  • Best CFO (IR)  • Best Investor Relations Company (Hong Kong)	Corporate Governance Asia		
CAPITAL Corporate Social Responsibility Awards 2019	CAPITAL		
Caring Company • 15 Years Plus Caring Company	The Hong Kong Council of Social Service		
ERB Manpower Developer Scheme - Manpower Developer 1st	Employees Retraining Board (ERB)		

B. CORPORATE GOVERNANCE AND CITIZENSHIP	
Award/Citation	Issuing Authority
ESG Leading Enterprises 2019	Bloomberg Businessweek - Chinese Edition
Hang Seng Corporate Sustainability Index Series – Constituent Member • Hang Seng Corporate Sustainability Index • Hang Seng Corporate Sustainability Benchmark Index • Hang Seng (Mainland and HK) Corporate Sustainability Index	Hang Seng Index Company Limited
HKQAA CSR Index Plus – CSR Advocate Mark	Hong Kong Quality Assurance Agency
HSBC Living Business Awards 2019 – Sustainable Supply Chain Leaders	Business Environment Council Limited, The Hong Kong Council of Social Service and the Policy for Sustainability Lab, The University of Hong Kong
Outstanding Corporate Social Responsibility Award	Mirror Post
Sustainable Business Award 2019 & Sustainable Leadership Award	World Green Organisation
The Listed Enterprise Excellence Awards 2019 – Corporate Governance	CAPITAL

Award/Citation	Issuing Authority
Advanced Unit in Property Management, Hebei Province 2018 • Kerry Properties Development Management (Shanghai) Co., Ltd. Tangshan Branch	Hebei Provincial Property Management Association
BCI Asia Awards 2019 – Top Ten Developers – Hong Kong	BCI Media Group
China Golden Landmark Award for Office Buildings 2019  Beijng Kerry Centre	China Office Management Institute
Excellent Property Management Enterprise of Hangzhou Municipal Xiacheng District 2019  • Hangzhou Kerry Centre	CCP Hangzhou Municipal Xiacheng District Housing and Urban Development Commission
Lujiazui Financial City 2018 - Excellent Quality Building • Kerry Parkside, Shanghai	China (Shanghai) Pilot Free Trade Zone Lujiazui Administration Bureau, Shanghai Lujiazui Financial City Authority and Lujiazui Leading Office of Building
Occupational Health and Safety Management System - OHSAS 18001:2007  • Kerry Properties Development Management (Shanghai) Co., Ltd.  • Kerry Properties Development Management (Shanghai) Co., Ltd. Beijing Branch  • Kerry Properties Development Management (Shanghai) Co., Ltd. Hangzhou Branch  • Kerry Properties Development Management (Shanghai) Co., Ltd. Shenyang Branch  • Kerry Properties Development Management (Shanghai) Co., Ltd. Shenzhen Branch	Multiple certification bodies

# Major Recognitions, Awards, Charters And Memberships

C. PROPERTY DEVELOPMENT AND MANAGEMENT QUALITY									
Award/Citation	Issuing Authority								
Outstanding Property Services Enterprise - Ranked First in Assessment of Properties (Non-historic Districts)  • Shenzhen Kerry Centre	Shenzhen Municipal Luohu District Nanhu Sub-district Office								
<ul> <li>Quality Management System - ISO 9001:2015</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd.</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Beijing Branch</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Hangzhou Branch</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Shenyang Branch</li> <li>Kerry Properties Development Management (Shanghai) Co., Ltd. Shenzhen Branch</li> </ul>	Multiple certification bodies								
Ten Best Managed Properties in Hebei Province 2019  • Habitat, Qinhuangdao	Hebei Provincial Property Management Association								
Top 100 Chinese Real Estate Companies and Commercial Property Developers	Guandian								

D. DISCLOSURE AND REPORTING	
Award/Citation	Issuing Authority
Asia Sustainability Reporting Awards 2019  • Asia's Best Materiality Reporting - Gold Award  • Asia's Best Stakeholder Reporting - Gold Award  • Asia's Best Sustainability Report (Standalone) - Finalist  • Asia's Best Sustainability Report (Design) - Finalist	CSRWorks International
ASTRID Awards 2019 • Annual Reports – Specialised: Sustainability Report - Bronze Award	MerComm, Inc.
Global Corporate Sustainability Awards – Reporting Award • Corporate Sustainability Report - Sustainability Reporting (World Class)	Taiwan Academy of Corporate Sustainability, Taiwan Institute for Sustainable Energy and the Center for Corporate Sustainability
GALAXY Awards 2018 • Annual Reports – Print: Property Development - Bronze Award • Annual Reports – Online: Sustainability Report - Bronze Award	MerComm, Inc.
HKMA Best Annual Reports Awards 2019 - Citation for Design	The Hong Kong Management Association
International ARC Awards 2019 • PDF Version of Annual Report - Sustainability Report: Asia, Mid-East & Pacific – Honours	MerComm, Inc.
MERCURY Excellence Awards 2018-2019  • Annual Reports – Overall Presentation: Sustainability  - Silver Award  • Annual Reports – Online: Sustainability Report  - Honours	MerComm, Inc.

#### Environmental performance<sup>1</sup>

GHG emissions <sup>2</sup>												
Indicator	Unit		Hong Kong					Mainland				
		2019	2018	2017	2016	2015	2019	2018	2017	2016	2015	
Direct GHG emissions (Scope 1)	tonnes of CO <sub>2</sub> e	103	377	651	1,602	2,407	11,106	5,282	2,449	3,768	4,960	
Energy indirect GHG emissions (Scope 2) <sup>3</sup>	tonnes of CO <sub>2</sub> e	50,103	47,037	47,558	49,542	49,470	72,951	66,160	49,470 <sup>6</sup>	50,719 <sup>6</sup>	51,881 <sup>6</sup>	
Other indirect GHG emissions (Scope 3) <sup>4</sup>		993	1,111	1,117	363	279	56	47	32	38	39	
Total GHG emissions	tonnes of CO <sub>2</sub> e	51,199	48,525	49,326	51,507	52,156	84,113	71,489	51,951 <sup>6</sup>	54,525 <sup>6</sup>	56,880 <sup>6</sup>	
GHG intensity <sup>5</sup>	tonnes of CO <sub>2</sub> e/ 1,000ft <sup>2</sup>	4.16	4.38	4.55	4.42	4.71	2.38	2.69	5.10 <sup>6</sup>	5.35 <sup>6</sup>	5.58 <sup>6</sup>	

