



嘉里建設有限公司
KERRY PROPERTIES LIMITED

Stock Code: 683 (Incorporated in Bermuda with limited liability)

CHANGE IS

CONSTANT

Sustainability Report 2018



Every Thought Counts

Share your thoughts with us and we will donate HK\$100 to a charitable organisation of your choice. Click [here](#) to “share and give”.

From waters deep, to mountains high — all life begins as a journey, always on the move. As we cherish and protect, surely nature will sustain in the future ahead.



CONTENTS

- 02 ABOUT THIS REPORT
- 05 MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE
- 06 SUSTAINABILITY STRATEGY
- 15 OUR BUSINESS
- 17 STAKEHOLDER ENGAGEMENT
- 24 OUR OPERATION
- 42 OUR TEAM
- 60 OUR PROPERTIES
- 84 OUR COMMUNITY
- 101 PERFORMANCE DATA SUMMARY
- 111 HKEX ESG REPORTING GUIDE CONTENT INDEX
- 117 GRI CONTENT INDEX
- 126 INDEPENDENT ASSURANCE OPINION STATEMENT

ABOUT THIS REPORT

About the Company

Kerry Properties Limited (“**Kerry Properties**” or “**KPL**”, which together with its subsidiaries referred to as the “**Group**”), is a world-class property company¹ with significant investments in the Mainland and Hong Kong. The Group’s major focus is on developing high-quality residential and mixed-use developments encompassing office towers, apartments, shopping malls and hotels in prime locations². Beyond the delivery of quality properties, the Group continues to serve its clients by offering professional management and a range of value-added services and diverse privileges.

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

Kerry Properties is listed on The Stock Exchange of Hong Kong Limited (“**SEHK**”) (Stock code: 683) and is also selected as a constituent stock in the Hang Seng Corporate Sustainability Benchmark Index.



Reporting Period and Scope

This report covers the Group’s sustainability performance for the financial year from 1 January to 31 December 2018. It includes the sustainability performance of our operations in Hong Kong³ and key properties in the Mainland⁴ including seven mixed-use projects and seven selected properties. Compared with our previous report published in June 2018, which covered our operations in Hong Kong and six mixed-use projects, two commercial properties, and two residential properties in the Mainland, we have further expanded the reporting scope this year to include more properties. For details, please refer to the following map and table.

GFA under management (million square feet)	
Hong Kong ⁵	11.07
Jing An Kerry Centre, Shanghai	3.98*
Kerry Parkside, Shanghai	2.26
Beijing Kerry Centre	1.79
Shenzhen Kerry Plaza	2.15*
Hangzhou Kerry Centre	2.68*
Shenyang Kerry Centre ^{6Δ}	8.79
Qianhai Kerry Centre ^Δ NEW	3.07
Kerry Everbright City Phase III — Enterprise Centre, Shanghai	1.56
Shenzhen Kerry Centre	0.84
Shanghai Central Residences Phase II	0.75
Habitat Phase I, Qinhuangdao	2.06*
Shanghai Central Residences Phase I NEW	1.33*
Putian Arcadia Court NEW	3.88*
Tangshan Arcadia Court NEW	3.28*

¹ The Group is a property investment, development and management company headquartered in Hong Kong.
² As at 31 December 2018, the Group held a portfolio comprising properties under development, completed investment properties, hotel properties and properties held for sale, in the Mainland, Hong Kong, Macau and overseas.
³ The scope of reported Hong Kong operations includes: a) properties under development; b) completed investment properties; and c) properties held for sale. Hotel properties are excluded.
⁴ The scope of reported properties in the Mainland excludes: a) properties under development; and b) hotel properties.
⁵ For managed properties in Hong Kong, compared to 2017, added Enterprise Square Five, and excluded Larvotto since it is no longer managed by the Group.
⁶ Included all properties in the project in 2018 (Shenyang Kerry Parkside, Enterprise Square Tower 2 and Shenyang Arcadia Height are added in 2018, on top of the Enterprise Square Tower 1 and Shenyang Arcadia Court in 2017).
 * Includes non-accountable GFA, if any, such as basement, underground car parks and floors serving mechanical purposes.
 Δ Excludes Environmental Key Performance Indicators

In addition, this report includes environmental key performance indicators (“KPIs”) of operations in Hong Kong as well as five mixed-use projects, five residential properties and two commercial properties in the Mainland (eight additional projects compared to last year)⁷. For properties that are yet to be covered, baseline data collection has been undertaken for future extension of the reporting scope.

Reporting Standards

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

Data Preparation

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

The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible.

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

In order to ensure the credibility and transparency of our report, an independent sustainability consultancy, Carbon Care Asia, was engaged to oversee and facilitate the preparation of this report in a rigorous manner.

Reporting Principles

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

⁷ Excluding environmental KPIs of projects/properties under development or those with occupancy rate lower than 80% in the reporting year.

