THE CONVERGING OF MINDS



KERRY PROPERTIES LIMITED 嘉里建設有限公司

Sustainability Report 2016

Mangroves in Lake Egret Nature Park

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WHO WE ARE

Kerry Properties Limited ("**KPL**") is a world-class property company with significant investments in Asia. The Company is known for its property development activities in the People's Republic of China (the "**PRC**") and Hong Kong. In both markets, KPL focuses on investing in premium quality property developments in prime locations. The Company has developed a successful business model for doing this over many years and has considerable experience as a developer and manager of quality properties. We act on principles of fairness and integrity, and we value the many relationships we have developed over our long history with staff, suppliers, partners, government agencies, and other key stakeholders.

KPL is listed on the Stock Exchange of Hong Kong Limited ("**SEHK**") (Stock Code 683). In recognition of our social,

environmental and corporate governance performance, the Company remains a constituent member of the Hang Seng Corporate Sustainability Benchmark Index.

Our Business

The Group achieved significant growth in 2016, recording the highest property sales in its history. Upholding a balanced strategy in sales and leasing, the Group maintains a prime property portfolio of high quality residential, commercial and mixed-use developments encompassing hotels, shopping malls, office towers and apartments.

For more information about our portfolio and financial performance, please refer to our Annual Report 2016.



ABOUT THIS REPORT

Reporting Scope

This Sustainability Report covers the Group's operations in Hong Kong¹ and five mixed-use projects in first-tier cities in the Mainland², namely Beijing Kerry Centre, Jing An Kerry Centre and Kerry Parkside in Shanghai, Hangzhou Kerry Centre and Shenzhen Kerry Plaza. As a leader of real estate industry, we continually strive to improve our ESG performances and community engagement activities. In future, the Group aims to be ever more ambitious in our sustainability programmes and expand our reporting depth.



- ¹ Reporting scope of Hong Kong excludes: a) all hotels operated by Shangri-La Group under hotel management agreements; and b) business unrelated to the core property development and property management operations, which accounted for less than 5% of the total Group revenue.
- ² The reporting scope of the Mainland operations covers only five mixed-use projects in Beijing, Shanghai, Hangzhou and Shenzhen. The reporting scope of the Mainland excludes: a) all hotels operated by Shangri-La Group under hotel management agreements; and b) ESG data in tenantcontrolled areas leased in shopping malls and offices.

Beijing Kerry Centre

GFA **2.23** million square feet



Beijing Kerry Centre, located in the heart of the capital city, combines high quality office space, a world-class shopping mall and hotel together with serviced apartments.

Jing An Kerry Centre GFA 3.74 million square feet



Jing An Kerry Centre is a landmark mixed-use development located in the heart of Shanghai's Nanjing Road business district. It integrates retail, office, residential space and hotel with a beautifully landscaped piazza.

Kerry Parkside





Kerry Parkside, located in the Pudong District of Shanghai, is a mixed-use property comprising offices, serviced apartments, a retail mall, a hotel and related ancillary facilities.

Hangzhou Kerry Centre

GFA **2.2** million square feet



Hangzhou Kerry Centre is located at the intersection of Yan'an Road and Qingchun Road, adjacent to the Xihu (West Lake). This comprises offices, apartments, a retail mall complex and a hotel.

Shenzhen Kerry Plaza GFA 1.65 million square feet



Shenzhen Kerry Plaza, located at the core of the Futian CBD, comprises three office towers.



ABOUT THIS REPORT

Reporting Period

This report covers the sustainability performance of KPL for the period from 1 January 2016 to 31 December 2016.

Reporting Standard

This report was prepared in compliance with the SEHK's Environmental, Social and Governance ("**ESG**") Reporting Guide ("**ESG Guide**"). In certain areas our reporting goes beyond the requirements in the ESG Guide. In order to allow readers to have an in-depth understanding of the Group's operations, we have, whenever feasible, covered material topics in a more comprehensive manner with reference to the Global Reporting Initiative G4 Sustainability Reporting Guidelines ("**GRI G4 Guidelines**") with special reference to its Construction and Real Estate Sector Disclosure.

Reporting Principles

In order to ensure that our report carries a high degree of credibility and transparency, the Group adheres to the core reporting principles in the table below. An independent consultancy, Carbon Care Asia ("**CCA**"), was engaged to oversee and facilitate the preparation of this report in a rigorous manner.

PRINCIPLE	WHAT IT MEANS	THE GROUP'S RESPONSE
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 issues are identified through stakeholder engagement, in which KPL's business nature, operational practices and locations have also been taken into account.
Quantitative	The report should disclose key performance indicators in quantitative terms.	Information is presented with quantitative measures whenever feasible.
Balance	The report should present a balanced picture of each of these issues in an objective manner, be they positive or negative, to ensure a comprehensive picture of performance is reasonably reflected.	The report identifies and elaborates both the achievements and the challenges faced by KPL. Quantitative information is also disclosed to allow a transparent comparison of trends.
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 KPL's 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 the report is clearly presented with no intention to be misleading or deceptive. The Group aspires to obtain external assurance in future sustainability reports.
Completeness	The report should sufficiently cover the chosen material aspects, taking care not to leave out any aspects that are significant to stakeholders.	All aspects in the SEHK's ESG Guide are covered in this report.
Clarity	The report should present the information clearly in a manner that is reasonably understandable and accessible to stakeholders.	The report is written in a manner that is comprehensible to stakeholders who have a reasonable understanding of KPL and its activities.



PRINCIPLE	WHAT IT MEANS	THE GROUP'S RESPONSE
Relevance	The report should cover material aspects that reflect significant environmental and social impacts.	The report highlights issues that are significantly impactful to the Group's core business operations and issues that are most concerned by our wide spectrum of stakeholders.
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.

Data Collection Methodology

Data and other information for this report are collected from multiple business units across the Group, including but not limited to corporate communications, human resources, information technology, legal, marketing, planning development and property management departments. The Group established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible. Senior-level management in each functional area across the Group has also reviewed and approved the final content. This report presents key performance indicators along with contextual qualitative information for stakeholders to easily compare KPL's performance over the years. At the end of report, the Sustainability at a Glance section offers a full content index for the guidelines with cross-referencing.

Feedback Mechanism

We value 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 communication@kerryprops.com.





LETTER FROM THE MANAGEMENT



After another milestone year in sustainability progression, KPL moves ever closer to the environmental goals we have set for ourselves.

The Group understands the importance of sustainable development. For this reason, we have instilled an ethos of sustainable development into all our business decisions. By doing so, as well as collaborating and engaging our stakeholders, we share a unified responsibility for future generations.

This past year has demonstrated a commitment stemming from our very core. In 2016 Beijing Kerry Centre – a 20-year-old building – became the world's oldest mixed-use development to achieve Platinum Certification by the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) Existing Buildings: Operations & Maintenance (EBOM), an internationally-recognised green building standard, and a tribute to the management practices which continuously improve the building's energy efficiency.

The establishment of a Sustainability Steering Committee, comprised of business unit heads across the Group, and filtering down to localised sub-committees, drives and monitors our staff to achieve shared goals.

Believing that stakeholder engagement is key to optimal green practices, we encouraged our staff to exchange green ideas for workplace and home. This awareness reaches further among our residents, tenants, contractors and suppliers through the "Environmental Movement" launched by our property management department.

By joining with environmental groups and social enterprises, we participate in initiatives which conserve the earth, and promote human equality and advancement.

At KPL, we think about energy, from mother earth and from human societies; as a corporation focused on building for the future, we gain strength from our roots planted deeply within communities, and are nourished by the support of likeminded stakeholders. Collectively, through a convergence of hearts and minds, we are empowered to aim for positive change.

Ho Shut Kan President Chairman of the Sustainability Steering Committee

OUR SUSTAINABILITY

Sustainability Policy Statement

KPL puts sustainability at the heart of everything we do. Our growth as a company goes hand-in-hand with our belief that caring for staff and responsible management of the supply chain are aligned with the expectations of stakeholders. We strive to serve with integrity, innovate on environmental protection, and be a voice in a community uniting for positive change. Based on these foundations, our focus is to pursue business excellence while building for a greener future.

Trees make a positive contribution to reversing climate change. Like tall trees relying on deep roots, we take great care in refining the management approach that underpins the sustainable development of KPL and society at large. From policy formulation to target setting, from governance structure to resource allocation – these decisions form the roots that enable us to pursue business excellence while building for a greener future. From these roots we can build a dedicated team like a sturdy trunk, through which we influence our customers, suppliers and contractors, who can then flourish like branches and leaves. Together we seek to make positive contribution to the environment and the communities in which we do business.



Sustainability Governance Structure

Implementing sustainability initiatives requires participation from individuals and departments across the Group – from senior leadership to front-line staff. As a core part of our good governance, we believe that by establishing a well-structured Sustainability Steering Committee, we can better formulate and execute sustainability strategy and integrate it throughout our operations.



Sustainability Journey

In 2016, the Group began the process of developing our five-year sustainability roadmap with the assistance of an independent consultant. The formulation of this is a crucial step for KPL to take full advantage of its sustainability journey. Through a step-by-step process, this document not only provides a clear and comprehensive picture on the Group's sustainability strategy, but also prioritises improvement actions and optimal resource deployment.

This plan is composed of six elements, including Policies, Commitments, Goals & Targets, Responsibilities, Resources and Specific Actions, which covers all 11 environmental and social aspects of SEHK's ESG Guide. During the process, the Group context, development stage, resource commitments and best available technologies are all taken into account, to ensure these targets can be genuinely embedded into our operations.







ENGAGING THE STAKEHOLDERS

We recognise the importance of continuously listening to our stakeholders, responding to their feedback and addressing their areas of concern. This is the basis on which we gain better insight into different stakeholder's interests and make sure that their ideas contribute to our progress towards sustainability.

We define our stakeholders to be individuals and organisations who can impact or can be impacted by our operations. To gather vital feedback from various stakeholders, we engage our key stakeholders throughout the year in a number of ways.



"Relationships are not built in one day"

In order to nurture a growing relationship with our stakeholders, we have adopted a stakeholder engagement agenda over the past three years. The agenda includes a stakeholder mapping exercise to ensure we identify, prioritise and engage with stakeholder groups in different cities. This has guided our identification of the material environmental and social impacts as well as specific issues that are of most interest or concern to our stakeholders. We specifically appointed an independent sustainability consultant to push forward our sustainability agenda. To implement a successful sustainability strategy, we believe the involvement of stakeholders is essential. The consultant has been engaging with our senior management and employees at different working levels since 2013. At the same time, the consultant has been meeting external stakeholders, including suppliers, contractors, consultants, property owners and tenants in order to conduct sustainability discussions. For the first two years, our engagement focused in Hong Kong, and after that we extended our efforts to the four major cities in the Mainland where we operate: Beijing, Hangzhou, Shanghai and Shenzhen. We attach great importance to both the breadth and depth of stakeholders' participation and thus adopted a variety of engagement activities. Through interviews, the consultants had in-depth discussions with our senior management on the Group's sustainability vision and policy direction, as well as ways in which to integrate sustainability into our business operations. Questionnaires were sent to staff and external stakeholders, providing them with fair opportunities to express their views. We also conducted workshops and focus groups to encourage interactive communications, resulting in further insights.

To further engage our employees, we have added training elements in the engagement to raise participants' awareness of local and global trends in sustainability development and reporting, and to help them to review and assess the Group's daily operations in fuller context.

KPL's Journey of Stakeholder Engagement



	2013	2014
In-depth Interview	1	1
Surveys	2	2
Workshops	N/A	N/A
Focus Groups	1	1

	2015	2016
In-depth Interview	1	1
Surveys	2	2
Workshops	3	4
Focus Groups	5	6





ENGAGING THE STAKEHOLDERS

Materiality Analysis

In order to identify the aspects with significance for our business and for our stakeholders, the consultant has adopted a rigorous materiality assessment process. In this, we not only meet regulatory reporting requirements, but also proactively drive the Group's sustainability performance in response to changing stakeholder expectations.