- The environmental performance excludes projects/ properties under development or those with occupancy rate lower than 80% in the reporting year, which include Qianhai Kerry Centre in the Mainland, as well as Resiglow-Bonham, Mont Rouge, Beacon Hill Project, La Salle Road Development and Wong Chuk Hang Station Package Two Property Development Project in Hong Kong. Please refer to the "About This Report" chapter for more details regarding the change in reporting scope in 2019.
- The greenhouse gas assessment covered 6 types of gases controlled by the Kyoto Protocol and hydro-chlorofluorocarbons (HCFCs) to provide a true and fair account of GHG-related information. The quantification process and emission factors referenced the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, the Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Public Building Operation Units (Enterprises) (Trial) and the ISO14064-1 standard. The national grid average emission factor and the GWP rates from the Fifth Assessment Report (AR5) are used for calculating emissions in the Mainland. No biogenic CO2 emissions in the reporting period.
  - The operational control approach was adopted to aggregate the data.
- For calculating indirect GHG emissions due to electricity purchased, the territory-wide default emission factor from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong is adopted for Hong Kong; while the national grid emission factor is adopted for the Mainland.
- Scope 3 other indirect GHG emissions in Hong Kong include methane gas generation at landfill due to disposal of paper waste, GHG emissions due to electricity used for freshwater processing by the Water Services Department and sewage processing by the Drainage Services Department, emissions from outsourced shuttle bus services (previously included in Scope 1 for years before 2017).
  - Scope 3 other indirect GHG emissions in the Mainland include business travel by employees and methane gas generation at landfill due to disposal of paper waste. The quantification process and emission factor referenced the International Civil Aviation Organization (ICAO) Carbon Emission Calculator for calculating GHG emissions from business travel by employees; and referenced the methodology of calculating GHG emissions of methane gas generation at landfill due to disposal of paper waste in Hong Kong.
- Calculation of GHG intensity covers scope 1, scope 2, and scope 3 emissions.
- The figures were adjusted in 2018 using the latest national grid emission factor in the Mainland to give a more accurate and fair account for comparison.

C&D waste generated at construction sites in Hong Kong <sup>7, 8</sup>									
Indicator         Unit         2019         2018         2017         201									
Total hazardous waste generated	tonnes	0.04 <sup>9</sup>	0.1 <sup>9</sup>	0.5 <sup>9</sup>	4,125 <sup>10</sup>				
Total non-hazardous waste generated	tonnes	15,030	11,264	168,869	251,290				

C&D waste recycling rate at construction sites in Hong Kong <sup>11</sup>									
Indicator	Unit	2019	2018	2017	2016				
Recycling Rate	%	76.1	63.2	78.2	62.1				

#### Remarks:

- For hazardous waste, waste disposal methods were determined based on information provided by the licensed chemical waste collectors. For non-hazardous waste, contractors were required to follow the waste disposal methods stated in the contract.
- $^{\rm 8}$   $\,$  Data corresponds to contract period instead of reporting period.
- <sup>9</sup> Including chemical waste which was collected by licensed chemical waste collectors.
- <sup>10</sup> Including asbestos containing materials disposed from demolition work, which were collected by licensed chemical waste collectors.
- Only contracts with a completion date falling within (or later than) the reporting year are counted. For contracts commencing before the reporting year, the cumulative data from the entire contract period up to the contract end date or up to 31 December of the reporting year (if the contract continues beyond the reporting year) is included in the analysis. For the purpose of this analysis, different construction phases of the same project are regarded as separate contracts.

Waste generated at properties managed <sup>12</sup>											
Indicator	Unit		Hong Kong			Mainland					
		2019	2018	2017	2019	2018	2017				
Waste generated <sup>13</sup> (Hazardous)	tonnes	3.6	3.0 <sup>15</sup>	4.3 <sup>15</sup>	4.2	4.0	1.6				
Waste generated <sup>14</sup> (Non-hazardous)	tonnes	11,378	10,772 <sup>15</sup>	10,328 <sup>15</sup>	61,340	54,080 <sup>15</sup>	34,271 <sup>1!</sup>				
Waste disposal (Non-hazardous)	tonnes	10,864	10,318	9,918	60,511	53,232 <sup>15</sup>	33,999 <sup>1!</sup>				
Waste recycled / reused (Non-hazardous)	tonnes	514	454 <sup>15</sup>	410 <sup>15</sup>	829	848 <sup>15</sup>	272 <sup>15</sup>				
Paper	tonnes	418	389	363	527	546	188				
Plastic	tonnes	5	3	2	59	79	44				
Metals	tonnes	14	9	7	28	38	12				
Mercury-free batteries	tonnes	-	-	-	-	-	1				
Glass	tonnes	31	27	21	-	-	-				
Clothes	tonnes	28	21	14	-	-	-				
Food waste	tonnes	16	3 <sup>15</sup>	1 <sup>15</sup>	215	185 <sup>15</sup>	27 <sup>15</sup>				
Clothes hanger	tonnes	2	2 <sup>15</sup>	2 <sup>15</sup>	_	- -	_				

<sup>12</sup> For both hazardous and non-hazardous waste generated at properties managed, waste disposal methods were determined based on information provided by the qualified contractors/collectors.

<sup>&</sup>lt;sup>13</sup> Including compact fluorescent lamps, fluorescent light tube, toner cartridge, CDs, rechargeable battery and cleansing containers collected by qualified contractors in Hong Kong; including LED tube, fluorescent light tube, rechargeable battery, paint containers, CDs and toner cartridge collected by qualified contractors in the Mainland.

<sup>14</sup> Including general waste in Hong Kong; including construction waste of interior fitting-out works carried out by tenants and general waste in the Mainland.

<sup>&</sup>lt;sup>15</sup> The figures have been adjusted/added to reflect the actual amount of waste generated.

Use of resources											
Indicator	Unit		Hong Kong	ı	Mainland						
		2019	2018	2017	2019	2018	2017				
Energy consumption											
Direct energy consumption											
Diesel	GJ	107	139	173	0	36	37				
Petrol	GJ	830	870	906	90	126	143				
Liquefied Petroleum Gas ("LPG")	GJ	128	151	130	-	-	-				
Towngas	GJ	18	18	17	-	-	-				
Natural gas	GJ	-	-	-	60,297	64,948	42,326				
Indirect energy consumption											
Electricity consumption	MWh	71,575	67,196	67,940	113,027	102,334	75,345				
Heat consumption	GJ	-	-	-	36,303	33,877	31,841				
Total											
Total energy consumption <sup>16</sup>	GJ	258,754	243,083	245,815	503,586	467,388	345,589				
Energy consumption intensity <sup>17</sup>	GJ/1,000ft <sup>2</sup>	21.0	22.0	22.7	14.2	17.6	33.9				
Water consumption											
Total fresh water consumption	1,000m³	<b>300</b> <sup>18</sup>	489	511	1,072	1,000	772				
Water consumption intensity	m³/ft²	<b>0.024</b> <sup>18</sup>	0.044	0.047	0.030	0.038	0.071				
Paper consumption											
Total paper consumption	tonnes	17.7	17.5	16.7 <sup>19</sup>	8.9	8.6	5.0				

#### Remarks

- <sup>16</sup> The quantification process and conversion factors are based on the Energy Statistics Manual prepared by the International Energy Agency and the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008) published by the Chinese government.
- <sup>17</sup> The energy intensity includes fuel (diesel, petrol, LPG, Towngas, natural gas), electricity and heating consumed within the reporting boundary.
- Due to the waiver of water and sewage charges for water consumption announced by Water Supplies Department in late 2019, some buildings did not receive water bill, and hence the manual record of all managed properties has been used to estimate water consumption. Water consumption for restaurant and fresh water for flushing is excluded.
- <sup>19</sup> The figures were adjusted in 2018 to reflect the actual consumption.