Principle	What it means	The Group’s Response
Stakeholder inclusiveness	The report should include views and expectations among its stakeholders.	Stakeholder engagement is conducted for obtaining direct inputs and feedback from stakeholders. The outcome of the stakeholder engagement processes is consistent with the material topics included in the report.
Sustainability context	The report should examine performance with reference to broader sustainable development considerations and goals.	Discussions of material sustainability issues are supplemented with the Group’s long-term strategy, risks, opportunities and goals whenever feasible.
Materiality	The report should cover aspects that reflect significant economic, environmental and social impact or substantively influence the assessments and decisions of stakeholders.	Material sustainability issues are identified through stakeholder engagement, in which the Group’s business nature, operational practices and locations have also been taken into account.
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 SEHK’s ESG Guide are covered in this report. All material sustainability issues identified are also addressed in this report.
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.

ABOUT THIS REPORT

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

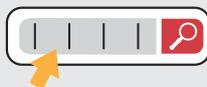
New Reporting Features



Expanded reporting scope



Video sharing in case studies



Easily access the report via navigation bar



Aligned Vision 2030 with United Nations Sustainable Development Goals ("SDGs")

Report Assurance

The report is externally assured to validate the accuracy and reliability of its content. British Standards Institution ("BSI") was engaged to provide independent limited assurance of this report in accordance with GRI Standards: Core option and ESG Guide issued by SEHK. The assurance, including the scope of work and conclusions, can be found in the Independent Limited Assurance Statement on pages 126 to 128.

Feedback Mechanism

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

MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE

The only constant in life is change. Everything moves on from its source, and to keep pace, we too must evolve.

Over the past years, the Group has put positive change as the focus of our sustainability goals and targets. The guiding principles flowing from our core business and fundamental concerns are set out in a roadmap for all to follow, based on the tenets of People, Properties, and Community.

In KPL's sustainability journey, we believe that the best support comes from our stakeholders. Engaging them via various channels gives us an understanding of their ideas and needs, and allows the Group to effectively apply sustainability principles throughout the value chain. This approach has led to a number of positive outcomes consistent with our targets set in 2018.

After four years of listing on the Hang Seng Corporate Sustainability Benchmark Index, the year 2018 saw the Group's ranking rise into the top 30. Receiving a Gold Award for the second consecutive year in the Hong Kong Green Awards 2018, along with the Sustained Performance (9 Years+) certificate, was another highlight.

Striving to promote sustainable development, the Group added two more policy statements on Environment and Sustainable Procurement, in addition to the six introduced in 2017. To extend our contribution to carbon reduction, we joined the Green Council's Sustainable Procurement Charter and participated as one of the signatories of the Business Environment Council's Low Carbon Charter in early 2019.

Where possible, we seek to align those endeavours with the Sustainable Development Goals (SDGs). Adopted by the United Nations in 2015, the SDGs are an impetus for companies to take society's challenges as opportunities for enhancing business growth and long-term competitiveness.

Our newly developed Vision 2030 seeks to progress the group's SDGs-aligned sustainability roadmap by scaling up our efforts through collaboration with peers, industry and sector organisations, customers, the governments, non-profit organisations, and society at large. We will do this by continuously reviewing and monitoring our targets, with a view to moving forward with ever higher, more international standards.

Embracing change, and building on the achievements to date as a foundation, may we all grow, and flow together, towards a more sustainable future.

Sustainability Steering Committee
Kerry Properties

20 June 2019

“
No man ever steps in the
same river twice, for it's
not the same river, and
he's not the same man.

Heraclitus, Greek philosopher

”

SUSTAINABILITY STRATEGY

Sustainability is at the heart of our business operations. Guided by our Sustainability Policy Statement, we recognise our role and responsibility to come to the forefront of sustainability while pursuing business excellence. We value the people and partners we work with; we undertake responsible actions along our supply chain; we care about the environment; and we adhere to principles of fairness and integrity in our business practices.

Sustainability Principles

The following principles guide our sustainability decisions and goal-settings in three areas.



We aim to:

- Provide equal opportunities, including career development, for all
- Safeguard the welfare of our staff in every aspect of their work duties
- Build and manage properties for optimal environmental efficiency
- Maintain the highest ethical standards in conducting our business
- Nurture the well-being and development of communities in which we operate

In our operations, we are committed to:

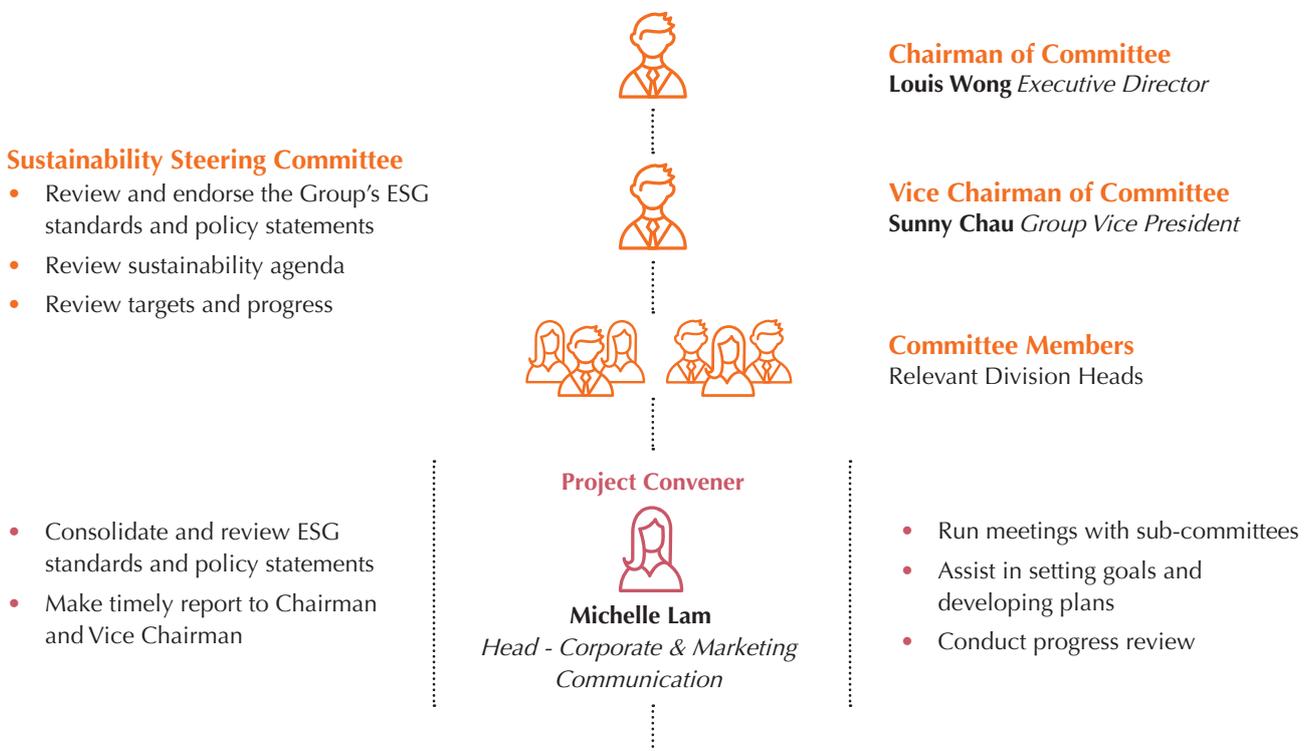
- Achieving sustainability goals aiming to bring positive impacts to the society and the environment
- Encouraging our business partners, including suppliers and contractors, to be socially and environmentally responsible
- Giving back to the community and enhancing the living conditions of the community
- Creating value for all our stakeholders and communicating with them through engaging dialogues
- Improving our performance consistently through innovation, vigilance and pursuit of excellence

The newly developed policy statements, namely the Sustainable Procurement Policy Statement and the Environmental Policy Statement, aim to provide guiding principles in relation to the two areas. Details of respective statements are elaborated on pages 37 and 62.

Sustainability Governance

Our group is fully prepared to capitalise on the exciting business opportunities brought forth by sustainable development and mitigate any sustainability risks. The Sustainability Steering Committee (the “**Committee**”), composed of senior management executives and established in 2016, is led by Executive Director, who is a member of the Board. The role of this Committee is to discuss, set forth and steer the Group’s sustainability agenda with the assistance of an independent sustainability consultant, and to drive the Group to be in a better position to embrace sustainability to the fullest.

Sustainability Governance Structure



SUSTAINABILITY STRATEGY

The Committee continues to review the Group’s sustainability strategies, goals and performance through regular steering committee and sub-committee meetings. In the reporting year, the Committee stepped up its efforts to further translate the Group’s vision on sustainability by adding two new policy statements on environmental protection and sustainable procurement to our existing set of sustainability statements. Our response towards various sustainability issues is detailed in the respective chapters.

Risk Management

The Group considers risk management as an integral part of daily management and sound corporate governance. Risk management mechanism assists the Group to evaluate and minimise risks that may prevent or endanger the achieving of its business objectives in a dynamic business environment where economic, industry, regulatory and operating conditions continue to change.

Accountable for the long-term stable growth of the Group, the Board has ultimate responsibility for maintaining and reviewing the effectiveness of the Group’s systems of risk management and internal controls (the “**Systems**”).

Each business unit of the Group (“**BU**”) is responsible for the management and maintenance of its own internal control system. To ensure the effectiveness of the Systems, the Board has authorised the Audit and Corporate Governance Committee (“**ACGC**”) to review the Systems annually.