The following materiality matrix was formulated based on the Group's materiality assessment process. The content of this report is guided by this materiality matrix and focuses on aspects that are considered most significant to both our business and stakeholders.

³ 20 issues were rated according to their importance by KPL's stakeholders. The ratings were then inputted into a matrix with a fitted curve based on the average rating score by the stakeholders. The curve acted as a threshold; issues on or beyond the curve were defined as Material Issues.

ENVIRONMENTAL PROTECTION	OPERATING PRACTICES
1. Reduce and properly handle air pollutants and greenhouse gases emissions	12. Ensure fairness and reasonable treatment for all business partners
2. Reduce and properly wastewater discharge and waste disposal	13. Monitor the supply chain and prevent related risks
3. Increase energy efficiency	14. Provide customers with satisfactory products or services to protect the health and safety of
4. Increase water use efficiency	customers
5. Make efforts to reduce negative environmental impacts due to operations	15. Comply with regulations related to advertising and sales descriptions
6. Put more resources on environmental protection	🗙 16. Protect customer data privacy
EMPLOYMENT AND LABOUR STANDARDS	17. Prevent bribery, extortion, fraud and money laundering
 Establish a comprehensive employment management system 	COMMUNITY INVESTMENT
8. Provide employees with equal opportunities	18. Understand the community's needs in where it operates and ensure its activities take communi
Provide healthy and safe working environment to protect employees from occupational hazards	interest into consideration
10. Provide development and training opportunities	19. Support charitable donations in the communitie and employee volunteering
to support the continued growth and development of employees	20. Establish efficient mechanisms to handle enqui
11. Prevent child or forced labour	complaints and communication with stakeholders

Among the 20 sustainability issues covered, the following nine highlighted issues are prioritised as most material.

In addition to the above aspects, we are also aware that our external stakeholders place special importance on three other issues, including supply chain management, child or forced labour and wastewater treatment. Therefore, we also address these issues in this report to actively respond to our stakeholders' expressed concerns.

Moving forward, the Group plans to further expand our employee engagement on sustainability issues and also reach more of our external stakeholders. We are considering developing a new stakeholder engagement plan for joint learning. Together with all our stakeholders, we will strive to identify emerging critical issues at an early stage and make sure that these are addressed as part of our progress towards our sustainability goals.

CARING FOR OUR PEOPLE

Like a tall tree supported by a strong trunk and deep roots, the key to KPL's success on the sustainability journey is our people – our management, our staff, and all those who work with us for the common cause. The number and diversity of this group of people has grown stronger over time.

On 25 September 2015, all countries in the United Nations adopted a set of goals to end poverty, to protect the planet, and to ensure prosperity for all as part of a new sustainable development agenda. One of the Sustainable Development Goals ("SDGs") is to promote sustained, inclusive and sustainable economic growth, full and productive employment opportunities and decent working environment for all. Within this context, KPL is determined to play its part in ensuring that its employees are provided with a healthy and safe working place, their well-being are taken into account in operational processes, and their rights are protected by high labour standards.

Staff well-being is an increasingly relevant and necessary consideration in the modern workplace. Well-being at its simplest level is ultimately about personal happiness - feeling good and living safely and healthily. In this respect staff well-being is a hugely significant aspect of KPL's sustainable development.

With a healthy trunk, there may grow a healthy tree.

From a small seed a mighty trunk may grow.

1100

Greek Poet, Aeschylus



Nurturing Teamwork through Sport

To promote a healthy lifestyle and work-life balance, KPL organises a Staff Sports Day in Shenzhen every year. In a relaxed environment, staff and their family members come together to enjoy an array of individual and group activities including track and field events, ball games and more. A new game introduced this year has quickly gained popularity among the group, adding extra fun and excitement to the day.

Staff can also take the opportunity to bring along their children to participate in parent-child sports activities on weekends, enhancing their family relationships through shared activity.

I particularly look forward to the Staff Sports Day every autumn, when hundreds of colleagues from different departments come together to wind down, have fun, and show their talents on the sports ground.

the Game

The Sports Day this year was a pleasant bonus for me. It had never occurred to me that my gentlemanly colleagues could be so sporty on the running track; and that those so stern-looking at work could show such tenderness and care for their kids during the parentalchild games.

For the first time this year, I took part in a group skipping competition. I valued the communication with colleagues more than winning on the sports ground.



We were keen to try different techniques and practised diligently, demonstrating a high team spirit in the process. Before the game, an experienced colleague volunteered as temporary coach and enthusiastically shared his experience with us, explaining the role of each team member and how to cooperate with one another for better coordination. We finally found the formula for success and became one of the winners in the competition.

The sporty looks and laughter of my colleagues certainly makes me look forward to next year's Staff Sports Day with greater eagerness.

Training Manager Kerry Properties (Shenzhen) Co., Ltd.

> Bringing out the Best!





CARING FOR OUR PEOPLE HEALTH AND SAFETY FIRST



Recognising that people are one of its greatest assets, KPL is committed to creating a safe and efficient workplace and to nurturing a competent and supportive staff team.

Safety is integral to our business operations. We are committed to creating a zero-accident workplace. We encourage our employees and contractors to embrace safety as both a personal and a collective responsibility.



of property management services employees received in-house health and safety training. For our property management business, KPL has put in place a Corporate Safety and Health Policy Statement which reaffirms our commitment to safeguarding the health and safety of all our employees, customers and the general public who may come into contact with us through our business activities. Together with the Safety Management System ("**SMS**") Manual and In-house Safety Rules, these rules and policies set the ground for us to go significantly beyond all statutory and contractual obligations and industry practices to create a high degree of safety in all areas. Clear guidelines are similarly provided to our employees in the Mainland.

The Group's SMS was established with reference to the Occupational Health & Safety Assessment Series ("**OHSAS 18001**"). It provides a framework for monitoring and evaluating the implementation of our safety policies and measures, from planning to actual implementation in daily operations. As part of our safety risk management, we have adopted an Investigation of Accidents and Incidents Mechanism providing our employees and contractors with clear safety reporting procedures necessary for carrying out investigations, identifying any underlying issues in our SMS and providing the basis for measures to prevent a recurrence of the same problem. Our Safety Committee oversees the implementation of the safety policies among our managed properties in Hong Kong. The Committee consists of representatives from management and staff at operational level in order to ensure representation diverse enough to adequately cover the interests and perspectives of management and staff. Committee members meet at least quarterly to formulate and review safety policies and performance targets. Other measures such as provision of regular safety training and safety equipment are put in place to reduce occupational hazards.

To ensure the implementation and effectiveness of the SMS, KPL conducts internal audits for all projects in Hong Kong every six months and an external safety audit at one site per year. The safety audits are conducted according to the Factories and Industrial Undertaking (Safety Management) Regulation to ensure that operations fully comply with legal and contractual requirements. In 2016, to further improve our safety performance, we conducted a safety needs analysis and developed a lockout-tagout procedure for high-risk operations.

We provide regular training opportunities through a health and safety training programme "Tool-Box Talk" for all employees of property management services to refresh and enhance their knowledge of workplace health and safety.

During the reporting year, there were no incidents of non-compliance issues related to staff health and safety.

Procedures for Safety Audit						
Pre-audit Process	Audit Process	Post-audit Process				
 Collect data Prepare audit plan 	 Opening meeting with briefing on the objective and scope of audit Document audit Site audit Interviews with key personnel and workers Data consolidation for reporting Closing meeting to present findings and recommendations 	 Prepare report Issue report 				

Injury Rate at KPL (per 1,000 staff)								
2016 2015 2014 2013							13	
	Female	Male	Female	Male	Female	Male	Female	Male
Hong Kong	8.9	21	16.6	10.9	14.7	10.6	18.6	16.9
Mainland	6.4	6.1	2.8	10.9	N/A	N/A	N/A	N/A

Remark: Injury refers to work-related injury cases with sick leave more than three days and reported under the Employees' Compensation Ordinance.

Lost Day Rate at KPL (%)									
2016 2015 2014 2013							13		
	Female	Male	Female	Male	Female	Male	Female	Male	
Hong Kong	0.03	0.12	0.11	0.05	0.12	0.08	0.04	0.30	
Mainland	0.08	0.07	0	0.11	N/A	N/A	N/A	N/A	

Remark: Number of work days that are lost because of work-related injuries.





CARING FOR OUR PEOPLE HEALTH AND SAFETY FIRST

Vendor Safety Management

As a property developer, health and safety in construction projects is at the forefront of every aspect of construction at all times. We believe that most accidents can be avoided by implementing stringent health and safety measures. Our responsibility is to maintain a high standard of safety at all construction sites and to improve safety performance by joining hands with our business partners.

We have put in place a Vendor Code of Conduct under which our vendors in Hong Kong are required to implement adequate health and safety measures, protection systems and training to ensure the safety of their employees. In addition, we have established general safety rules for contractors reaffirming their responsibilities.

General Safety Rules for Contractors

Conduct regular risk assessment for contractors Provide and maintain safe working environment Provide the required information, guidance, training and supervision For our property development and management projects in Hong Kong, contractors are required to submit safety and emergency plans for approval, while we conduct a Safety Performance Annual Assessment appraising performance of the property management projects against a series of indicators. Contractors found violating the rules may be suspended from the right of submitting tenders and be removed from the list of approved service providers.



KPL takes a proactive approach in working cooperatively with our tenants to promote safety in all the properties we manage. For further information about our efforts to enhance safety for customers, please see the chapter on Product Responsibility.

CARING FOR OUR PEOPLE OUR GROWING TEAM



KPL's employment philosophy is to attract and retain the best people.





new employees hired	
in the Mainland	

Turnover Rate by Gender at KPL (%)								
2016 2015 2014 2013								13
	Female	Male	Female	Male	Female	Male	Female	Male
Hong Kong	15.2	13.1	16.1	14.6	13.8	15.7	14.8	15.2
Mainland	23.2	18.6	22.4	38.8	N/A	N/A	N/A	N/A

Management Trainee Programme

With the Group's expanding business presence in the PRC, we are looking for outstanding graduates, and are actively developing future leaders who can become the cornerstone of our continued business growth. Our participation in the integrated Management Trainee Programme of the Kerry Group provides a series of diversified learning experiences including rotational on-the-job training, cross-functional assignments, out-post assignments, workshops, mentorship and personal career development plans.

We offer clear career prospects and work fulfilment to trainees graduating from the programme. Based upon their interest and capacity to continue their career advancement, they are groomed for supervisory or middle manager roles in one of the three main streams of business operations including Commercial Management, Project Management and Corporate Management.





CARING FOR OUR PEOPLE

Customer Services Trainee Programme

KPL recognises its social responsibility to provide work and training opportunities for young people from all walks of life. For the third consecutive year, we have offered trainee positions for young people with an associate degree or similar qualification, under the "Customer Services Trainee Programme" co-organised by the Labour Department and the Hong Kong Federation of Youth Groups. This half-year programme includes both courses and on-the-job training. Trainees who performed well will be offered full-time posts upon completion of the programme.



KPL offers fair and competitive remuneration packages based on employees' responsibilities and yearly performance reviews. Guided by our Workplace Quality Policy, we strive to ensure that employees are compensated competitively relative to others in our sector and to the local labour market. In addition, we regularly take part in various independent remuneration and benefit surveys to benchmark and sustain our competitiveness.

Beyond competitive remuneration, we take care of all employees through a comprehensive range of welfare measures and benefits, including but not limited to insurance schemes, health care schemes, bonuses and allowances. Our welfare and benefits packages vary in different cities according to the operational needs and local conditions. We operate in full compliance with all applicable laws and industry standards relating to wages, work hours, overtime, holidays and benefits. In keeping with the Group's employment strategy of helping employees identify and reach their maximum potential, we evaluate employees' performance annually, taking account of not only their achievements but also their potential and development needs. KPL fosters a performance-based reward culture and reviews salary based on the performance of both the individual and the Group.