## **Social performance**

#### **Employment and Labour Practices**

Total workforce by gender, age group, employee category and region <sup>20</sup>											
Region	Gender	Employee category		Age group							
			Under 30	Age 30-50	Over 50	Total (by gender)	Total (by region)				
Hong Kong	Male	Management	0	15	29	1,006	1,596				
		Managerial	2	75	39	•					
	••	General Staff	130	308	408	•					
	Female	Management	0	20	16	590					
	••	Managerial	1	61	12	•					
	••	General Staff	199	199	82	•					
Mainland	Male	Management	0	12	4	1,350	2,149				
	••	Managerial	1	67	12	•					
	••	General Staff	228	833	193	•					
	Female	Management	0	19	4	799					
	••	Managerial	0	69	6	•					
	••	General Staff	225	447	29	•					
Total	•••••••••••••••••		786	2,125	834	3,745	3,745				

Total workforce by gender, employment contract, employment type and region <sup>20</sup>									
Region	Gender	Employ	ment contract	Total	Total				
		Permanent		Temporary	/fixed term	(by gender)	(by region)		
		Full-time	Part-time	Full-time	Part-time				
Hong Kong	Male	955	2	2	47	1,006	1,596		
	Female	492	2	3	93	590			
Mainland	Male	1,348	2	0	0	1,350	2,149		
	Female	793	6	0	0	799			
Total	••••••••••	3,588	12	5	140	3,745	3,745		

#### Remarks:

<sup>&</sup>lt;sup>20</sup> Total number of employees at the end of the reporting period.

Total number and rate of new employees hired by gender, age group, employee category and region <sup>21</sup>										
Region	Gender	Employee category		Age group						
			Under 30	Age 30-50	Over 50	Total (by gender)	Total (by region)			
Hong	Male	Management	0(0%)	2(13.3%)	0(0%)	265(26.3%)	437(27.4%)			
Kong		Managerial	0(0%)	6(8.0%)	1(2.6%)					
		General Staff	67(51.5%)	83(26.9%)	106(26.0%)					
	Female .	Management	0(0%)	2(10.0%)	0(0%)	172(29.2%)				
		Managerial	0(0%)	9(14.8%)	2(16.7%)					
		General Staff	84(42.2%)	50(25.1%)	25(30.5%)					
Mainland	Male .	Management	0(0%)	1(8.3%)	0(0%)	250(18.5%)	389(18.1%)			
		Managerial	1(100%)	8(11.9%)	1(8.3%)					
		General Staff	105(46.1%)	123(14.8%)	11(5.7%)		_			
	Female .	Management	0(0%)	2(10.5%)	0(0%)	139(17.4%)				
		Managerial	0(0%)	10(14.5%)	1(16.7%)					
		General Staff	77(34.2%)	47(10.5%)	2(6.9%)		•			
Total			334(42.5%)	343(16.1%)	149(17.9%)	826(22.1%)	826(22.1%)			

Total number of new employees hired by gender, employment contract, employment type and region										
Region	Gender	Employ	ment contract	Total	Total					
		Permanent		Temporary	/fixed term	(by gender)	(by region)			
		Full-time	Part-time	Full-time	Part-time					
Hong Kong	Male	245	0	2	18	265	437			
•	Female	138	0	3	31	172	•			
Mainland	Male	240	10	0	0	250	389			
	Female	128	11	0	0	139				
Total	•••••	751	21	5	49	826	826			

	Summary of annual new employee rate <sup>21</sup>											
Hong Kong					Mainland							
2019	2018	2017	2016	2015	2019	2018	2017	2016	2015			
27.4%	32.0%	22.3%	28.9%	29.2%	18.1%	18.5%	21.6%	27.8%	24.6%			

#### Remarks

<sup>21</sup> New employee rate (in percentage) = number of new employees of the category / total workforce of the category at the end of the reporting period X 100%.

Ratio of basic salary and remuneration of female employees to male employees <sup>22,23,24</sup>									
Region	Employee category	Ratio of basic salary	Ratio of remuneration						
Hong Kong	Management	1:0.79	1:0.82						
	Managerial	1:0.96	·•						
	General Staff	1:0.92	•						
Mainland	Management	1:1.323	1:0.996						
	Managerial	1:1.867	••						
	General Staff	1:0.907	••						

Summary of ratio of remuneration of female employees to male employees <sup>22,23,24</sup>									
	Hong Kong		Mainland						
2019	2018	2017	2019	2018	2017				
1:0.82	1:1.24	1:0.91	1:0.996	1:0.93	1:0.91				

	Total nu	umber of employee tur	nover by gende	r, age group, e	mployee cated	ory and region	1 <sup>25</sup>
Region	Gender	Employee category		Age group			
			Under 30	Age 30-50	Over 50	Total (by gender)	Total (by region)
Hong	Male	Management	0(0%)	0(0%)	2(6.9%)	244(24.3%)	397(24.9%)
Kong	••	Managerial	0(0%)	12(16.0%)	2(5.1%)	•	
	••	General Staff	45(34.6%)	92(29.9%)	91(22.3%)	•	
Female		Management	0(0%)	1(5.0%)	0(0%)	153(25.9%)	
••	Managerial	0(0%)	5(8.2%)	2(16.7%)			
	-	General Staff	66(33.2%)	52(26.1%)	27(32.9%)	•	
Mainland	Male	Management	0(0%)	1(8.3%)	3(75.0%)	262(19.4%)	428(19.9%)
	••	Managerial	0(0%)	10(14.9%)	2(16.7%)	•	
		General Staff	80(35.1%)	134(16.1%)	32(16.6%)	•	
	Female	Management	0(0%)	0(0%)	0(0%)	166(20.8%)	•
	••	Managerial	0(0%)	9(13.0%)	1(16.7%)	•	
	••	General Staff	61(27.1%)	87(19.5%)	8(27.6%)	•	
Total			252(32.1%)	403(19.0%)	170(20.4%)	825(22.0%)	825(22.0%)

- 22 Basic salary means fixed, minimum amount paid to an employee for performing his or her duties, excluding any additional remuneration, such as payments for overtime working or bonuses. Remuneration means basic salary plus allowances, bonuses, welfare, overtime pay and other subsidies. The ratio includes full-time employees only.
- <sup>23</sup> Ratio of average basic salary of female employees to male employees = average basic salary of female employees of the category / average basic salary of male employees of the category.
- 24 Ratio of average remuneration of female employees to male employees = average remuneration of female employees of the category / average remuneration of male employees of the category.
- 25 Employee turnover rate (in percentage) = number of turnover of the category / total workforce of the category at the end of the reporting period x 100%.