Risk Management and Internal Control Systems

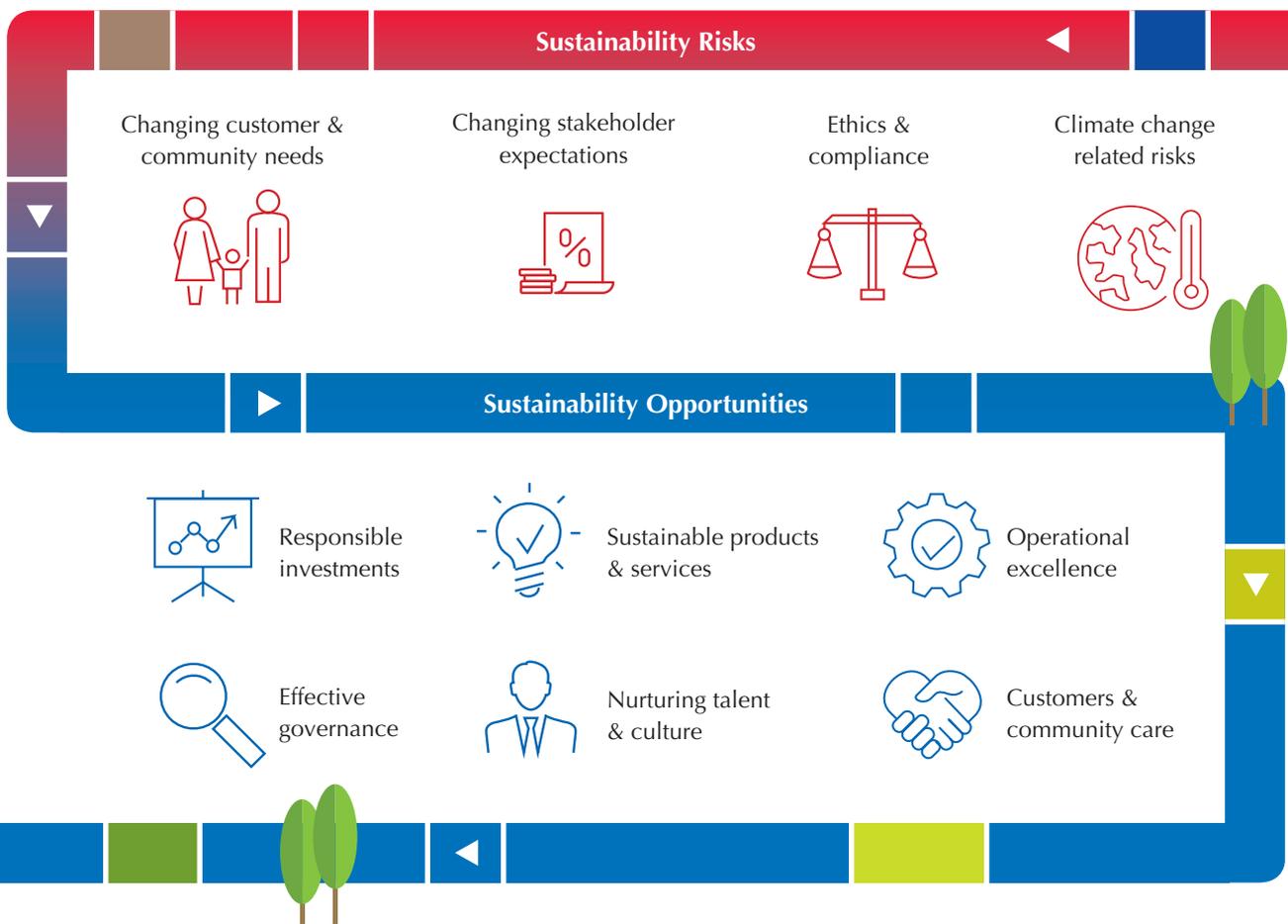
<p>Identifying, evaluating and managing risks</p>	<p>The Company’s Internal Audit (“IA”) Department assists the ACGC to review the major operational, financial and risk management controls of the Group’s businesses on a continuing basis.</p> <p>Through regular supervision, evaluation and annual audit, the IA Department assists various business divisions to streamline their operation procedures, including the related guidelines, manuals and common practices.</p> <p>The IA Department formulated its scope of review and the audit programme, based on a risk assessment approach and focusing on areas with relatively higher perceived risks, which were approved by the ACGC at the end of the preceding financial year in conjunction with the Management.</p>
<p>Reviewing the adequacy and effectiveness of the Systems</p>	<p>In order to better review and evaluate the adequacy and effectiveness of the Group’s existing Systems, individual BU was requested to assess the effectiveness of its operations (including financial controls, operating controls, risk management, etc.), then submit to the Board the confirmation of the internal self-assessment questionnaires on the adequacy and effectiveness and its risk management and controls system, which were discussed at the annual ACGC Meeting.</p> <p>In addition, each of the Group’s IA and Divisional Finance Head was requested to assess the adequacy of resources, qualifications and staff experience at its own level, then submit an internal questionnaire report to the Group. This was also discussed at the annual ACGC Meeting.</p> <p>Based on the results of the annual review by the ACGC and IA, the Board considered that the Systems are effective and adequate. There is no significant change in the nature and extent of risks and the Company’s ability to respond to changes in its business and the external environment since the last annual review.</p>

Recognising the importance of reviewing the risk matrix, responsible management conducts quarterly review on major risk issues then present the review results to the ACGC for further discussion during the quarterly meetings.