CARING FOR OUR PEOPLE TALENT DEVELOPMENT



At KPL, we believe that investing in our people and developing a robust talent pool are crucial to strengthening our competitiveness for sustainable business growth. We devote resources to equip our employees with the necessary knowledge and skills to better perform their duties as well as offer them various opportunities to continuously enhance their professional knowledge and skills.



of employees received various skill enhancement training



⁴ The relatively low average training hours in 2016 was due to the completion of "Accelerated Development Programme" in 2015.

Average Annual Training Hours by Employee Category at KPL

		Hong Kong	Mainland
	Management	4.8	11.8
20164	Managerial	8.6	12.8
	General Staff	15.4	17.5
	Management	12.5	10.8
2015	Managerial	15	23.8
	General Staff	17	24.6
	Management	10.5	N/A
2014	Managerial	17.3	N/A
	General Staff	13.1	N/A
	Management	18.7	N/A
2013	Managerial	12	N/A
	General Staff	9.8	N/A

In 2016, we invested in training and development and organised over 40,000 hours of training activities, including internal training courses, seminars, workshops, programmes and lunch-time talks as well as training courses, talks and cross-company training sessions co-organised with our contractors' teams. Over 84% of the workforce participated in the training sessions. These training courses covered a wide range of areas including professional skills, leadership skills, customer services and communication.





CARING FOR OUR PEOPLE TALENT DEVELOPMENT

A new Training Centre in Kowloon Bay was set up in 2016 for our colleagues from the property management division.





The Buddy Programme

We have launched the "Buddy Programme" in Hong Kong aiming to foster team spirit among members of the property management division. This staff care programme identifies and trains enthusiastic staff members to buddy with new recruits, helping them to better adapt to their new job and establish connections in the new work environment. Since 2013, 116 staff joined this programme. This year, 20 staff joined the buddy team. To prepare them with relevant skills and knowledge, each team member received training through activities and games.





Professional Training Programmes on Environmental Management System ("EMS")

Environmental considerations form one of the core principles of our business operations. This is made possible by having every member of our company observe and adhere to our environmental practices. Awareness of the Group's EMS continues to be a mandatory training requirement for all employees, while EMS implementation training is provided to project management and property services teams. It has also been included as one of the orientation events for new hires since 2009.



Effective Leadership Skills Programmes

To equip our newly-promoted property service officers and managers with leadership skills and sufficient knowledge to face new challenges, we launched a four-week leadership training session in May last year. The programme consists of four modules: Understand Yourself and the Team; Staff Motivation and Delegation; Coaching for Performance; and Working Effectively in a Multi-Generation Environment.



The Group also encourages employees to take part in external training programmes relevant to their work. An employer-funded education scheme is available to all full-time employees to further their studies. In 2016, 13.6% of employees received sponsorship for completing external training programmes approved under the scheme.





Social Media Innovation in Staff Training

With over 1,000 staff, KPL offers property management across many cities in the PRC. While we are concerned about extending training opportunities to all employees in a timely manner, traditional classroom learning has its limitations: it is often restricted by venue size, so training might not be easily attainable by all staff within a short period of time.

"Kerry WeChat Academy" is an idea initiated by the property management team of Kerry Properties Development Management (Shanghai) Co., Ltd. This innovative training solution utilises the WeChat App for mobile phones – a platform which can disseminate specific training messages to thousands of staff simultaneously, regardless of where they are. In KPL's tailored application, these messages cover four work areas: security, environmental protection, maintenance and customer services. Since its launch last year, nearly 200 sets of training materials have been uploaded - equivalent to approximately 20 to 60 sessions of classroom training - reaching nearly 1,700 employees across the country.

Compared to lessons in real classrooms, the training materials of the "Kerry WeChat Academy" are specially designed for conciseness and ease of understanding. Photos and short videos are used to supplement the training content for staff to view at a glance. This new kind of training method not only allows staff to learn on their own and at their own pace, but also helps them to quickly search for relevant training materials on their mobile phones whenever they encounter problems at work. Service efficiency is enhanced as a result. Staff can save and share the training materials with their colleagues, cultivating an atmosphere of mutual learning. The platform can also be used for communicating with staff in cases of emergency, such as typhoons or rainstorms, and alert them to matters requiring their attention with suggested ways to respond.







CARING FOR OUR PEOPLE **EMPLOYEE WELL-BEING**



We embrace differences and recognise that diverse perspectives are important to our business success. As an equal opportunity employer, KPL is committed to promoting equal opportunities and eliminating discrimination in all aspects of employment, training and career development. We are dedicated to maintaining workplaces that are free from direct and indirect discrimination on the basis of sex, pregnancy, marital status, age, disability, family status, ethnic origin, race or religious belief. Our commitments are set down and implemented through our Equal Opportunity Policy and Workplace Quality Policy.

Workforce by Gender at KPL									
2016 2015 2014 2013							13		
	Female	Male	Female	Male	Female	Male	Female	Male	
Hong Kong	449	858	422	822	408	754	377	712	
Mainland	469	825	361	663	N/A	N/A	N/A	N/A	

The Group strives to provide a fair pay to its people. The ratio of basic salary and remuneration of female to male in Hong Kong this year is 1:0.97 (1:0.99 in 2015), while the ratio in the Mainland was 1:0.82 (1:1.08 in 2015).

No cases of non-compliance with relevant standards, rules and regulations on equal opportunity and diversity were identified during the reporting period.

WOMEN MEN EQUALIT

Grievance Procedure

KPL is committed to providing our employees with a workplace free of harassment and discrimination which embraces differences, encourages communication and promotes fair collaboration and team work.

During the reporting period, there were no cases of complaints regarding discrimination and harassment in the workplace.

Policy and Procedures for Handling Equal Opportunity, Discrimination & Sexual Harassment

For our operations in Hong Kong, we added a supplement on Policy and Procedures for Handling Equal Opportunity, Discrimination and Sexual Harassment to the Staff Handbook to ensure equal opportunities in the workplace and prevent discrimination. The policy includes procedures for handling discrimination and harassment complaints received not only from employees, but also from contracted workers and third party service providers. The Head of Human Resources & Administration is responsible for conducting a fair, complete and responsive investigation into any complaints. If a complainant disagrees with the result of the investigation, the complainant may appeal to the Executive Directors, and a hearing may be arranged if appropriate.





Seminars on Equal Opportunities at Property Development and Property Services

To help foster a respectful workplace, we invited the Equal Opportunities Commission to give our employees two seminars about the concepts of stereotypes, equal opportunities and actions that are prohibited under the anti-discrimination ordinances, especially those related to our property development and property services.

Family-friendly Initiatives

We respect the family responsibilities of our employees and support their right to lead a fulfilling life outside of work. We therefore place special emphasis on fostering a pro-family culture and environment through implementation of family-friendly employment policies and practices. In addition to marriage leave, maternity leave, paternity leave and compassionate leave, our medical and dental insurance coverage is extended to cover the family members of our employees, including front-line employees. We also provide assistance to our employees who have special needs.





CARING FOR OUR PEOPLE • EMPLOYEE WELL-BEING

Breastfeeding Support

To support our employees to continue breastfeeding when returning to work after their maternity leave, we have set up a clean, private and safe nursing room at our office in Hong Kong. Electrical outlets for connecting pump attachments and a refrigerator for storing expressed breast milk are also provided. We also encourage supervisors and co-workers to exhibit a positive attitude towards breastfeeding employees, building a supportive workplace culture.





Sports and Fun Day

In 2016, we organised our first Sports and Fun Day in Hong Kong. Over 300 employees and their family members took part in various inter-company competitions. They also formed teams with their family members to take part in various family-friendly sport activities such as tug of war and a balloon game. On the event day, we engaged two social enterprises, which involve people with hearing difficulties and minority groups, to provide face painting and balloon twisting activities.

Support Family Reunion

We recognise the importance of family life and fully understand that family support is important to the wellbeing of our employees, especially those from other cities around the country. KPL offers accommodation for our frontline property management employees at Shenzhen Kerry Plaza when their family members come to visit from other parts of the PRC.

Returning home for Chinese New Year is a centuries-old tradition. Staff who live far away from family have been given complimentary homecoming tickets from the Group.



In recognition of our efforts to create a family-friendly working culture and environment, in 2016, KPL was awarded the "Family-Friendly Employer" and the "Awards for Breastfeeding Support" under the "Family-Friendly Employers Award Scheme" jointly organised by Home Affairs Bureau and the Family Council in Hong Kong.

Together with Kerry Group, KPL has also launched an employee assistance hotline this year in Hong Kong to provide a 24-hour counselling service to employees as well as their immediate family members who may encounter stress or difficulties arising from work, family or personal issues. The hotline is supported by professional counsellors, and conversations are kept in strict confidence. We also provide similar support hotlines in some individual cities in the Mainland for our employees in the region.



CARING FOR OUR PEOPLE



Many people may think that child labour and forced labour are problems that have long been eradicated. As a company with a global supply chain, we are aware that there are places where child labour and forced labour still exist. We therefore recognise the need to effectively monitor suppliers and contractors and take steps to ensure there is no child or forced labour, especially in our supply chain.

The Group's Workplace Quality Policy articulates our commitment and position prohibiting any form of child labour or forced labour; including bonded labour, indentured labour, slave labour or human trafficking, and the hiring of underage employees. Our human rights management is overseen by the Head of Human Resources and Administration Department, reporting to the President, to make sure that we adhere to all applicable laws and regulations regarding child and forced labour. We have identified no cases of child or forced labour incidents during the reporting period.

Recognising the importance of fostering a culture of safety in our supply chain, our Vendor Code of Conduct for our contractors in Hong Kong reaffirms our position on child and forced labour. Vendors must not use any form of child labour or forced labour. In addition, vendors shall respect the rights of their employees to freedom of association and collective bargaining in accordance with all applicable laws and regulations. All vendors are required to return a signed copy of the Code of Conduct to acknowledge their commitment to comply with KPL's requirements.



RESPONSIBLE OPERATION

Corporate sustainability starts with a company's value system and a principled approach to doing business. The Group aims to incorporate the United Nations ("UN") Global Compact principles into our strategies, policies and procedures, and establish a corporate culture of emphasising integrity.

The UN Global Compact calls on companies to align operations with universal principles on human rights, labour, environment and anti-corruption, and to take actions that advance societal goals.

KPL puts into practice these values and principles of sustainability where we have a presence. We believe this will not only help us uphold our basic responsibilities to people and planet, but also help achieve long-term business success.

Under Principle Ten of the UN Global Compact, businesses should work against corruption in all its forms, including extortion and bribery. There are many reasons why the elimination of corruption has become a priority within the business community. KPL recognises that this is a crucial factor to build confidence and trust in business among investors, customers, employees and the public. By the same token, the Group upholds the same values of integrity and honesty in its policies and actions taken to ensure product responsibility and good supply chain management.

When sustainability values are upheld, it will bear the sweetest fruit for all.

Trees need not walk the earth For beauty or for bread; Beauty will come to them In the rainbow — The sunlight — And the lilac-baunted rain; And bread will come to them As beauty came: In the rainbow — In the sunlight — In the rain.

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American Author / Poet, David Rosenthal





Promoting Green Practices on Construction Sites

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The "Green Construction Site Award" was initiated in 2014 with a view to promoting green and healthy construction practices across the Group's construction sites in Hong Kong. The performance of each site is evaluated against a set of criteria covering regulation compliance and site management structure, to care for the neighbourhood, environmental performance and innovative green measures.