### Performance Data Summary

Region Gender	Gender		ment contract		~ -	Total	Total
			anent		/fixed term	(by gender)	(by region)
		Full-time	Part-time	Full-time	Part-time		
Hong Kong	Male	243	0	0	1	244	397
	Female	152	0	0	1	153	
Mainland	Male	253	9	0	0	262	428
	Female	154	12	0	0	166	
Total	••••••	802	21	0	2	825	825

	Summary of annual employee turnover rate <sup>25,26</sup>									
		Hong Kong			Mainland					
2019	2018	2017	2016	2015	2019	2018	2017	2016	2015	
24.9%	29.4%	22.3%	13.8%	15.0%	19.9%	25.0%	22.0%	20.2%	12.6%	

			Summary o	of parental lea	ve by gender a	nd region		
Region	Gender	Total number of employees that were entitled to parental leave in 2019 <sup>27</sup>	Total number of employees that took parental leave in 2019	Total number of employees that should return to work in 2019 after parental leave ended	Total number of employees that did return to work in 2019 after parental leave ended	Return to work rate of employees in 2018 that took parental leave <sup>28</sup>	Total number of employees that returned to work after parental leave ended in 2018 that were still employed 12 months after their return to work	Retention rate of employees that took parental leave <sup>29</sup>
Hong	Male	957	2	2	2	100%	11	100%
Kong	Female	494	4	4	4	100%	7	100%
Mainland	Male	1,350	0	0	0	0%	7	100%
	Female	799	58	56	43	76.8%	30	76.9%

- <sup>26</sup> Annual employee turnover rates of 2015-2016 are adjusted to use the total employee numbers at the end of the reporting periods for the calculation of annual employee turnover rate. Rates of 2015-2016 exclude turnovers during probation periods.
- <sup>27</sup> All permanent employees (full-time and part-time) are entitled to parental leave.
- <sup>28</sup> Return to work rate of employees that took parental leave (in percentage) = total number of employees that did return to work in 2019 after parental leave ended / total number of employees that should return to work in 2019 after parental leave ended x 100%.
- <sup>29</sup> Retention rate of employees that took parental leave (in percentage) = total number of employees that returned to work after parental leave ended in 2018 that were still employed 12 months after their return to work / total number of employees that did return to work in 2018 after parental leave ended x 100%.

### **Health and Safety**

	Total number and rate of injuries reported and work-related fatalities <sup>30</sup>										
Region	Gender	Total number of work-related fatalities	Total number of injuries reported	Total (by region)	Injury rate (per 1,000 employees, by region)	Overall injury rate (per 1,000 employees)					
Hong Kong <sup>31</sup>	Male	0	13	24	15.0	10.4					
,	Female	0	11								
Mainland <sup>32</sup>	Male	0	12	15	7.0	-					
	Female	0	3								

Summary of annual rate of injuries reported, work-related fatalities and occupational diseases										
Employee health and safety	Hong Kong <sup>31</sup> Mainland <sup>32</sup>					32				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Overall injury rate (per 1,000 employees) <sup>30</sup>	15.0	16.4	17.6	16.8	12.9	7.0	3.1	5.9	6.2	7.8
Work-related fatalities rate <sup>33</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Occupational diseases rate <sup>34</sup>	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

	Summary of lost days and absent days <sup>35,36,37</sup>										
Region	Gender	Lost days due to work-related injuries / occupational diseases	Lost day rate	Overall lost days due to work related injuries / occupational diseases	Overall lost day rate	Number of absent days	Absentee rate	Overall number of absent days	Overall absentee rate		
Hong Kong <sup>31</sup>	Male	343	0.1%	636	0.2%	4,330	1.7%	7,429	1.9%		
	Female	293	0.2%			3,099	2.1%				
Mainland <sup>32</sup>	Male	369	0.1%	418	0.1%	-,	1.7%	15,277	2.8%		
	Female	49	0.02%	•		9,582	4.8%	•			
Total		-	-	1,054	0.1%	-	-	22,706	2.4%		

- <sup>30</sup> Injury rate (per 1,000 employees) = total number of injured employees and fatalities / total workforce at the end of the reporting period x 1,000.
- 31 Reported injuries refer to work-related accidents happened in Hong Kong to employees that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The calculation of lost days is based on calendar days starting from the date of the accident.
- 32 Reported injuries refer to work-related accidents happened in the Mainland to employees that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The calculation of lost days is based on scheduled work days starting from the date of the accident.
- $^{33}$  Work-related fatality rate (in percentage) = number of fatalities / total workforce at the end of the reporting period x 100%.
- 34 Occupational disease rate (in percentage) = number of employees suffering from occupational diseases / total workforce at the end of the reporting period x 100%.
- Lost day rate = lost days / days scheduled to be worked x 100%.
- 36 Absent days include days lost due to work-related injuries and other diseases. Reasons for employee's absence include but are not restricted to sick leave, work-related injury and contraction of occupational diseases at work. Absentee rate (in percentage) = absent days / days scheduled to be worked x 100%.
- <sup>37</sup> The number of scheduled work days per year is 250 days in Hong Kong and the Mainland.

### Performance Data Summary

	Summary of annual lost day rate <sup>35</sup>									
		Hong Kong³′			Mainland <sup>32</sup>					
2019	2018	2017	2016	2015	2019	2018	2017	2016	2015	
0.16%	0.51%	0.38%	0.09%	0.07%	0.08%	0.10%	0.14%	0.08%	0.07%	

Total number and rate of injuries reported and work-related fatalities (workers) <sup>38</sup>									
Region	Number of work-related fatalities	Number of injuries reported	Injury rate (per 1,000 workers, by region)						
Hong Kong	0	14	0.04						
Mainland	0	0	0						

### **Training and Development**

Т	Total number and rate of employees trained by gender, employee category and region <sup>39,40,41</sup>										
Region Gender	Gender	E	Employee category	Total	Total						
		Management	Managerial	General Staff	(by gender) <sup>42</sup>	(by region) <sup>42</sup>					
Hong Kong	Male	34(77.3%)	108(93.1%)	639(75.5%)	781(77.6%)	1,210(75.8%)					
	Female	31(86.1%)	68(91.9%)	330(68.8%)	429(72.7%)						
Mainland	Male	18(112.5%)	126(157.5%)	1,036(82.6%)	1180(87.4%)	1,883(87.6%)					
	Female	23(100%)	114(152.0%)	566(80.7%)	703(88.0%)						
Total		106(89.1%)	416(120.6%)	2,571(78.4%)	3,093(82.6%)	3,093(82.6%)					

	Average training hours by gender, employee category and region <sup>39,41,43</sup>								
Region	Gender		Employee category	Total	Total				
		Management	Managerial	General Staff	(by gender)	(by region)			
Hong Kong	Male	19.3	23.0	14.1	15.4	16.2			
	Female	20.1	30.1	15.4	17.5	•			
Mainland	Male	26.7	35.6	14.9	16.2	15.3			
	Female	27.3	35.6	10.8	13.6	•			
Total		22.1	30.2	13.9	15.7	15.7			

- <sup>38</sup> Report injuries refer to work-related accidents happened to workers that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The figures include projects under development (Resiglow-Bonham, Beacon Hill Project, La Salle Road Development and Wong Chuk Hang Station Package Two Property Development Project in Hong Kong; Construction stage for Qianhai Kerry Centre in the Mainland during 2019); the fatality figures include workers of the mentioned projects under development and properties managed.
- <sup>39</sup> Figures only include permanent full-time staff.
- <sup>40</sup> Employee trained rate (in percentage) = number of employees trained in the category / total workforce of the category at the end of the reporting period x 100%.
- <sup>41</sup> The figures include employees who left the Group during the reporting period, hence the percentage of employees trained may exceed 100%.
- <sup>42</sup> Breakdown of trained employees by gender: Female (36.6%) and Male (63.4%); Breakdown of trained employees by employee category: Management(3.4%), Managerial(13.5%) and General Staff(83.1%).
- <sup>43</sup> Average training hours = total hours of training received by employees of the category / total workforce of the category at the end of the reporting period.