Sustainability Risks and Opportunities

Guided by our sustainability principles across the three areas of “People”, “Properties” and “Community”, we are committed to making a positive contribution to the communities in which we operate. Identifying and addressing risks ahead not only help demonstrate our commitment, but also respond to stakeholders’ increasing attention of how we respond to challenges in a dynamic environment.

In the reporting year, the Group incorporated sustainability related risks into its risk management and internal control systems.



SUSTAINABILITY STRATEGY

Improving our Data Management System

In addition to carrying out various initiatives and reporting our progress to stakeholders annually through sustainability reports, we focus just as much on improving our data management across sites of operation. This aligns with our aim to enhance the quality of reporting and respond to increasing expectations from stakeholders on our governance.

In early 2019, our sustainability consultant conducted an independent review of our data management system in selected multi-use projects in the Mainland. With a focus on environmental data, various areas for improvement were identified.

Our central sustainability team takes the lead in improving the data management system. We are looking into:

- Devising manuals and other guidelines for standardising data collection, consolidation and analysis for reporting;
- Collaborating with the IT department to enhance automation in our data collection templates and data approval process;
- Streamlining the reporting structure of responsible teams across different properties; and
- Organising relevant training in internal capacity building.

Moving forward, the central sustainability team will conduct periodic internal audit on reported data. These measures are expected to result in better engagement and capacity building on data management, as well as improvement in governance.

Sustainability Roadmap

Our first five-year sustainability roadmap was launched in 2016. The formulation of this roadmap is a crucial step for the Group to take full advantage of its sustainability journey. Through a step-by-step process, this roadmap provides a clear and comprehensive picture of the Group’s sustainability strategy. It also helps us prioritise improvement actions and optimise resource deployment.

In 2018, the Group made further progress towards various roadmap targets. Across Hong Kong and the Mainland, all of our suppliers and contractors acknowledged their responsibilities on sustainable practices as required in our Vendor Code of Conduct. For internal capacity building, management staff were offered training on equality and diversity.

In the Mainland, four additional projects we managed obtained the OHSAS 18001 certification. In Hong Kong, we attained the ISO 14001:2015 certification for property development, property management and corporate supporting services. We are also on track to achieving 100% certification of BEAM Plus for all new residential and commercial buildings in Hong Kong by 2020.

Moving Forward on *Sustainability Strategy: Vision 2030*

The Group puts sustainability at the heart of everything it does. Over the past years, we formulated a roadmap to achieve our sustainability goals and targets that follow a set of guiding principles built upon our core business and fundamental concerns — People, Properties and Community.

In 2015, 193 Member States of the United Nations adopted 17 global Sustainable Development Goals (“SDGs”) seeking to end poverty, fight inequality and injustice, and tackle climate change by 2030. The formulation of SDGs provides a historic moment for companies to leverage on societal challenges to enhance business growth and long-term competitiveness.

The Group’s **Vision 2030** seeks to align its sustainability roadmap with the SDGs. We see this as an opportunity to address the complex sustainability challenges by scaling up our efforts through collaboration with peers, industry and sector organisations, customers, governments, nonprofit organisations, and society at large.

Aligned with the SDGs, **Vision 2030** is a way for us to create shared value for all stakeholders. The SDGs can focus our Group’s purpose on challenges that act as a catalyst for innovation, engaging and motivating employees, opening up new markets and opportunities, and future-proofing the Group’s business.

Vision 2030 integrates our sustainability roadmap and the SDGs at three levels:

Policies and Commitments



To benefit company development and connect with the SDGs;

Objectives and Targets



To meet business needs and support global goals;

Resources and Responsibilities



To drive meaningful and effective actions of the Group and stakeholders.

SUSTAINABILITY STRATEGY

The **Vision 2030** strategy framework focuses on four areas:



Our People

We care about the holistic health of our staff, respect every employee, and recognise the value of diversity and equality. Most importantly, we unite our people to drive positive change.



Partner Engagement

To make a positive contribution to the environment and communities, we engage and join forces with different partners along our supply chain.



Our People



Objectives

We aim to maintain a safe and equal working environment for our employees, provide development opportunities and promote employee health and well-being by focusing on:

- Nurturing an ethical culture
- Promoting a safe working environment
- Promoting diversity and minimising inequality



Targets by 2030 (Highlights)

- All employees to be trained in business ethics and equal opportunity
- All employees receive in-house health and safety training



Partner Engagement



Objectives

We seek to engage and collaborate with our partners whose values are in alignment with our own.

Our partners are encouraged to share the same commitment to promoting best practices in sustainability and striving for improvement in operations.