The main contractor of the Group's Ho Man Tin residential project first entered the award in 2015, and admitted to feeling rather nervous in the face of competition from other companies. To their pleasant surprise, the participants gained much and they were keen to enter the next year's award. During the course of the competition, we established closer communication with the contractor's team, and learned many new practices to better protect the environment. On-site inspections by the judging panel further encouraged the contractor workers to keep up their worthwhile environmental efforts.

KERRY PROPERTIES
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KERRY

Green Construction Site Award 縁色建築工地獎 2016


The Group and the contractor share the same belief that by letting employees experience the joy of environmental protection for themselves is important in educating them and securing their support for other environmental measures in the future. With this in mind, the contractor installed a food waste composter at the construction site, enabling staff to turn their lunch scraps into fertiliser, which in turn they used to grow veggies. The contractor also installed a sprinkler system alongside the vehicle access routes to reduce dust and lessen the impact of the construction project on the neighbourhood air quality. For these initiatives, they won the "Best Green Leadership Platinum Award", giving full recognition to its team effort in promoting green site management hand in hand with us.

Green Management



The Group attaches great importance to regular communication with its contractors. The competition enables us to collect suggestions from frontline workers on ways to improve environmental management in future projects. Last year, our staff even formed teams with the contractors for drama performances voicing out the environmental challenges faced on construction sites, and offering solutions. Participants researched relevant environmental information and integrated elements into the scripts. Waste wood from the site was recycled into stage props. The shared experience of creating, rehearsing and performing the drama deepened the participants' understanding of greener site management, as well as their teamwork bonds. In a relaxing way, the Group hopes to strengthen collaboration with contractors and develop a better understanding of the difficulties they are facing.

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RESPONSIBLE OPERATION



We are committed to conducting business honestly, ethically and with integrity. The Group has a zero-tolerance policy towards corruption in all its forms, including bribery and extortion, fraud and money laundering. We not only explain our stance to our staff through the Anti-Corruption Policy which is available on our website, but also include it in anti-corruption training given to all new employees.

KPL has adopted an Anti-Corruption Policy since 2014, which makes clear that all employees must never engage in any corrupt activities. While we acknowledge the tradition of sharing gifts during festivals, the two are clearly differentiated. For our property management business in Hong Kong, we have in place a Company Policy and Guideline on Acceptance of Advantages providing specific guidance on receiving gifts. Following the same principles, our employees in individual cities in the Mainland are regulated by specific guidelines set out in their staff handbooks.

As part of our efforts to prevent corrupt practices, we established a Whistleblowing Policy in 2015 with the aim of encouraging and facilitating our employees in Hong Kong to report any actual, suspected or potential breaches of the rules. To ensure any reported incidents are handled in a confidential and responsible manner, reports can be submitted directly to the Chairman of the Audit and Corporate Governance Committee, which oversees whistleblowing matters including corruption and money laundering. During the reporting period, the Committee received no cases of employees reporting on corrupt practices. **(**)

Whistleblowing Matters

- Breach of legal or regulatory requirements
- Malpractice, impropriety or fraud
- Deliberate concealment of any of the above
- Criminal offences and breach of civil law

To build an ethical corporate culture, we organise corporate ethics programmes regularly in Hong Kong and the Mainland. As part of our orientation programme, all new employees are given training on anti-corruption. In 2016, we organised two seminars to promote our fundamental values of integrity and fairness and invited expert speakers from Hong Kong Independent Commission Against Corruption ("ICAC") to share their experience with our employees in Hong Kong.

We also make all our vendors in Hong Kong aware of our zero-tolerance approach to bribery and corruption. It is stated in our Vendor Code of Conduct that vendors should not allow any forms of corruption or bribery for the purpose of influencing decision making.

During the reporting year, there were no confirmed legal cases of corruption brought against the Group or its employees.



RESPONSIBLE OPERATION PRODUCT RESPONSIBILITY



Being a property development company with significant investments in Hong Kong and the Mainland, KPL strives to set a good example as a responsible corporation in terms of the environment and society as well as in the economic sphere. With this in mind, we have established a Product Responsibility Policy for our operations in Hong Kong to protect the safety, health, financial and legal interests of our consumers.



Safeguarding Customer Privacy

KPL is committed to protecting customer privacy. Every employee must follow our policies and local regulations in relation to personal data privacy in order to safeguard customer data.

KPL has put in place a Personal Data (Privacy) Policy and formulated a Personal Data Collection Statement stating our position on appropriate protection of the personal data we collect and hold. To know more about our management approach to customer privacy protection, please refer to our Personal Data (Privacy) Policy available on our corporate website.

While we are committed to protecting the privacy and security of all personal information collected from our customers, we are equally committed to ensuring that all our vendors engaged by us to provide services also respect customer privacy. Our commitment is implemented through the Vendor Code of Conduct which makes clear that vendors should not disclose any confidential or proprietary information to any third party.

During the reporting period, there were no substantiated complaints regarding breach of customer privacy or loss of customer data.





RESPONSIBLE OPERATION PRODUCT RESPONSIBILITY

Quality Products and Services

The Group is committed to provide products and services striving for high customer satisfaction. We believe a high level of customer satisfaction starts with understanding their needs and expectations.



We value customer feedback and suggestions with a view of evaluating and improving our services. We maintain a standardised complaint-handling procedure to ensure customer feedback is dealt with in a consistent and efficient manner. Our Corporate Communication Department is responsible for handling enquiries or complaints from the general public, media, government departments and other organisations.

As a responsible corporation, the Group recognises the importance of advertising and sales descriptions. For our development projects, we have established internal procedures and engaged external professional advisors to ensure the timeliness and accuracy of the publicity information in compliance with the laws and regulations.

Customer Health and Safety

The health and safety of our tenants and visitors is our top priority at each of the properties we manage. We aim to fulfill our responsibility to keep the properties pleasant, safe and free from health hazards.

Customer Experience in MegaBox

Customer satisfaction is always a priority, and we adopt various measures to gather views on this and understand how to serve our customers better. In 2016, we conducted a customer survey with the University of Hong Kong's Social Sciences Research Centre to measure customer satisfaction regarding our services in MegaBox.





RESPONSIBLE OPERATION SUPPLY CHAIN MANAGEMENT



The impact of sustainable development on society comes not only from the Group's own operations, but also from the independent suppliers, consultants and contractors in our supply chain. KPL strives to ensure that sustainability standards are fully complied with all along this supply chain. It is our goal to build lasting collaboration, constructive relationships and ever-improving social and environmental performance with all those we work with in our supply chain.

Maintain Fairness and Impartiality

We believe that only vendors treated with courtesy, honesty and fairness will become our long-term partners and deliver quality products and services. Fairness implies being reasonable as well as impartial. We give all qualified vendors equal opportunity to compete for our business.

For our property development business in Hong Kong, we have in place a Procurement Department Operation Handbook which sets out the policies and processes governing all procurement activities. It includes a Competitive Bidding Process and a New Vendor Qualifying Process. Information related to vendors and their quotations is kept confidential to ensure that all procurements can be conducted through competitive bidding. It is also stated in our Vendor Code of Conduct that all vendors shall be paid on time and in full.





RESPONSIBLE OPERATION SUPPLY CHAIN MANAGEMENT

Managing a Sustainable Supply Chain

In view of the significant impact of procurement to the environment and society, we practice Green Procurement Manual in Hong Kong with the following guiding principles: recyclability, reduce packaging, durability, energy efficiency and water efficiency. We have identified a total of 50 commonly-purchased items for Head Office and property management and adopted mandatory green procurement specifications for each item. During the reporting period, the Group worked closely with its employees and major contractors with an aim of including 16 commonlypurchased items for property development in the green procurement practices. Evaluation of the applicability of the green procurement specifications will be carried out regularly in view of the evolving market situation and environmental requirements.

While we are committed to reducing our impact on the environment and society, we also expect our vendors to conduct business with sustainability and respect their employees, society and the environment.



The Group makes every effort to manage potential risks along our supply chain. Our Vendor Code of Conduct provides a framework for our vendors in Hong Kong to address and improve performance on environmental and social issues.

All our vendors are required to provide information on their environmental management practices for us to assess whether they align with our Environmental Management System. This assessment also covers vendors' practices in respecting human rights and providing safe, hygienic and healthy working conditions for employees to minimise the risk of work-related injuries and illnesses. We require all vendors to comply with all legal requirements but also encourage them to adopt ethical business practices. There were no cases of non-compliance with regulations or codes of conduct identified during the reporting period.

Beyond this, in line with the Group's Environmental Management System standard requirements, all our vendors are provided with environmental guidance notes, to ensure they are aware of KPL's environmental standards and objectives.





Environmental Requirements for Vendors



Environmental laws and requirements



Reuse of materials

Noise and air pollution from



company vehicles

Wastewater discharge



Wastes handling, storage and disposal



Wastes generation and recycling



We conduct environmental performance evaluation for our vendors and long-term contractors annually and upon completion of each contract. Zero cases of non-compliance with regulations were identified during the reporting period.





PROTECTING THE ENVIRONMENT

Out of the 17 SDGs adopted by the UN, three of them are directly related to the health of Mother Earth:

- GOAL 13: Take urgent action to combat climate change and its impacts
- GOAL 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
- GOAL 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Furthermore, there are three SDGs that prescribe how we, the human race, should harness natural resources in a responsible manner:

- GOAL 6: Ensure availability and sustainable management of water and sanitation for all
- GOAL 7: Ensure access to affordable, reliable, sustainable and modern energy for all
- GOAL 12: Ensure sustainable consumption and production patterns

As a developer and manager of a diverse range of properties, KPL is keenly aware of its responsibilities to be a part of the international effort to achieve the SDGs and protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources and taking urgent action on climate change, so that the planet can support the needs of both the present and future generations.

Earth's the right place for love: I don't know where it's likely to go better. I'd like to go by climbing a birch tree, And climb black branches up a snow-white trunk Toward heaven...

American Poet, Robert Frost

Leadership in Sustainable Buildings

Case Study

Beijing Kerry Centre

Beijing Kerry Centre had been established in Chaoyang District for nearly two decades before its management decided to apply for LEED EBOM certification. The question was: would the green management system implemented by the property management team be enough to satisfy the rigorous environmental requirements?

This achievement results from KPL's integration of green elements into the building from its construction stage, and a decade of consistent practice of green management.

Close communication with staff has been key to fostering behavioural change, and essential to effective green management. Understanding the difficulties faced by frontline staff when implementing new measures has helped in finding solutions. It also spreads awareness of the importance of environmental protection, in turn building corporate environmental values.

Beijing Kerry Centre is KPL's first mixed-use development project in the Mainland. Achieving Platinum Certification, the highest level of LEED EBOM, in such a long-established building serves to affirm KPL's exceptional vision in architectural design, building quality, as well as green management approach. It also stands as a fine example for other development projects in the Mainland.



KPL's continuous enhancing of green management practice has paid off. " Looking back on those two years which led to LEED EBOM Platinum certification, when the team strived alongside colleagues from KPL, we experienced and overcame a lot of challenges but we have also learnt a lot.

Andy To Yat Sang, Managing Director, ASV Greater China, CBRE Group, Inc.



LEED EBOM Platinum Certification



Leadership in Energy and Environmental Design ("LEED") certification is an internationally recognised environmental rating system devised by the U.S. Green Building Council ("USGBC") based on sustainable construction standards. Existing Buildings: Operations and Maintenance ("EBOM") category targets existing buildings, focusing on sustainability in operational management. Its assessment scope covers sustainable site management, water efficiency, energy and atmosphere, material and resources, as well as indoor environmental quality. As of 2016, there were 13 construction projects in Beijing receiving LEED EBOM certification, while only four of them had successfully obtained the highest Platinum rating.