	Summary of annual employee trained rate <sup>39,40,41</sup>								
Hong Kong						Mainland			
2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
75.8%	88.1%	89.2%	78.9%	71.9%	87.6%	85.1%	90.8%	90.6%	89.9%

### **Supply Chain Management**

	Total number of vendors⁴4									
Supply Chain Management		Hong Kong Mainland						-		
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Total number of vendors for project development	968	901	841	797	746	114	38	-	492	834
Total number of vendors for property management	469	826	690	649	567	1,703	1,107	1,008	•	

<sup>&</sup>lt;sup>44</sup> Number of vendor is categorised by site of operations instead of geographical location of vendors.

## SEHK ESG Reporting Guide Content Index

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A1.1	The types of emissions and respective emissions data			Air emissions (e.g. NOx, SOx and other pollutants) are not considered as material to our operations
A1.2	Greenhouse gas emissions in total	ENVIRONMENTAL	56-79,	· · · · · · · · · · · · · · · · · · ·
	Intensity of greenhouse gas emissions	STEWARDSHIP, PERFORMANCE DATA SUMMARY	101-111	
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A2.1	Direct and/or indirect energy consumption by type in total	ENVIRONMENTAL STEWARDSHIP	56-79,	
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A2.2	Water consumption in total Water intensity	ENVIRONMENTAL STEWARDSHIP, PERFORMANCE DATA	56-79, 101-111	
***********		SUMMARY		
A2.3	Description of energy use efficiency initiatives and results achieved	ENVIRONMENTAL STEWARDSHIP, PERFORMANCE DATA	56-79, 101-111	
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A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	ENVIRONMENTAL STEWARDSHIP, PERFORMANCE DATA SUMMARY	56-79, 101-111	In 2019, there were no problems in sourcing water encountered in our operations

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
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A3 The Env	ironment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	ENVIRONMENTAL STEWARDSHIP	56-79	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Environmental Stewardship	56-79	
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B1.1	Total workforce by gender, employment type, age group and geographical region	PEOPLE HEALTH AND WELLNESS, PERFORMANCE DATA SUMMARY	28-43, 101-111	Only including data of employees who are in a direct employment relationship with us. For workers, all of our construction work and certain cleaning and shuttle bus service were performed by workers who were not our employees
B1.2	Employee turnover rate by gender, age	PEOPLE HEALTH AND	28-43,	
	group and geographical region	WELLNESS, PERFORMANCE DATA SUMMARY	101-111	
B2 Health a	nd Safety			
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B2.2	Lost days due to work injury	PERFORMANCE DATA SUMMARY	101-111	Only including data of employees who are in a direct employment relationship with us. For workers, all of our construction work and certain cleaning and shuttle bus service were performed by workers who were not employees
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored ment and Training	VALUE CHAIN, PEOPLE HEALTH AND WELLNESS	80-95, 28-43	
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B3.2	The average training hours completed per employee by gender and employee category	PEOPLE HEALTH AND WELLNESS, PERFORMANCE DATA SUMMARY	28-43, 101-111	
B4 Labour S	tandards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	OUR SUSTAINABILITY APPROACH, PEOPLE HEALTH AND WELLNESS	10-27, 28-43	

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
B4.1	Description of measures to review employment practices to avoid child and forced labour	PEOPLE HEALTH AND WELLNESS	28-43	
B4.2	Description of steps taken to eliminate such practices when discovered	PEOPLE HEALTH AND WELLNESS	28-43	There were no such practices discovered in our operations
Operating P	Practices			
B5 Supply C	Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain	VALUE CHAIN	80-95	
B5.1	Number of suppliers by geographical region	PERFORMANCE DATA SUMMARY	101-111	Number of vendors is categorised by site of operations instead of geographical location of vendor. We are in the process of reviewing our system to record and report this data
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	VALUE CHAIN	80-95	
<b>B6 Product</b>	Responsibility			
General Disclosure	Information on:  (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	OUR SUSTAINABILITY APPROACH, VALUE CHAIN	10-27, 80-95	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons		-	There were no recalls concerning the provision and use of products and services for safety and health reasons
B6.2	Number of products and service related complaints received and how they are dealt with	VALUE CHAIN	80-95	In 2019, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on our operations
B6.3	Description of practices relating to observing and protecting intellectual property rights	VALUE CHAIN	80-95	

### SEHK ESG Reporting Guide Content Index

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
B6.4	Description of quality assurance process and recall procedures	VALUE CHAIN	80-95	We did not consider that recall procedures are material to our operations
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	VALUE CHAIN	80-95	
B7 Anti-cor	ruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	OUR SUSTAINABILITY APPROACH	10-27	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases			In 2019, there were no concluded legal cases of corruption brought against the Group or its employees
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	OUR SUSTAINABILITY APPROACH	10-27	
Community				
B8 Commun	nity Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	COMMUNITY WELLNESS	44-55	
B8.1	Focus areas of contribution	COMMUNITY WELLNESS	44-55	•
B8.2	Resources contributed to the focus area	COMMUNITY WELLNESS	44-55	

## **GRI Content Index**

GRI Sta	andards Disclosure	Chapter	Page No.	Remarks	Relation to UNSDGs <sup>45</sup>
Genera	al Disclosures		^		
GRI 102	2: General Disclosures 2016				
Organi	sational profile				
102-1	Name of the organisation	COVER PAGE			
102-2	Activities, brands, products, and services	ABOUT THIS REPORT, BUSINESS OVERVIEW	2-5, 9	In 2019, there were no banned products and services in any market. For details, please refer to the Annual Report 2019 (p37-47)	
102-3	Location of headquarters	ABOUT THIS REPORT	2-5		
102-4	Location of operations	ABOUT THIS REPORT, BUSINESS OVERVIEW	2-5, 9		
102-5	Ownership and legal form	ABOUT THIS REPORT, BUSINESS OVERVIEW	2-5, 9		
102-6	Markets served	ABOUT THIS REPORT, OUR SUSTAINABILITY APPROACH			
102-7	Scale of the organisation	ABOUT THIS REPORT, BUSINESS OVERVIEW, PEOPLE HEALTH AND WELLNESS, PERFORMANCE DATA SUMMARY		Annual Report 2019 – Financial Data (p4)	
102-8	Information on employees and other workers	PEOPLE HEALTH AND WELLNESS, PERFORMANCE DATA SUMMARY	,	In 2019, all of our construction work and certain cleaning and shuttle bus service were performed by workers who were not employees. There were no significant variations in the numbers of employees reported	UNSDG 8, UNSDG 10
102-9	Supply chain	VALUE CHAIN, PERFORMANCE DATA SUMMARY	80-95, 101-111		
102-10	Significant changes to the organisation and its supply chain			There were no significant changes in 2019	
102-11	Precautionary Principle or approach	OUR SUSTAINABILITY APPROACH	10-27	Annual Report 2019 – Risk Managenent and Internal Control Report (p84-86)	
102-12	External initiatives			Annual Report 2019 – Awards and Citations (p54-68)	
102-13	Memberships of associations	MAJOR RECOGNITIONS, AWARDS, CHARTERS AND MEMBERSHIPS	97-100		
Strate	y				
102-14	Statement from senior decision-maker	MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE	8		

<sup>&</sup>lt;sup>45</sup> According to the inventory of Business Indicators - SDG Comppass: https://sdgcompass.org/business-indicators/