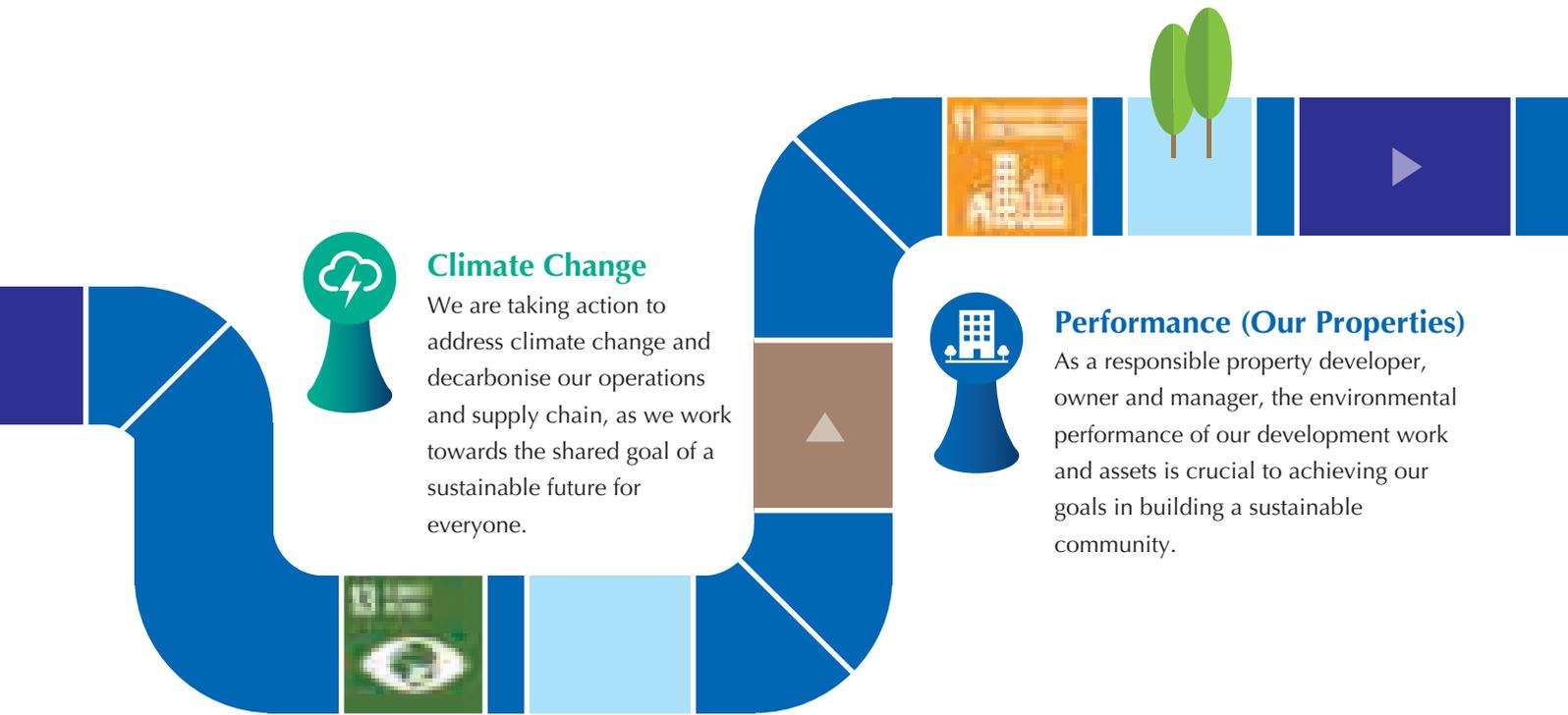
Engagement efforts are mainly targeted at:

- Promoting social inclusiveness in our operations
- Educating our partners to uphold human rights across our supply chain
- Sourcing and extending the use of green products and services
- Influencing our suppliers to meet our sustainability criteria



Targets by 2030 (Highlights)

- All main contractors for development projects to declare that there is no use of child labour and forced labour
- Take key consideration of green specification/sustainability performance of contractors into the procurement processes
- Encourage supply chain partners to hire the underprivileged by adding relevant contents in the Vendor Code of Conduct



Climate Change

We are taking action to address climate change and decarbonise our operations and supply chain, as we work towards the shared goal of a sustainable future for everyone.



Performance (Our Properties)

As a responsible property developer, owner and manager, the environmental performance of our development work and assets is crucial to achieving our goals in building a sustainable community.



Climate Change



Objectives

We aim to mitigate climate change by embedding sustainability in our building design, construction and operation stages.

Ongoing efforts in different directions:

- Promoting waste reduction at the source and recycling
- Promoting the use of products made from recycled materials
- Reducing emissions by identifying and exploring new emission reduction initiatives
- Continuing the process of climate resilience assessment for our properties with incorporation of our stakeholders' opinions



Targets by 2030 (Highlights)

- ▶ Drive continuous reduction in carbon emission and intensity in our operations
- ▶ Complete climate resilience assessment for all investment properties and actively adopt mitigation and adaptive measures
- ▶ Explore and adopt low carbon and climate resilient building measures



Performance (Our Properties)



Objectives

We strive to efficiently operate our properties and work with suppliers in promoting sustainable development.