PROTECTING THE ENVIRONMENT ENERGY EFFICIENCY



The Paris Agreement that came into force in 2016 sends a clear message that all nations must undertake ambitious efforts to combat climate change by reducing greenhouse gas emissions. The signal from the Agreement is that we must rapidly achieve net zero emissions and this is driving a wave of low-carbon innovation in the business sector. KPL is committed to participation in the global shift to a sustainable economy. By managing and minimising environmental impacts from our operations we aim to provide a better environment and a more sustainable world for future generations.

KPL has implemented an Environmental Management System ("EMS") and put in place an Environmental Policy for both property development and property management. To expand the implementation of the EMS in our operational areas, the Group has achieved ISO 14001 certification for the Company's EMS since 2011. The certification was also expanded to include Kerry Property Management Services Limited and MegaBox Management Services Limited. The EMS of Kerry Properties Development Management (Shanghai) Co., Ltd., one of our member companies in the Mainland, has also achieved ISO 14001 certification since 2010. Our EMS Committee is responsible for the implementation of the EMS and the Policy, as well as the annual environmental performance targets. We conduct an internal and external EMS audit annually to ensure compliance with EMS requirements and to identify areas for improvement.

We recognise that buildings are the largest energy consuming sector. We strive to address this challenge throughout a building's life cycle, from project planning, design, construction to operation. This defines our commitment to incorporate the concept of sustainability into building design and management.

Green Design Elements

Guided by our Environmental Policy, we aim to build properties with optimal environmental efficiency. The Group's Environmental Procedures set out the instructions, addressing the most significant environmental aspects ("**SEAs**") associated with the design and specification of development projects. To better address the actual conditions of various operation sites, specific SEAs, such as building layout and the selection of architectural paints/coatings, are identified for each property developed.

Energy Management in our Managed Properties

Our approach to property management involves the continuous evaluation and improvement of energy performance in our buildings. Through our green property management procedures, the Group embraces opportunities to improve efficiency and sustainability across our portfolio.

Guidelines are provided to the Group's property management division to regulate activities related to environmental protection. Property Environmental Representatives are responsible for keeping records to ensure the effectiveness of EMS in the properties we manage.

Carbon Footprint Management

Hong Kong⁵

To address climate change issues, we have set long-term carbon intensity reduction target for our headquarters and all managed properties in Hong Kong. This includes a 23% reduction in electricity intensity and carbon intensity for 2020 compared to the base year of 2011, which was achieved in 2015. In 2016, we set a more aggressive carbon intensity reduction target of 30% by 2020 against the base year.

In Hong Kong, we have been conducting voluntary carbon audits since 2011 and that is therefore our base year. Our carbon emissions inventory has been assessed in accordance with the local guidelines issued by the Hong Kong Government and with reference to the Greenhouse Gas Protocol developed by World Resources Institute and World Business Council for Sustainable Development. We assess our carbon emissions at KPL headquarters and all properties managed by KPL, which currently amount to 33 in number, including 28 residential and 5 office properties. Our carbon emissions are tracked under three scopes. The data from the base year and the most recent three years have been verified by a third party to ensure accuracy.



Our development project⁶ at Beacon Hill attained the Provisional Silver Rating of "BEAM Plus Version 1.2 for New Buildings" from the Hong Kong Green Building Council.

Dragons Range has achieved the Silver Rating of "BEAM Plus Version 1.1 for New Buildings" from the Hong Kong Green Building Council.



* Compared to the base year of 2011



Better Microclimate

We carefully design our properties and put a lot of efforts in creating a comfortable environment for our residents and the community to live in. For our development project in Ho Man Tin, we conducted an air ventilation assessment study taking microclimate into consideration within our design stages. To improve the environment of the site and its nearby community, we incorporated in our project a picture window of nearly a hundred feet tall which allows the natural light and wind getting in, improves the street level ventilation and provides a visual connection to the adjacent backyard.

⁵ The assessment: 1) only includes properties delivered and managed by the Group for a full year as "GFA under Management"; 2) excludes carbon emissions of Office Tower 2 of Enterprise Square Five which was handed over to KPL in 2016. Carbon assessment will be conducted at a later stage to establish a baseline.

⁶ NKIL No. 6532, Lung Cheung Road, Beacon Hill, Kowloon.





Scope	Carbon Emission Sources Included in Hong Kong
Scope 1: Direct Carbon Emissions	Fossil fuel combustionRefrigerant
Scope 2: Indirect Carbon Emissions	 Purchased electricity Purchased towngas
Scope 3: Other Indirect Carbon Emissions	 Water consumption Paper consumption Collection of paper waste

Audits show that we have maintained a steady reduction in carbon emissions since the base year. In 2016, our absolute carbon footprint was 51,507 tonnes of CO_2e , a 1.2% reduction over the previous year despite a 5.19% growth in total GFA. Therefore, carbon intensity was reduced by 6.2% compared to the previous year. To prevent refrigerant leakage, we conducted checking on the air-conditioning systems more frequently. As a result, we successfully reduced Scope 1 direct carbon emissions by 33% in 2016. The chart below summarises our carbon emissions from 2011 to 2016. In recognition of our continuous efforts to reduce our carbon footprint, we were awarded the CarbonCare® Label in 2016, the second year in a row.







Year	Scope 1 Carbon Emissions (tCO ₂ e)	Scope 2 Carbon Emissions (tCO ₂ e)	Scope 3 Carbon Emissions (tCO ₂ e)	Total Carbon Emissions (tCO ₂ e)	GFA Under Management ⁷ (1,000 sq ft)	Carbon Intensity (tCO ₂ e/1,000 sq ft)
2011	1,726	47,262	258	49,246	8,016	6.14
2012	1,534	49,274	277	51,085	9,866	5.18
2013	2,203	53,626	300	56,129	11,021	5.09
2014	3,636	50,815	305	54,756	10,913	5.02
2015	2,407	49,470	279	52,156	11,075	4.71
2016	1,602	49,542	363	51,507	11,649	4.42

Electricity Consumption per GFA in Hong Kong



Energy Usage Management

Reducing energy consumption is our key focus for achieving carbon emission reduction targets. We have reduced electricity consumption per GFA by 26% compared to the base year of 2011.



⁷ Our carbon emissions in the Mainland were assessed in accordance to the Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Public Building Operation Units (Enterprises) issued by National Development and Reform Commission, and also the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong published by Electrical and Mechanical Services Department and Environmental Protection Department.





PROTECTING THE ENVIRONMENT ENERGY EFFICIENCY

Mainland

Scope	Carbon Emission Sources Included in the Mainland
Scope 1: Direct Carbon Emissions	Fossil fuel combustionFugitive emissions
Scope 2: Indirect Carbon Emissions	 Purchased electricity Purchased steam
Scope 3: Other Indirect Carbon Emissions	Paper consumptionAir travel

Beijing Kerry Centre

At Beijing Kerry Centre, a great deal of emphasis is placed on energy use reduction and efficiency. During the reporting period, we managed to upgrade our equipment by replacing two sets of conventional vapour absorption chillers with three sets of highly efficient centrifugal electric chillers with variable speed drives. However, in order to comply with government policy, we shifted the energy mix to rely more on electricity rather than centrally-supplied steam. Despite the fact that energy efficiency of electric chillers is higher than steam chillers, our overall carbon emissions slightly increased from 16,112 tonnes CO_2e in 2015 to 16,131 tonnes CO_2e in 2016, resulted from a higher carbon emission factor of electricity.

To optimise energy efficiency, we continue to closely monitor and adjust the operating hours of our electricity facilities during different seasons. We are also installing air curtains at main building entrances to save energy and maintain indoor temperatures. We are confident that these measures can contribute to further reductions in our energy consumption.



	g Kerry ntre	2016	2015
Carbon	Scope 1	11	10
Emissions (tCO ₂ e)	Scope 2	16,111	16,090
(****20)	Scope 3	9	13
Total Carbon Emissions (tCO ₂ e)		16,131	16,112
GFA Under Management (1,000 sq ft)		1,79	93
Carbon Inte (tCO ₂ e/1,0	· ·	9.00	8.99

Jing An Kerry Centre

At Jing An Kerry Centre, we continue to investigate ways of reducing our carbon emissions.

Through the building management system, we are able to monitor, manage and adjust the operating modes of our chillers and lighting systems to fit changing conditions. During winter, we replace chilled water by natural cooling water to reduce electricity consumption and carbon emissions. Public facilities – including indoor public space lighting, air conditioning and escalators – are turned on and off according to demand, while outdoor lighting times are adjusted according to local times of sunrise and sunset. We successfully reduced our total carbon emissions by 8% this year.

Jing An Ke	erry Centre	2016	2015
Carbon	Scope 1	2,939	4,277 ⁸
Emissions	Scope 2	27,171	28,570
(tCO ₂ e)	Scope 3	12	9
Total Carbor Emissions (tC	-	30,122	32,856
GFA Under <i>I</i> (1,000 sq ft)	Management	3,982	
Carbon Inter (tCO,e/1,00	,	7.56	8.25

In late 2016, Jing An Kerry Centre increased investment in improving our cooling water system with the aim of further reducing energy consumption and carbon emissions. We are looking forward to identifying and implementing further initiatives which will reduce electricity consumption and carbon emissions.

The increase in Scope 3 carbon emissions was mainly due to the staff development programmes we conducted for colleagues in various cities last year which increased air travel. On the other hand, we successfully reduced our paper consumption by 11%.



⁸ In 2015, we replaced refrigerants in two major air conditioning applications resulting in relatively higher Scope 1 carbon emissions.

Kerry Parkside

At Kerry Parkside, we strive to embed environmental practices into our daily operation.

Over the years, we have implemented a number of energy conservation measures to save energy. In 2016, Kerry Parkside installed variable-frequency devices for chilled water circulator pump and heat water circulator pump to reduce energy consumption when the chillers were not fully loaded to further improve energy efficiency.



In 2016, however, we replaced refrigerants in major air conditioning equipment and this resulted in relatively higher Scope 1 carbon emissions. The increase in Scope 3 carbon emissions was mainly due to the increase in our business travel.

Kerry F	Parkside	2016	2015
Carbon	Scope 1	806	619
Emissions (tCO ₂ e)	Scope 2	14,843	14,624
2	Scope 3	11	8
Total Carbon Emissions (tCO ₂ e)		15,660	15,251
GFA Under Management (1,000 sq ft)		2,2	60
Carbon Inte (tCO ₂ e/1,0	,	6.93	6.75



PROTECTING THE ENVIRONMENT ENERGY EFFICIENCY

Shenzhen Kerry Plaza

At Shenzhen Kerry Plaza, we are proactively looking for new ways to conserve energy. In 2016, we turned off unnecessary lights in indoor parking areas while maintaining sufficient lighting for safety and security. We also adjusted the operating hours of an ultraviolet sterilisation system from 11 hours to two hours per day to achieve the same sterilisation effect. These measures corresponded to an estimated reduction of electricity of 138,375 kWh, equivalent to 124 tonnes of carbon emissions. Reducing our air travel contributed significantly to our cut in our Scope 3 carbon emissions.

	en Kerry aza	2016	2015
Carbon	Scope 1	12	55 ⁹
Emissions (tCO ₂ e)	Scope 2	11,993	12,284
2	Scope 3	6	9
Total Carbo Emissions (12,011	12,348
GFA Under Management (1,000 sq ft)		2,1	51
Carbon Intensity (tCO ₂ e/1,000 sq ft)		5.58	5.74

⁹ In 2015, we replaced refrigerants for two major air conditioning applications resulting in a relatively higher Scope 1 carbon emissions.





Hangzhou Kerry Centre

Offices at Hangzhou Kerry Centre was officially opened in March 2016. The building has installed a heat recovery ventilation system. The system employs a heat exchanger between the cool or warm exhaust air from the lavatories and the fresh air brought in by the air conditioning system. This reduced the load on the air-conditioning system. The system can reduce electricity consumption up to 120,000 kWh, equivalent to 97.34 tonnes of carbon emissions. These are estimated to a reduction of around 15% of electricity consumed by the heating and cooling systems of air conditioning in the office building.