GRI Sta	ndards Disclosure	Chapter	Page No.	Remarks	Relation to UNSDGs
Ethics a	and integrity	······	······	·	
102-16	Values, principles, standards and norms of behaviour	OUR SUSTAINABILITY APPROACH	10-27		UNSDG 16
Govern	ance				
102-18	Governance structure	OUR SUSTAINABILITY APPROACH	10-27	Annual Report 2019 – Corporate Governance Report (p69-78)	
	older engagement				
102-40	List of stakeholder groups	OUR SUSTAINABILITY APPROACH	10-27		
102-41	Collective bargaining agreements			There are no formal collective bargaining agreements in place within the Group	UNSDG 8
102-42	ldentifying and selecting stakeholders	OUR SUSTAINABILITY APPROACH	10-27		
102-43	Approach to stakeholder engagement	OUR SUSTAINABILITY APPROACH	10-27		
	Key topics and concerns raised	OUR SUSTAINABILITY APPROACH	10-27		
Reporti	ng practice				
102-45	Entities included in the consolidated financial statements	ABOUT THIS REPORT, BUSINESS OVERVIEW		Annual Report 2019 – Particulars of Properties Held (p37-47)	
102-46	Defining report content and topic boundaries	ABOUT THIS REPORT, OUR SUSTAINABILITY APPROACH			
102-47	List of material topics	OUR SUSTAINABILITY APPROACH	10-27		
102-48	Restatements of information	PERFORMANCE DATA SUMMARY	101-111		
102-49	Changes in reporting	ABOUT THIS REPORT, OUR SUSTAINABILITY APPROACH			
102-50	Reporting period	ABOUT THIS REPORT	2-5		
102-51	Date of most recent report			Sustainability Report 2018 was published on 28 June 2019	
102-52	Reporting cycle			Our sustainability reports are published on an annual basis	
102-53	Contact point for questions regarding the report	ABOUT THIS REPORT	2-5		
102-54	Claims of reporting in accordance with GRI Standards	ABOUT THIS REPORT	2-5		
• • • • • • • • • • • • • • • • • • • •	GRI Content Index	GRI CONTENT INDEX	•		
102-56	External assurance	ABOUT THIS REPORT, INDEPENDENT ASSURANCE OPINION STATEMENT	2-5, 128-130		

### **Material Issues**

GRI Standards Disclosure		Chapter	Page No.	Remarks	Relation to UNSDGs	
Topic-s	pecific standards					
GRI 20	0 Series: Economic Topics					
GRI 20	1: Economic Performance 20	16				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27			
103-2	The management approach and its components	BUSINESS OVERVIEW	9			
103-3	Evaluation of the management approach					
201-1	Direct economic value generated and distributed	BUSINESS OVERVIEW	9	Annual Report 2019 – Consolidated Statement of Cash Flow (p111, 115-116)	UNSDG 2, UNSDG 3, UNSDG 5, UNSDG 7, UNSDG 8, UNSDG 9	
GRI 20	3: Indirect Economic Impacts	2016				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27			
103-2	The management approach and its components	COMMUNITY	9, 44-55			
103-3	Evaluation of the management approach	WELLNESS	•		0 0 0 0 0 0 0 0 0 0 0 0 0 0	
203-2	Significant indirect economic impacts	COMMUNITY WELLNESS	44-55		UNSDG 1, UNSDG 2, UNSDG 3, UNSDG 8, UNSDG 10, UNSDG 17	
GRI 20	5: Anti-corruption 2016					
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		; ; ; ; ;	
103-2 103-3	The management approach and its components  Evaluation of the	OUR SUSTAINABILITY APPROACH	10-27	The Anti-corruption Policy Statement can be downloaded from the company website at		
	management approach			http://www.kerryprops.com/en/post/csr- our-policies		
205-3	Confirmed incidents of corruption and actions taken	OUR SUSTAINABILITY APPROACH	10-27		UNSDG 16	
GRI 20	6: Anti-competitive Behavio	r 2016				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27			
103-2	The management approach and its components	OUR SUSTAINABILITY APPROACH	10-27	The Competition Law Policy Statement can be downloaded from		
103-3	Evaluation of the management approach			the company website at http://www.kerryprops.com/en/post/csr- our-policies		
206-1	Legal actions for anti- competitive behaviour, anti-trust, and monopoly practices	OUR SUSTAINABILITY APPROACH	10-27		UNSDG 16	

Relation to UNSDGs **GRI Standards Disclosure** Chapter **Page Remarks** No. **GRI 300 Series: Environmental Topics** GRI 302: Energy 2016 Explanation of the material OUR SUSTAINABILITY 103-1 10-27 APPROACH topic and its boundary The management approach 103-2 ENVIRONMENTAL 56-79 The Environmental Policy Statement and its components STEWARDSHIP can be downloaded from the company website at 103-3 Evaluation of the http://www.kerryprops.com/en/post/csrmanagement approach our-policies 302-1 Energy consumption within ENVIRONMENTAL 56-79, UNSDG 7, STEWARDSHIP, the organization UNSDG 8, PERFORMANCE DATA 101-111 UNSDG 12, Energy intensity 302-3 **SUMMARY** UNSDG 13 **GRI 305: Emission 2016** 103-1 Explanation of the material OUR SUSTAINABILITY 10-27 topic and its boundary APPROACH 103-2 The management approach ENVIRONMENTAL 56-79 The Environmental Policy Statement **STEWARDSHIP** and its components can be downloaded from the company website at http://www.kerryprops.com/en/post/csr-103-3 Evaluation of the our-policies management approach 305-1 Direct (Scope 1) **ENVIRONMENTAL** With external consultant's UNSDG 3, 56-79, GHG emissions UNSDG 12, STEWARDSHIP, recommendation, 2011 and 2015 PERFORMANCE DATA 101-111 were chosen as the base years for UNSDG 13, 305-2 Energy indirect (Scope 2) **SUMMARY** Hong Kong and the Mainland UNSDG 14, GHG emissions respectively when the Company UNSDG 15 started systematic review of its 305-3 Other indirect (Scope 3) carbon performance several years GHG emissions ago 305-4 UNSDG 13, GHG emissions intensity UNSDG 14,

UNSDG 15

GRI Sta	andards Disclosure	Chapter	Page No.	Remarks	Relation to UNSDGs
GRI 30	6: Effluents and Waste 2016		·····		
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	ENVIRONMENTAL STEWARDSHIP	56-79		
103-3	Evaluation of the management approach				
306-2	Waste by type and disposal method	ENVIRONMENTAL STEWARDSHIP, PERFORMANCE DATA SUMMARY	56-79, 101-111		UNSDG 3, UNSDG 6, UNSDG 12
GRI 30	7: Environmental Complianc	e 2016			
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	APPROACH, ENVIRONMENTAL	10-27, 56-79		
103-3	Evaluation of the management approach	STEWARDSHIP			
307-1	Non-compliance with environmental laws and regulations	OUR SUSTAINABILITY APPROACH	10-27	In 2019, we were not subject to significant fines or non-monetary sanctions for non-compliance with such laws or regulations	UNSDG 16
GRI 30	8: Supplier Environmental A	ssessment 2016	·		·
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	VALUE CHAIN	80-95		
103-3	Evaluation of the management approach				
308-1	New suppliers that were screened using environmental criteria	VALUE CHAIN	80-95		