At the asset level, we will continue to expand certification and improve standards, including:

- Achieving higher green building standards in energy efficiency, indoor air quality, water quality and safety standard
- Maintaining sound environmental management while striving for improvement



Targets by 2030 (Highlights)

- ▶ Attain certification of ISO 14001 for all managed properties and investment properties
- ▶ Attain Gold or above in LEED certification for all new investment properties in the Mainland
- ▶ Attain Silver rating or above in BEAM Plus certification for all new projects in Hong Kong

SUSTAINABILITY STRATEGY

Moving Forward: *Green Initiatives Group Chat and Kerry Innovation & Creation Community (“KICC”)*

The Group values the contribution of our team in embracing the challenges and opportunities ahead.

In line with **Vision 2030’s** emphasis on stakeholder engagement, we are in the process of establishing a Green Chatroom among management teams, as well as a new platform for internal engagement, the KICC.

The Green Chatroom:

Management teams will share innovations and best practices in the market and industry across various sustainability issues. Together, they will contribute their ideas and propose action plans.

Meanwhile, apart from discussions among top management, the Group welcomes input from our staff members.

KICC:

The KICC adopts both bottom-up and top-down approach for internal engagement.

- Bottom-up approach: we welcome staff members from all ranks to contribute ideas for innovation and creation, and devise actual plans and strategies.
- Top-down approach: the KICC Committee will be chaired by senior management, who will provide resources in realising staff members’ ideas.

OUR BUSINESS

“Caring for the Environment and the Place where We Live”

Creating value for our stakeholders is an integral part of our philosophy. We adopt a holistic value-creation approach to integrate sustainability across the stages of planning, construction and management.



OUR BUSINESS

Business Overview*

The Group posted solid results from the sales of completed properties during the year ended 31 December 2018. The rental and hotel operations, founded on a growing asset base, also maintained a steady performance.

Our property portfolio comprises



Properties under development
25.36 million square feet (gross floor area)



Completed investment properties
13.10 million square feet (gross floor area)



Hotel properties
4.67 million square feet (gross floor area)



Properties held for sale
2.32 million square feet (gross floor area)

in the Mainland, Hong Kong, Macau and overseas



Financial Performance Highlights



Total capitalisation
HK\$38,927 million



Profit attributable to shareholders
HK\$7,499 million



Net borrowings
HK\$18,727 million



Shareholders' equity
HK\$97,541 million

More details of KPL's financial performance and related information can be found on page 4 of our Annual Report 2018, which is available on KPL's and SEHK's websites.

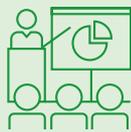
* This section includes the financial performance of the Company and its subsidiaries, associates and joint ventures beyond the scope of this report. For the reporting scope, please refer to page 2.

STAKEHOLDER ENGAGEMENT

Understanding and meeting the needs of our stakeholders is of paramount importance for us to move forward on the path towards sustainability. The feedback we collect serve as guidance for the Group on identifying material sustainability issues and managing relevant risks and opportunities.

Our stakeholders are individuals and organisations who can impact or be impacted by our operations. We engage our key stakeholders via multiple channels to gather their feedback and strive for continuous improvement. Meetings and other communicative events are held across daily operations for internal and external stakeholder groups.

Overview of our key stakeholders and engagement channels



Investors and Shareholders

- Annual/Special General Meetings and Interim/Annual results announcements
- Announcements and circulars
- Annual and interim reports
- Sustainability report
- Company websites
- Investor visits/briefings
- Response to investor surveys and benchmarking exercises
- Press and analysts' conferences
- Roadshows and investors' conferences



Customers and Tenants

- Customer satisfaction surveys
- Customer service hotlines
- Community events
- Club and membership activities
- Social media and company websites
- Corporate magazines



Government and Industry Associations

- Regular meetings
- Public consultation
- Conference, forums and seminars



Academia

- Research studies
- Student partnership programmes
- Event venue sponsorships
- Seminars



Media

- Press conferences and releases
- Media briefings
- Feedback and response to enquiries



Non-governmental Organisation Partners

- Focus groups
- Partnership programmes
- Award schemes and charters
- Sponsorships and donations
- Conferences and seminars



Employees

- Orientation and training sessions
- Team building activities
- Recreational and volunteering activities
- Lunch with senior management
- Communication enhancement via latest information technologies
- Employee Innovation Committee
- Staff magazine "Art of Services"
- Performance appraisal
- Intranet and emails



Suppliers and Contractors

- Surveys and meetings
- Supplier enquiry hotline
- Green Construction Site Award
- Safety briefings
- Tendering and procurement processes



Local Communities

- Public/community events
- Community initiatives
- Employee volunteering activities
- Company websites

STAKEHOLDER ENGAGEMENT

Stakeholder Engagement Highlights

Our Three-Year Stakeholder Engagement Plan

Stakeholder engagement is a long-term commitment to build trusting and enduring relationships. To better understand the stakeholders' interests as the foundation for future improvements in our sustainability performance, we have developed a three-year stakeholder engagement plan with reference to the AA1000 Stakeholder Engagement Standard.