PROTECTING THE ENVIRONMENT WASTE MANAGEMENT



One of the Group's primary environmental focuses is waste management. We encourage our contractors to reduce and recycle waste across our entire property development portfolio whenever possible. A waste management system has been developed to tackle waste from different sources.

Hong Kong

Striving for Green Development

To help us monitor and manage waste effectively, we have established Environmental Procedures which set out comprehensive instructions for waste management in development projects detailing the requirements to our contractors.

As part of our efforts to reduce waste on construction sites, it is our contractual requirement that all our contractors are required to achieve at least a 60% recycling rate. We closely monitor compliance among our contractors through our EMS audits. Contractors shall submit monthly reports regarding their performance on air quality, water consumption and management, noise pollution and waste management. In case of noncompliance, contractors must take corrective actions and implement improvement plan. Construction and demolition ("**C&D**") waste generated such as metal, cardboard, timber, plastic, concrete, bricks and general waste on our six project sites were properly collected and sorted. In 2016, all contractors achieved the recycling rate.

In 2016, there was a total of 251,290 tonnes of nonhazardous waste generated by our six construction projects. Masonry waste from cut and fill operations is reused as general fill material on site wherever possible. This reduces not only the amount of waste sent to landfills, but also the need to purchase material for foundation works. Scrap metal accounts for approximately 44% of the total non-inert C&D waste. During the reporting period, 6,092 tonnes of scrap metal was generated and all was recycled. In addition, 4,125 kg of asbestos containing material was disposed according to the relevant laws and regulations during our operations last year.







PROTECTING THE ENVIRONMENT WASTE MANAGEMENT

Project	Work Nature	Contract Period ¹⁰	Inert Waste (tonnes)	Non-inert C&D Waste (tonnes)	C&D Waste Recycling Rate (%)
Lung Cheung Road Beacon Hill Project (NKIL No. 6532)	Foundation	Jan 2016 – Dec 2016	87,819	416	84%
New Redevelopment Project at Hing Hon Road	Demolition	May 2016 – Dec 2016	2,873	89	62%
Mantin Heights	Superstructure	Feb 2015 – Dec 2016	8,908	6,186	67%
LaSalle Road Project	Demolition	Jul 2016 – Nov 2016	2,283	79	62%
Shan Kwong Road Redevelopment Project	Superstructure	Oct 2015 – Dec 2016	1,422	1,877	60%
The Bloomsway	Superstructure	Jan 2015 – Dec 2016	134,231	5,107	67%

Recycling by Number

The tables below indicate the amount of waste recycled since the commencement of the above contracts:



Green Practices in Managed Properties

Through cooperation with our stakeholders, the Group strives to make continuous improvements to our environmental performance. Our tenants, occupants, staff and contractors are all engaged with and encouraged to reduce waste generation in our properties.

We practise and promote waste recycling in our managed properties. To effectively reduce waste generation at source, we work together with our tenants and our cleaning contractors to reduce disposal.

Environmental Movement

The Group launched a new environmental initiative to raise environmental awareness among residents and tenants of all our managed properties. We organised a wide variety of recycling campaigns as well as educational tours and workshops. Stamp-collection programme was established to encourage residents and tenants to participate. Plentiful rewards such as free use of clubhouse facilities were offered.

Besides, we also launched a food waste recycling pilot campaign at Enterprise Square Five. A food waste decomposer was installed on site to convert food waste into organic fertilisers for gardening at MegaBox and our Mid-levels residences.



¹⁰ The reported data covers the period throughout the contract if the contract period extends beyond 2016.





Electrical Appliances Recycling Programme

The Group participated in the recycling campaign "Circle of Goodness" jointly organised by RoadShow and The Salvation Army. We promoted the campaign in our managed properties, collected electrical appliances and donated to people in need.



Green Every Day

To truly integrate environmental awareness into our daily operations, the Group has introduced a "Green Every Day" initiative in all our operations. By informing staff of news and information related to environmental protection, providing staff with easily accessible waste separation facilities and staff barter platforms, we promote recycling, smart use of resources, reuse of waste paper, control of indoor temperatures and procurement of energy-saving appliances.





PROTECTING THE ENVIRONMENT

Mainland

Raising awareness about waste management is an essential component of the Group's environmental efforts in the Mainland. It is essential for our key stakeholders to be aware of the urgency of this issue and have a strong understanding of the benefits of proper waste management.

A variety of programmes are conducted to engage our stakeholders to encourage their participation in waste reduction. We will continue to implement waste management initiatives in our properties, including comprehensive recycling schemes.



Sustainability Seminar

To put green concepts into practice, we partnered with Carbon Care Asia to host a sustainability seminar for management and suppliers of our major developments. Participants were able to gain a deeper understanding of global sustainable development challenges as well as their own roles in the Group's pursuit of sustainability. In focus groups, participants also provided comments on the Group's various sustainability areas.





WATER USE AND MANAGEMENT



Water management has moved up the international environmental agenda due to increasing pressure on water resources worldwide. KPL believes that increasing water use efficiency not only makes good business sense but can also lead to significant co-benefits for the environment and society.

Seeing water as one of our most valuable natural resources, we are committed to optimising water use efficiency and minimising wastewater generation within our operations. This commitment is stated in our Environmental Policy. With a desire to provide our tenants with systems of high efficiency, we not only focus on a sustainable design, but also efficient use and management.

Hong Kong

Work Together to Conserve Water

Water consumption of our managed properties accounts for the majority of the Group's total water consumption. We have implemented a range of diversified water conservation measures at different properties we manage.



In addition to the installation of water flow controllers at faucets and showers in our clubhouses and communal lavatories among our managed properties, we aim to install rainwater

harvesting systems in all feasible projects. Following the success at Dragons Range, we installed rainwater harvesting systems at The Bloomsway and Mantin Heights for landscape irrigation to conserve water.

Fresh Water Consumption per GFA in Hong Kong		
Year	Water Consumption (Tonnes/sq ft)	
2016	0.0442	
2015	0.0336	
2014	0.0373	
2013	0.0361	
2012	0.0368	
2011	0.0408	





PROTECTING THE ENVIRONMENT WATER USE AND MANAGEMENT

With the support and cooperation from our colleagues and the users, we recorded significant reductions in water use in a number of our managed properties this year. However, we have recently discovered a number of malfunctioning water meters and this may be the reason for the increase in overall water consumption.

We work together with our contractors to achieve continuous water use efficiency improvements at construction sites. We see high potential for improving water use efficiency in our contractors' daily operations. For example, dust suppression and cleaning are high priority areas for achieving significant water savings. In this regard, we provide all contractors with water saving guidelines when they receive tender confirmations.



Mainland

Beijing Kerry Centre

Beijing Kerry Centre has implemented various water conservation practices, with a dual emphasis on water efficiency and wastewater recycling. In 2016, the installation of water saving aerators at Beijing Kerry Centre saved up to 70% of tap water while maintaining the comfort of the user. We took a further step to collect greywater used for showering and water used during regular fire drills. Nearly 30,000 tonnes of greywater were reused for toilet flushing during the reporting period.



Despite these efforts, water consumption at Beijing Kerry Centre increased by more than 35% in 2016 compared to the year before. This was mainly due to burst water pipes under extremely cold weather during the reporting period.

The Regulations on Urban Drainage and Sewage Treatment promulgated and implemented by the State Council emphasise that urban drainage and sewage treatment are key to improving the quality of urbanisation in the PRC. Beijing Kerry Centre's drainage and sewage facilities fully comply with the Regulations and were granted the License for Urban Sewage Discharge into Drainage Networks in 2016.

Beijing Kerry Centre	2016	2015
Fresh Water Consumption (1,000 tonnes)	107	79
GFA Under Management (1,000 sq ft)	1,793	
Fresh Water Consumption per GFA (tonnes/sq ft)	0.06	0.04

Jing An Kerry Centre

Jing An Kerry Centre carefully monitored water consumption in order to increase water use efficiency. With water sub-meters installed since 2015, we keep monitoring water usage for chillers and irrigation to ensure efficient use of fresh water. In 2016, Jing An Kerry Centre invested in a rainwater harvesting system for irrigating planted areas in order to further reduce water consumption.

Jing An Kerry Centre	2016	2015
Fresh Water Consumption (1,000 tonnes)	272	276
GFA Under Management (1,000 sq ft)	3,982	
Fresh Water Consumption per GFA (tonnes/sq ft)	0.07	0.07

Kerry Parkside

Kerry Parkside has been conducting regular educational programmes on water saving since 2015. During the reporting period, Kerry Parkside increased our investment in water-saving hardware. Sensor taps and dual-flush toilets have been installed in the shopping mall and office, targeting to achieve further water savings in future.



Kerry Parkside	2016	2015
Fresh Water Consumption (1,000 tonnes)	187	182
GFA Under Management (1,000 sq ft)	2,260	
Fresh Water Consumption per GFA (tonnes/sq ft)	0.08	0.08

Shenzhen Kerry Plaza

At Shenzhen Kerry Plaza, wastewater recycling plays an important role in reducing fresh water consumption. In addition, we collect reclaimed water from the central air conditioning system as a reserve for fire fighting.

Shenzhen Kerry Plaza	2016	2015
Fresh Water Consumption (1,000 tonnes)	136	132
GFA Under Management (1,000 sq ft)	2,1	51
Fresh Water Consumption per GFA (tonnes/sq ft)	0.06	0.06



Hangzhou Kerry Centre

With water sub-meters installed in the newly opened Hangzhou Kerry Centre, we are able to obtain monthly water readings, gain a comprehensive picture of water consumption and ensure early detection of any leaks.

Besides monitoring water usage and water intensity at our managed properties in Hong Kong and the Mainland, we will continue to engage with our employees, customers and various end-users to foster a culture of conserving water resources in all our properties.



COMMUNITY INVESTMENT

For every society, sustainable development stems from efforts made at the local community level. All the other changes in favour of sustainability – by business, by national governments and by international agencies – help create the conditions that facilitate action for sustainable development at the local level by individuals, families, schools, hospitals, workplaces and neighbourhoods.

A sustainable community continues to thrive from generation to generation because it has:

- A healthy and diverse ecological system that continually performs life sustaining functions and provides other resources for humans and other species;
- A social foundation that provides for the health of all community members, respects cultural diversity, is equitable in its actions, and considers the needs of future generations;
- A healthy and diverse economy that adapts to change, provides long-term security to residents, and recognises social and ecological limits.

As a developer and manager of properties, KPL is uniquely placed to make multiple contributions to the community in which it does business. At the core level, we seek to integrate all desirable factors – for our residents, tenants and the surrounding neighbourhoods - into the design, construction and management of our properties. In the broader context, we play our part in community building through charitable donations and corporate volunteering.

Like branches and leaves on a tree, big or small, we seek to contribute to each part of a mutually supportive whole by engaging stakeholders in all levels within the community. The calm quiet strength of a tree Anchored deep in the earth Reaching high in the sky The calm quiet strength of a tree

The calm quiet strength of a tree Full of life from its roots To the tiniest branch The calm quiet strength of a tree

The calm quiet strength of a tree From the weight of its trunk To its delicate leaves The calm quiet strength of a tree

American Poet. Tom Splitt and Robert Johnson



Place-making for the Community

Beyond merely developing projects, KPL plans, designs and manages common areas through "place-making" to meet the needs of residents in the communities in which it operates. At Kerry Parkside in Pudong, the hosting of regular "Lifestyle Flea Market", where young local artists, handicraft boutiques and feature stores are invited to set up booths in the outdoor atrium area, provides a showcase for local creative products whilst reshaping the relationship between public areas and community living.