**GRI Standards Disclosure** Chapter **Page Remarks** Relation No. to UNSDGs **GRI 400 Series: Social Topics** GRI 401: Employment 2016 103-1 Explanation of the material OUR SUSTAINABILITY 10-27 topic and its boundary **APPROACH** The management approach PEOPLE HEALTH AND 103-2 28-43 and its components WELLNESS 103-3 Evaluation of the management approach New employee hires and 401-1 PEOPLE HEALTH AND 28-43, UNSDG 5, employee turnover WELLNESS, UNSDG 8, UNSDG 10 PERFORMANCE DATA 101-111 **SUMMARY** 401-3 Parental leave PEOPLE HEALTH AND UNSDG 5, 28-43, WELLNESS. **UNSDG8** PERFORMANCE DATA 101-111 **SUMMARY** GRI 402: Labour/Management Relations 2016 Explanation of the material OUR SUSTAINABILITY 103-1 10-27 **APPROACH** topic and its boundary 103-2 The management approach PEOPLE HEALTH AND 28-43 and its components WELLNESS Evaluation of the 103-3 management approach 402-1 Minimum notice periods Minimum notice periods can be **UNSDG8** regarding operational found in employment contracts changes **GRI 403: Occupational Health and Safety 2016** Explanation of the material **OUR SUSTAINABILITY** 10-27 topic and its boundary **APPROACH** The management approach PEOPLE HEALTH 103-2 28-43, The Corporate Health & AND WELLNESS, Safety Policy Statement can be and its components PERFORMANCE DATA 101-111 downloaded from the company **SUMMARY** website at 103-3 Evaluation of the http://www.kerryprops.com/en/post/csrmanagement approach our-policies 403-2 Types of injury and rates PEOPLE HEALTH AND We are in the process of developing UNSDG 3, a more robust tracking system to of injury, occupational WELLNESS, **UNSDG8** diseases, lost days, and PERFORMANCE DATA 101-111 collect comprehensive data on absenteeism, and number **SUMMARY** worker injury of work-related fatalities

GRI Sta	andards Disclosure	Chapter	Page No.	Remarks	Relation to UNSDGs
GRI 40	4: Training and Education 20	16			
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	AND WELLNESS,	28-43,		
103-3	Evaluation of the management approach	PERFORMANCE DATA SUMMARY	101-111		2
404-1	Average hours of training per year per employee	PERFORMANCE DATA SUMMARY	101-111		UNSDG 4, UNSDG 5, UNSDG 8, UNSDG 10
404-3	Percentage of employees receiving regular performance and career development reviews	PEOPLE HEALTH AND WELLNESS	28-43	All employees received regular performance and career development reviews	UNSDG 5, UNSDG 8, UNSDG 10
GRI 40	5: Diversity and Equal Oppo	rtunity 2016			
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	PEOPLE HEALTH AND WELLNESS	28-43		
103-3	Evaluation of the management approach				
405-2	Ratio of basic salary and remuneration of women to men	PEOPLE HEALTH AND WELLNESS, PERFORMANCE DATA SUMMARY	28-43, 101-111	Hong Kong and the Mainland are considered as significant locations of our operations	UNSDG 5, UNSDG 8, UNSDG 10
GRI 40	6: Non-discrimination 2016				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	PEOPLE HEALTH AND WELLNESS	28-43	No discrimination case was reported in the reporting year	
103-3	Evaluation of the management approach	*	2		#
406-1	Incidents of discrimination and corrective actions taken				UNSDG 5, UNSDG 8
GRI 40	8: Child Labour 2016				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	PEOPLE HEALTH AND WELLNESS	28-43	We are in the process of developing a more robust risk assessment	
103-3	Evaluation of the management approach			system	
408-1	Operations and suppliers at significant risk for incidents of child labour		28-43		UNSDG 8, UNSDG 16

**GRI Standards Disclosure** Chapter **Remarks** Relation **Page** No. to UNSDGs GRI 409: Forced or Compulsory Labour 2016 103-1 Explanation of the material OUR SUSTAINABILITY 10-27 topic and its boundary **APPROACH** The management approach PEOPLE HEALTH AND 103-2 28-43 We are in the process of developing and its components **WELLNESS** a more robust risk assessment system Evaluation of the 103-3 management approach 409-1 Operations and suppliers at **UNSDG 8** PEOPLE HEALTH AND 28-43 significant risk for incidents of : WELLNESS forced or compulsory labour **GRI 413: Local Communities 2016 OUR SUSTAINABILITY** 103-1 Explanation of the material 10-27 topic and its boundary **APPROACH** 103-2 **COMMUNITY** The management approach 44-55 and its components **WELLNESS** Evaluation of the 103-3 management approach Operations with local 413-1 COMMUNITY 44-55 community engagement, **WELLNESS** impact assessments, and development programs GRI 414: Supplier Social Assessment 2016 Explanation of the material **OUR SUSTAINABILITY** 103-1 :10-27 topic and its boundary **APPROACH** The management approach VALUE CHAIN 103-2 80-95 and its components Evaluation of the 103-3 management approach New suppliers that were **VALUE CHAIN** 414-1 80-95 UNSDG 5, screened using social criteria UNSDG 8, UNSDG 16 **GRI 416: Customer Health and Safety 2016 OUR SUSTAINABILITY** 103-1 Explanation of the material 10-27 **APPROACH** topic and its boundary 103-2 The management approach VALUE CHAIN 80-95 and its components 103-3 Evaluation of the management approach 416-2 Incidents of non-**VALUE CHAIN** 80-95 There were no non-compliance UNSDG 16

compliance concerning the

health and safety impacts

of products and services

cases concerning the health and

safety impacts of products and

services during the reporting year

GRI Sta	andards Disclosure	Chapter	Page No.	Remarks	Relation to UNSDGs
GRI 41	7: Marketing and Labelling 2	2016			
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	VALUE CHAIN	80-95		
103-3	Evaluation of the management approach				
417-2	Incidents of non-compliance concerning product and service information and labelling	VALUE CHAIN	80-95	There were no non-compliance cases concerning the products and service information and labelling during the reporting year	UNSDG 16
417-3	Incidents of non- compliance concerning marketing communications	VALUE CHAIN	80-95	There were no non-compliance cases concerning marketing communications during the reporting year	UNSDG 16
G4- CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	ENVIRONMENTAL STEWARDSHIP	56-79	Annual Report 2019 – Awards and Citations (p54-68)	UNSDG 4, UNSDG 6, UNSDG 7, UNSDG 8, UNSDG 10, UNSDG 11, UNSDG 12, UNSDG 13
GRI 41	8: Customer Privacy 2016				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	VALUE CHAIN	80-95	The Personal data (Privacy) Policy Statement can be downloaded from the company website at	
103-3	Evaluation of the management approach			http://www.kerryprops.com/en/post/csr- our-policies	#
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	VALUE CHAIN	80-95	There were no substantial complaints concerning breaches of customer privacy and losses of customer data during the reporting year	UNSDG 16
GRI 41	9: Socioeconomic Complianc	e 2016			
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	OUR SUSTAINABILITY APPROACH, VALUE CHAIN,	10-27, 80-95,		
103-3	Evaluation of the management approach	PEOPLE HEALTH AND WELLNESS	28-43		•
419-1	Non-compliance with laws and regulations in the social and economic area	OUR SUSTAINABILITY APPROACH	10-27	In 2019, we were not subject to significant fines or non-monetary sanctions for non-compliance with such laws or regulations	UNSDG 16