> Kerry Parkside 柳东直里離

THE P







Kerry Parkside







Mui Felt Art

Participant Ms Yang Qin, founder of Mui Felt Art studio, has been deeply interested in making handicrafts since she was young. After establishing her own studio upon graduating from university, her exquisite wool felt ornaments quickly earned favor with customers. Until meeting a group of like-minded friends in the "Lifestyle Flea Market", Yang Qin was unsure about how to continue her handicraft business. However, after sharing their experiences in various fields of art, a score of young people formed a team to launch their cross-media innovation projects. Kerry Parkside not only provides opportunities for entrepreneurs to display their products, but also, more importantly, amasses the power of the creative industry.

BestFriends

BestFriends is a civil organisation in Shanghai committed to finding new homes for abandoned pets. In its early days, the organisation could only promote its services on the Internet with limited impact. Kerry Parkside has always been pet-friendly, welcoming customers to enjoy leisure time with their pets in the outdoor atrium. When Kerry Parkside learned that BestFriends was going to organise a series of pet adoption events, the mall offered a venue for free to support. These events attracted animal-lovers interested in interacting with pets, and also increased the pet adoption application rate.

Residents nearby were recruited as volunteers, offering their help in minding the pets and in crowd control. The joint effort between Kerry Parkside and BestFriends has proven that pets do not necessarily cause inconvenience to customers in a shopping mall. On the contrary, they have contributed to raising the awareness of pet care in the community.







COMMUNITY INVESTMENT



Property development and redevelopment can make positive long-term changes to people's lives. To increase such potential, we treat community engagement as a valuable part of our business decision-making process. By fostering communication with the communities in which we operate and by understanding their concerns, we can better harmonise the interests of the Group with a full range of stakeholders.

Operating with Care for the Community

As a responsible property developer, we are well aware that construction projects may cause inconvenience to the residents nearby, despite their longer-term economic benefit. To tackle this issue, we maintain close contact with neighbouring communities before construction work begins and strive to implement sound practices that minimise negative impacts during building work stage.

What we've done for the community

We discussed issues with nearby schools in advance of construction work in order to better understand their concems. For example, we modified our construction schedule to reduce impact on students during their examination period.



Schedule

One of the construction projects shared the use of a narrow road with a nearby school. We provided students with transportation service to ease traffic congestion. The Group values resource utilisation. With this in mind, we kept some stones found on site and tumed them into rockscape for various landscape gardens on the development site.





Establishing a Barrier-free Community

KPL stands firm in the principle of "designing for all" and aims to provide the best customer experience in every property that we manage, taking care of all customers including people with special needs.

With this in mind, the Group adopted a barrier-free design for all newly developed properties, in addition to meeting the statutory requirements for disabled access. From accessible routes to washroom facilities, our design facilitates greater independence of not only wheelchair users but also families with prams or children's pushchairs, creating an inclusive environment. The building design and the provision of property management services at MegaBox are certified in compliance with the requirements of HKQAA Barrier Free Accessibility Management Systems.





To provide a barrier-free shopping experience for visually impaired people, we have since 2013 been partnering with Hong Kong Seeing Eye Dog Services to provide training for our frontline staff on the characteristics and special skills of guide dogs. Last year we invited Hong Kong PHAB Association to conduct training for our frontline staff to enable them to better understand ways to provide people with disabilities and the elderly with the services and assistance they need.



COMMUNITY INVESTMENT

Contributing to Good Causes

Being a socially aware company, we strive to maximise the value of our properties not only for customers but also for the community.

Our Charitable Donations Policy provides us guidelines to ensure that our donations can make a meaningful difference to the lives of people.

We have organised several fundraising initiatives joining hands with our employees, our tenants and the community. During the year, we donated a total of HK\$18.8 million to support a wide range of charitable organisations in Hong Kong and the Mainland. We also offered venue sponsorships to help a wide range of charity events.



C Happy day



4



3

- We provided sponsorship to support CBRE's "Walk for a Wish" which aims to raise funds for Changing Young Lives Foundation, an organisation that aims to provide protection, education, development and participation programmes for disadvantaged families.
- 2 We provided sponsorship to the "Green WALK Hong Kong 2016" organised by the World Green Organisation and set up a checkpoint for the walking event at MegaBox. Our employees also took part in the event to support promoting a low carbon lifestyle.
- 3 We continued to actively support "Skip Lunch Day", "Green Day" and other fund raising programmes organised by the Community Chest.
- 4 Kerry Parkside provided the venue for a fundraising event held by Shanghai QingCongquan Training Centre for Children with Special Needs, a non-profit community organisation which aims to provide rehabilitation training and coaching to children who suffer from autism along with their family members.





KPL also works with Kerry Group Kuok Foundation and Jigsaw - two charitable entities established by our parent company - to provide a range of programmes for disadvantaged groups. This is part of our commitment to establishing long-term relationships with the communities in which we operate through collaboration with established charity groups.



- 5 In response to the growing social problems of elderly poverty and teen suicide, we organised a series of seminars featuring speakers from the Samaritans, the Chinese University of Hong Kong and the School of Poverty Caring to share their views on solving these issues. This has helped us understand the needs of the elderly and teenagers and provide appropriate support to them.
- 6 To contribute to an inclusive society, we co-organised a cooking class with TREATS bringing together primary students from mainstream and special schools. The programme aimed to allow students experience the meaning of teamwork.
- 7 Celebrating Tuen Ng Festival with youth from less privileged families, we formed a dragon boat team and provided them with pre-race training courses to build team spirit.
- 8 In Beijing, our employees took part in the "Big Buddy Programme" and became the mentors of migrant workers' children. The children interacted with big buddies through correspondence, cultural activities and games. They also consulted mentors' advice on academic and career development.





Integrating Art into Urban Life

Despite its prominent position on one of the busiest intersections in downtown Hangzhou, Hangzhou Kerry Centre is just a stone's throw away from the tranquil and scenic West Lake. In order to blend the project into these somewhat paradoxical surroundings, great attention has been given to landscape and architectural design.

A key component is the outdoor courtyard, the Midtown Boulevard, which weaves through the centre as walkways lined with trees and flowers, sculptures, water features, and restaurants offering al fresco seating. One particular set of sculptures, named *Childhood*, features large stainless steel figurines depicting a family holding hands enjoying the surroundings. On weekends and holidays, children gather and play around these sculptures, while parents are busy taking photos, eager to capture every innocent and cheerful expression. Every corner of the Midtown Boulevard is filled with kids' joy and laughter. This set of sculptures was the work of Pan Jieyu.

Having been admitted to the Department of Sculpture by the China Academy of Art (the top art university in China, also





located in Hangzhou), Pan moved from Jiangxi to Hangzhou. There, encouraged by her lecturers, Pan participated in Kerry Centre's sculptural art competition. Following its theme "Where Everything Shines", the competition provided a platform for young artists to exchange ideas and display their works. Pan won, selected from more than a hundred participants. This was important recognition for her future career as a sculptor. Pan continued studying people from all walks of life in the West Lake Area, which inspired her to create three more sets of sculptures in the same form, expressing different emotions. All of her works are displayed in prominent areas around Hangzhou Kerry Centre. Integrating art into urban life is a trend in modern city planning, and Hangzhou Kerry Centre has embraced this idea fully. In Hangzhou, a city that preserves traditional culture while encouraging innovation, KPL joins hands with young artists to create vibrant public spaces and, more importantly, to foster a symbiotic relationship with the community which continues to shine.



SUSTAINABILITY AT A GLANCE

Environmental performance

Indicator	Unit	Hong Kong					Mai	inland	
		2016	2015	2014	2013	2012	2011	2016	2015
	·			Emissions					
Direct CO ₂ e emissions (Scope 1)	tonnes of CO ₂ e	1,602	2,407	3,636	2,203	1,534	1,726	3,768	4,960
Energy indirect CO ₂ e emissions (Scope 2)	tonnes of CO_2e	49,542	49,470	50,815	53,626	49,274	47,262	70,118	71,568
Other indirect CO ₂ e emissions (Scope 3)	tonnes of CO_2e	363	279	305	300	277	258	38	39
Total CO ₂ e emissions	tonnes of CO_2e	51,507	52,156	54,756	56,129	51,085	49,246	73,924	76,567
Carbon emissions intensity by GFA	tonnes of CO ₂ e/ 1,000ft ²	4.42	4.71	5.02	5.09	5.18	6.14	7.26	7.52
				Waste Dispo	sal				
Total asbestos containing materials disposed from demolition work	kg	4,125	-	4,620	380	-	-	-	-
Soil contaminant identified from Land Contamination Assessment		-	-	-	-	-	-	-	-
Total non-hazardous waste produced at construction sites	tonnes	251,290	84,664	1,718,457	-	-	-	-	-
				Use of Resou	rces				
Electricity consumption	1,000kWh	70,775	70,666	71,775	75,767	69,467	65,901	77,133	77,730
Heat/steam consumption	1,000kWh	-	-	-	-	-	-	9,242	11,257
Diesel/petrol consumption	1,000liters	354	390	365	359	337	-	11	22
Towngas consumption	unit	471	708	1,546	1,078	722	-	-	-
Natural Gas consumption	m ³	-	-	-	-	-	-	1,171,779	1,245,398
Indirect energy consumption intensity by GFA	kWh/ft²	6.08	6.38	6.58	6.88	7.04	8.22	8.48	8.74
Total fresh water consumption	1,000m ³	515	372	407	398	363	327	702	669
Water consumption intensity by GFA	tonnes/ft ²	0.0442	0.0336	0.0373	0.0361	0.0368	0.0408	0.0689	0.0657
Total paper consumption	kg	17,293	14,997	17,871	19,505	18,180	18,648	5,484	5,756
Paper consumption Intensity by GFA	kg/ft²	0.0015	0.0014	0.0016	0.0018	0.0018	0.0023	0.00054	0.00057



Properties	Residential/ Commercial GFA (1,000 sq ft)	GFA (1,000 L)				Waste Generation Intensity (L/ sq ft)			
		2016	2015	2014	2013	2016	2015	2014	2013
			Resid	lential					
15 Homantin Hill	155	483	482	482	482	3.1	3.1	3.1	3.1
Aigburth & Tavistock	500	1,691	1,670	1,840	1,927	3.4	3.3	3.7	3.9
Bayview	162	750	721	-	-	4.6	4.5	-	-
Belgravia	122	482	480	480	479	3.9	3.9	3.9	3.9
Branksome ¹	402	1,183	607	620	1,188	2.9	1.5	1.5	3.0
Camellia Court	66	350	337	327	275	5.3	5.1	4.9	4.2
Century Towers	237	660	616	621	622	2.8	2.6	2.6	2.6
Constellation Cove	578	3,167	3,700	4,223	4,752	5.5	6.4	7.3	8.2
Elm Tree Towers	251	483	482	482	482	1.9	1.9	1.9	1.9
Heng Fa Villa	72	413	412	411	16	5.7	5.7	5.7	0.2
Island Crest	411	2,522	2,432	2,465	2,472	6.1	5.9	6.0	6.0
upiter Terrace	109	1,008	1,008	1,008	910	9.3	9.3	9.3	8.4
Larvotto	1,849	4,539	4,912	5,431	5,102	2.5	2.7	2.9	2.8
Lions Rise	910	5,640	5,586	4,345	3,623	6.2	6.1	4.8	4.0
May Towers	239	536	520	468	575	2.2	2.2	2.0	2.4
Ocean Pointe	551	3,491	3,492	3,264	3,411	6.3	6.3	5.9	6.2
Primrose Hill	453	2,971	2,956	2,882	2,862	6.6	6.5	6.4	6.3
Regency Park	265	1,445	1,445	1,445	1,445	5.5	5.5	5.5	5.5
SOHO 189	149	809	815	718	-	5.4	5.5	4.8	-
SOHO 38	48	154	149	173	241	3.2	3.1	3.6	5.0
The Altitude	245	1,391	1,406	1,533	1,677	5.7	5.8	6.3	6.8
Valverde	109	760	659	717	723	6.9	6.0	6.6	6.6
The Summa	178	1,256	-	-	-	7	-	-	-
1-3 Ede Road	78	242	-	-	-	3.1	-	-	-
8 LaSalle	61	87	-	-	-	1.4	-	-	-
			Com	nercial					
Enterprise Square	676	4,850	5,023	4,972	4,935	7.2	7.4	7.4	7.3
Enterprise Square Two	248	922	961	2,035	2,165	3.7	3.9	8.2	8.7
Enterprise Square Three	552	1,948	1,876	974	969	3.5	3.4	1.8	1.8
Enterprise Square Five & MegaBox	1,625	16,369	16,702	15,941	15,970	10.1	10.3	9.8	9.8
Korm Contro	F10	2 5 5 2	2 410	2 415	2 (20	4.0	4 7	4 7	7 1

Waste generation across properties managed

Kerry Centre

518

¹ Branksome covers Branksome Grande, Branksome Crest and Gladdon. Branksome Crest was under renovation in 2014-2015, and therefore no residential and domestic waste was generated.