PEOPLE HEALTH
AND WELLNESS SUSTAINABILITY
APPROACH

GRI St	andards Disclosure	Chapter	Page No.	Remarks	Relation to UNSDGs
Topics	not covered by GRI Standar	ds			
Busine	ess Ethics and Integrity				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	OUR SUSTAINABILITY APPROACH	10-27		
103-3	Evaluation of the management approach				
Climat	e Change				
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	ENVIRONMENTAL STEWARDSHIP	56-79		
103-3	Evaluation of the management approach				
Tenant	t and Customer Engagemen	t			
103-1	Explanation of the material topic and its boundary	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	VALUE CHAIN	80-95		
103-3	Evaluation of the management approach				
Intelle	ctual Property Rights				
103-1	The management approach and its components	OUR SUSTAINABILITY APPROACH	10-27		
103-2	The management approach and its components	VALUE CHAIN	80-95		
103-3	Evaluation of the management approach				

### **Additional Disclosure**

GRI Standards Disclosure		Chapter	Page No.	Remarks	Relation to UNSDGs			
Topic-s	Topic-specific standards							
GRI 303	GRI 303: Water 2016							
103-2	The management approach and its components	ENVIRONMENTAL STEWARDSHIP	56-79					
103-3	Evaluation of the management approach							
303-1		STEWARDSHIP,		In 2019, the water consumed by our operations mainly came from municipal supplies in various regions where we operate. Disclosure on the breakdown of water withdrawn by source (e.g. surface water, ground water, etc) is not applicable to our operations	UNSDG 6, UNSDG 8, UNSDG 12			

## Independent Assurance Opinion Statement

Statement No.: SRA-HK 729693

# bsi.





## **Kerry Properties Limited Sustainability Report 2019**

The British Standards Institution is independent of Kerry Properties Limited, and its subsidiaries (hereafter referred to as "KPL" collectively in this statement), and has no financial interest in the operation of KPL other than for the assessment and assurance of KPL Sustainability Report 2019 (the "Report").

This independent assurance opinion statement has been prepared for KPL solely for the purposes of assuring its statements relating to the Report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or towards any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of KPL.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of information presented to it by KPL. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to KPL only.

### Scope

The scope of engagement agreed upon with KPL includes the following:

- 1. The assurance covers the whole Report and, focuses on systems and activities of KPL in Hong Kong and mainland China, which include property development, investment, management and leasing in residential, shopping malls, office towers and apartments, during the period from 1st January 2019 to 31st December 2019. The Report is prepared in accordance with the Core Option of GRI Sustainability Reporting Standards ("GRI Standards") and in accordance with the Hong Kong Stock Exchange's ("HKEX") Environmental, Social and Governance Reporting Guide ("ESG Guide").
- 2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard, AA1000AS (2008) evaluates the nature and extent of KPL's adherence to three reporting principles: Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the Report has been evaluated.

This statement was prepared in English and translated into Chinese for reference only.

### **Opinion Statement**

We conclude that the Report provides a fair view of KPL's sustainability programmes and performance in the reporting year. We believe that the economic, social and environmental performance indicators are fairly represented in the Report, in which KPL's efforts to pursue sustainable development are widely recognized by its stakeholders.

Our work was carried out by a team of sustainability report assurors. We planned and performed this part of our work to obtain the necessary information and explanations. We considered KPL has provided sufficient evidence that KPL's self-declaration of compliance with the Core Option of GRI Standards and the HKEX ESG Guide were fairly stated.

### Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to KPL's policies to provide a check on the appropriateness of statements made in the Report;
- Discussion with senior executives on KPL's approach to stakeholder engagement. We had no direct contact with external stakeholders:
- Interview with staff involved in sustainability management, report preparation and provision of report information;
- Review of key organizational developments;
- Review of supporting evidence for claims made in the Report; and
- An assessment of the company's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality and Responsiveness.

### Conclusions

A detailed review against the AA1000 AccountAbility Principles of Inclusivity, Materiality and Responsiveness and the HKEX ESG Guide, and in accordance with GRI Standards is set out below:

### Inclusivity

The Report has reflected the fact that KPL is seeking the engagement of its stakeholders through numerous channels such as annual/special general meetings, annual and interim result announcements, announcements and circulars, annual and interim reports, sustainability report, company websites, investor visits/briefings, response to investor surveys and benchmarking exercises, press and analysts' conferences, roadshows and investors' conferences, customer satisfaction surveys, customer service hotlines, community events, club and membership activities, social media, corporate magazines, mobile applications for tenants, regular meetings, public consultation, conferences, forums and seminars, research studies, Student Partnership Programmes, event venue sponsorships, press conferences and press releases, media briefings, feedback and response to enquiries, focus groups, partnership programmes, award schemes and charters, sponsorships and donations, orientation and training sessions, team building activities, recreational and volunteering activities, lunch with senior management, communication enhancement via latest information technologies, Employee Innovation Committee and sustainability taskforces, staff magazine "Art of Services", employee opinion surveys, performance appraisal, Mobile Intranet and emails, newsletters, surveys and meetings, supplier enquiry hotline, Green Construction Site Award, Community Caring Scheme, safety briefings, tendering and procurement processes, public/community events, community initiatives, corporate volunteer team and employee volunteering activities, and more.

KPL's operation involves various methods of engaging its stakeholders on a daily basis. The Report covers economic, social and environmental aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, KPL adheres to the principle of Inclusivity. Our view of areas for enhancement of the Report was adopted by KPL before the issue of this opinion statement.

### Materiality

KPL publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies KPL's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement of the Report were adopted by KPL before the issue of this opinion statement.

### Responsiveness

KPL has implemented practices that respond to the expectations and perceptions of its stakeholders. These include various surveys and feedback mechanisms for both internal and external stakeholders. In our professional opinion, KPL adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted by KPL before the issue of this opinion statement.



### Independent Assurance Opinion Statement

### **GRI Standards Reporting**

KPL provided us with their self-declaration of compliance with GRI Standards "In Accordance" - Core option.

Based on our verification review, we are able to confirm that social responsibility and sustainable development disclosures in all three categories (Environmental, Social and Economic) are reported in accordance with the GRI Standards: Core option.

In our professional opinion the report covers KPL's social responsibility and sustainability issues. Areas for enhancement of the Report were adopted by KPL before the issue of this opinion statement.

### **HKEX ESG Guide Reporting**

Based on our verification review, we are able to confirm that social responsibility and sustainable development key performance indicators and disclosures in two ESG subject areas (Environmental and Social) are reported on basis of the HKEX ESG Guide.

In our professional opinion, the Report covers KPL's social responsibility and sustainability issues. Areas for enhancement of the report were adopted by KPL before the issue of this opinion statement.

### Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

### Responsibility

It is the responsibility of KPL's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

### Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX ESG Guide, UNGC's Ten Principles, ISO20121, ISO14064, ISO 14001, OHSAS 18001, ISO45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Chris Cheung Head of Compliance & Risk - Asia Pacific Hong Kong 12th June 2020