2,415

3,689

4.9

4.7

4.7

7.1

2,416

2,552





Social performance – Employment and Labour Practices

Indicator	Unit		Hong	g Kong		Mainland		
		2016 Female/Male	2015 Female/Male	2014 Female/Male	2013 Female/Male	2016 Female/Male	2015 Female/Male	
			Employm	ent				
Total workforce by g	ender and age gro	up						
Under 30	no. of people	141/83	128/85	121/82	110/67	182/163	145/123	
Age 30-50	no. of people	220/392	220/388	224/367	209/367	267/513	197/400	
Over 50	no. of people	88/383	74/349	63/305	58/278	20/149	19/140	
TOTAL	no. of people	449/858	422/822	408/754	377/712	469/825	361/663	
Total number of new	employee hired b	y gender and age	group		••••••		••••••••••••••••••••••••	
Under 30	no. of people	71/46	64/50	53/53	59/43	84/85	49/55	
Age 30-50	no. of people	35/99	39/125	43/80	30/100	54/119	30/107	
Over 50	no. of people	19/108	11/74	10/57	10/44	13/5	4/7	
TOTAL	no. of people	125/253	114/249	106/190	99/187	151/209	83/169	
Average turnover rate	e by gender and ag	ge group						
Under 30	%	24.5/28.6	20.9/31.1	19.0/29.5	25.2/31.6	30.8/31.9	11.8/17.8	
Age 30-50	%	12.7/10.8	14.9/17.0	11.5/16.1	11.4/15.7	15.7/15.4	9.2/16.2	
Over 50	%	6.2/12.0	11.7/7.6	11.6/11.7	5.8/9.8	55/14.8	1.4/4.8	
AVERAGE	%	15.2/13.1	16.1/14.6	13.8/15.7	14.8/15.2	23.2/18.6	22.4/38.8	
			Health and	safety				
Total number of injury reported	no. of people	4/18	7/9	6/8	7/12	3/5	1/7	
Injury rate (per 1,000 staff)		8.9/21.0	16.6/10.9	14.7/10.6	18.6/16.9	6.4/6.1	2.8/10.9	
Overall injury rate (per 1,000 staff)		16.8	12.9	12.0	17.4	6.2	7.8	
Work-related fatalities	no. of people	0/0	0/0	0/0	0/0	0/0	0/0	
Occupational diseases reported	no. of people	0/0	0/0	0/0	0/0	0/0	0/0	
Lost Day due to wor	k related injuries							
Lost day	no. of man-day	33/253	121/111	119/144	35/528	89/154	1/182	
Lost day rate	%	0.03/0.12	0.11/0.05	0.12/0.08	0.04/0.30	0.08/0.07	0/0.11	
Overall lost day rate	%	0.09	0.07	0.09	0.21	0.08	0.07	
			Development an	d training				
Employees trained by	y employee catego	ory						
Management/ Managerial/ General Staff	no. of people	29/207/ 795	46/163/ 688	35/165/ 703	50/139/ 661	19/93/ 1,060	7/76/838	
Management/ Managerial/ General Staff	%	78.4/81.8/ 78.2	76.7/75.5/ 68.9	61.4/76.7/ 70.8	80.7/79.4/ 72.6	79.2/84.6/ 91.4	-	
Total employees	%	78.9	71.9	77.4	76.9	90.6	89.9	



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Indicator	Unit		Hon	g Kong		Mai	inland
		2016 Female/Male	2015 Female/Male	2014 Female/Male	2013 Female/Male	2016 Female/Male	2015 Female/Male
			Development ar				
Average training l	nours by employ	ee category					
Management/ Managerial/ General Staff	hours	4.8/8.6/ 15.4	12.5/15/17	10.5/17.3/ 13.1	18.7/12/ 9.8	11.8/12.8/ 17.5	10.8/23.8/ 24.6
Employees receiv	ing regular perfo	ormance reviews					
Management/ Managerial/ General Staff	%	100/100/ 100	100/100/ 100	100/100/ 100	100/100/ 100	100/100/ 100	100/100/ 100

Social performance – Employment and Labour Practices

Non-compliance with relevant standards, rules and regulations on preventing child or forced labour is not identified.

Social performance – Operating practices

Indicator	Unit		Hong Kong			Mainland	
		2016	2015	2014	2013	2016	2015
			Supply chain m				
Total number of vendors for project development	no. of companies	797	746	674	574	30	. 834
Total number of vendors for property management	no. of companies	649	567	582	565	462	034

Product responsibility						
Non-compliance with regulations and volunta	ry codes concernii	ng the health and	safety impacts o	f products and se	rvices is not identi	ified.
Substantiated claims of no. of cases 0 unresolved complaints	0	0	0	0	0	
No substantiated complaint was received concerning the breach of intellectual property rights.						

No substantiated complaint was received concerning the breach of customer privacy.

Non-compliance with regulations and voluntary codes concerning product/service information and marketing communications relating to products and services provided is not identified.

Anti-corruption

There was no legal case regarding corrupt practices brought against KPL or our employees during the reporting period.

There was no established whistle-blowing case during the reporting period.



SUSTAINABILITY AT A GLANCE

Social performance – Community Investment

Indicator	Unit	Hong Kong and Mainland				
		2016	2015	2014	2013	
		Community	y Investment			
Total monetary donations	HK dollar	18,800,000	630,861	324,000	3,278,000	
Total man-hours in staff volunteering	hours	35,642	650#	330.5#	182.5#	

* Not all relevant activities were recorded.



HKEX ESG GUIDE AND GRI CONTENT INDEX

HKEX ESG Reporting Guide	Content	GRI	Section Reference/ Remarks
	A1 Emissions		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	G4-DMA G4-EN29	PROTECTING THE ENVIRONMENT; There were no fines for any non-compliance with environmental laws and regulations.
A1.1 A1.2	The types of emissions and respective emissions data Greenhouse gas emissions in total and, where appropriate, intensity	G4-EN15 G4-EN16 G4-EN17 G4-EN18	ENERGY EFFICIENCY; Sustainability at a Glance
A1.3 A1.4	Total hazardous waste produced and, where appropriate, intensity Total non-hazardous waste produced and, where appropriate, intensity	G4-EN21 G4-EN23	WASTE MANAGEMENT; SUSTAINABILITY AT A GLANCE
A1.5	Description of measures to mitigate emissions and results achieved	G4-EN19	ENERGY EFFICIENCY
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	G4-EN23	WASTE MANAGEMENT
	A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	G4-DMA	ENERGY EFFICIENCY
A2.1	Direct and/or indirect energy consumption by type in total and intensity	G4-EN3 G4-EN5	ENERGY EFFICIENCY; SUSTAINABILITY AT A GLANCE
A2.2	Water consumption in total and intensity	-	WATER USE AND Management; Sustainability at a Glance
A2.3	Description of energy use efficiency initiatives and results achieved	G4-EN6	ENERGY EFFICIENCY
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	G4-EN10	WATER USE AND MANAGEMENT
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	G4-EN1	No material amount of packaging material is used for finished products in our business operations.
-	Building energy intensity	CRE1	ENERGY EFFICIENCY; SUSTAINABILITY AT A GLANCE
-	Building water intensity	CRE2	WATER USE AND MANAGEMENT; SUSTAINABILITY AT A GLANCE
-	Greenhouse gas emissions intensity from buildings	CRE3	energy efficiency; sustainability at a glance



HKEX ESG GUIDE AND GRI CONTENT INDEX

HKEX ESG Reporting Guide	Content	GRI	Section Reference/ Remarks
	A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	G4-DMA	PROTECTING THE ENVIRONMENT
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them		
	B1 Employment		
General Disclosure	Information on:	G4-DMA	EMPLOYEE WELL-BEING
	 (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and the welfare 	G4-SO8	There were no fines or non-monetary sanctions fo non-compliance with laws and regulations.
B1.1	Total workforce by gender, employment type, age group and geographical region	G4-10 G4-LA12	EMPLOYEE WELL-BEING; SUSTAINABILITY AT A GLANCE
B1.2	Employee turnover rate by gender, age group and geographical region	G4-LA1	OUR GROWING TEAM; SUSTAINABILITY AT A GLANCE
-	Total number of incidents of discrimination and corrective actions taken	G4-HR3	There were no incidents of discrimination reported.
	B2 Health and Safety		
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 providing a safe working environment and protecting employees from occupational hazards	G4-DMA	HEALTH AND SAFETY FIRST
B2.1	Number and rate of work-related fatalities	G4-LA6	HEALTH AND SAFETY
B2.2	Lost days due to work injury		first; sustainability at a glance
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	G4-DMA	HEALTH AND SAFETY FIRST
	B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	G4-DMA G4-LA10	TALENT DEVELOPMENT
B3.1	The percentage of employees trained by gender and employee category	-	TALENT DEVELOPMENT;
B3.2	The average training hours completed per employee by gender and employee category	G4-LA9	SUSTAINABILITY AT A GLANCE
-	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category	G4-LA11	OUR GROWING TEAM



HKEX ESG Reporting Guide	Content	GRI	Section Reference/ Remarks
	B4 Labour Standards		
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	G4-DMA	LABOUR STANDARDS
B4.1	Description of measures to review employment practices to avoid child and forced labour	G4-HR5 G4-HR6	
B4.2	Description of steps taken to eliminate such practices when discovered		
	B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	G4-DMA	SUPPLY CHAIN MANAGEMENT
B5.1	Number of suppliers by geographical region	G4-12	SUPPLY CHAIN MANAGEMENT; SUSTAINABILITY AT A GLANCE
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	G4-DMA G4-EN32 G4-LA14	SUPPLY CHAIN MANAGEMENT
	B6 Product 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 	G4-DMA G4-PR2 G4-PR4 G4-PR7 G4-PR8 G4-PR9	PRODUCT RESPONSIBILITY There were no incidents of non-compliance with regulations or voluntary codes concerning the " health and safety impacts o
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	-	products and services.
B6.2	Number of products and service related complaints received and how they are dealt with	G4-PR8	
B6.3	Description of practices relating to observing and protecting intellectual property rights		
B6.4	Description of quality assurance process and recall procedures	-	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	G4-DMA	
-	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	CRE8	ENERGY EFFICIENCY



HKEX ESG GUIDE AND GRI CONTENT INDEX

HKEX ESG Reporting Guide	Content	GRI	Section Reference/ Remarks
	B7 Anti-corruption		
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	G4-DMA G4-SO5	ANTI-CORRUPTION There were no confirmed legal cases of corruption brought against KPL or its " employees.
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	G4-SO5	employees.
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	G4-58	
	B8 Community 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	G4-DMA	COMMUNITY INVESTMENT
B8.1	Focus area of contribution	G4-EC7	
B8.2	Resources contributed to the focus area	G4-EC1	



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