In 2017, we completed the first and second steps of stakeholder identification and prioritisation, to determine the scope and priority of engaging our key stakeholder groups from 2018 onwards. Based on the results, we identified the management of the Group, as well as external stakeholders including contractors, tenants and residents as the major stakeholder groups we engaged in 2018. Each stakeholder group across our sites of operation in Hong Kong and the Mainland participated in a questionnaire survey and tailor-made focus groups. Training programmes on various sustainability issues were also conducted for our management.

With the idea to encourage participants to speak their minds freely and to ensure impartiality of the process, engagement activities were facilitated by an independent consultant, while feedback collected from the questionnaire survey and focus groups were kept anonymous.

We continue to evolve our stakeholder engagement exercises in order to design effective stakeholder engagement processes that best suit to the relevant stakeholders. In 2018, after studying feedback collected from our engagement activities, we followed up with the third step of stakeholder profiling. As a result, the Committee established profiles for individual stakeholder groups based on a set of criteria, such as their willingness to engage in sustainability-related communication, knowledge of sustainability issues and expectations towards the Group regarding sustainability. This exercise will be helpful in determining our scope and priority of engagement moving forward.

As part of the preparation of this sustainability report, we conducted:



In-depth interview



Questionnaire survey



Training programmes



Focus groups



Participated by over **990** employees, contractors, suppliers, tenants and residents in Hong Kong and the Mainland



As compared to 2017's:

Response rate on questionnaire survey



Overall engagement numbers

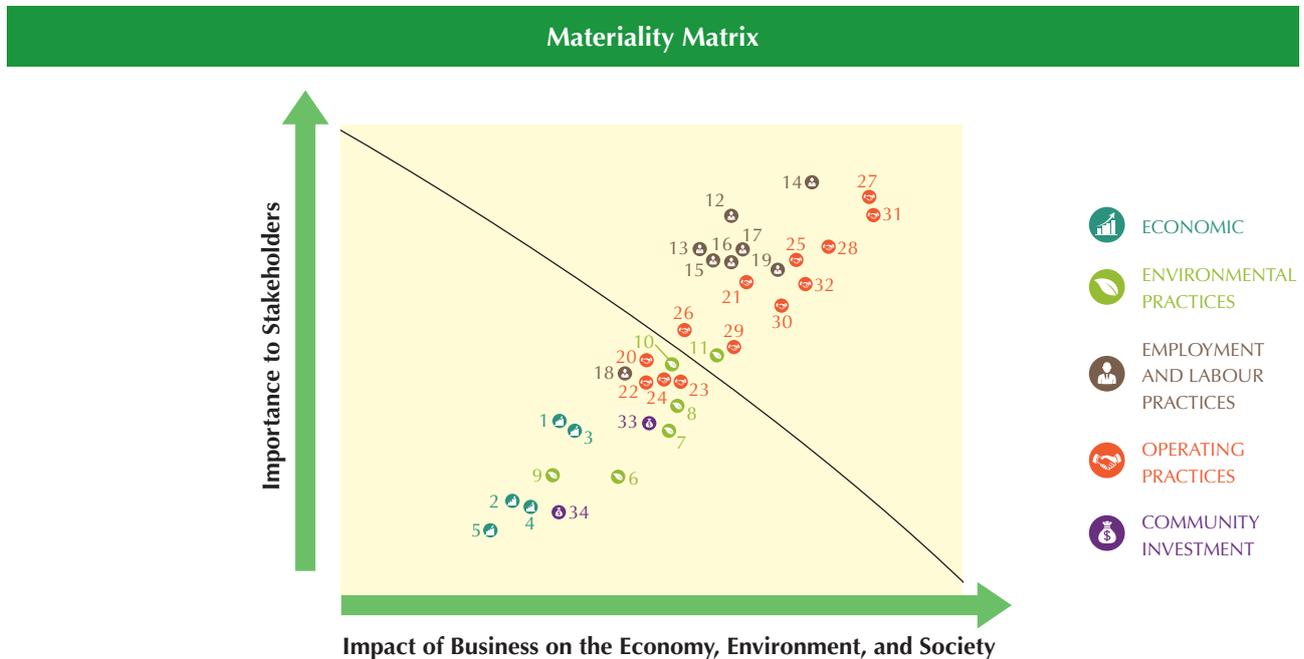


Materiality Assessment

Phase	Actions	Highlights
<p>1</p> <p>Identifying relevant issues</p>	<p>We have been conducting an ongoing review of existing and previous engagement results, global sustainability issues, as well as local and international reporting standards. Relevant sustainability topics identified by the review were presented in 34 issues, covering Economic, Environmental Practices, Employment and Labour Practices, Operating Practices and Community Investment.</p>	<p>2016: identified 20 relevant issues 2017: identified 32 relevant issues 2018: identified 34 relevant issues</p>
<p>2</p> <p>Collecting stakeholder feedback</p>	<p>We assessed the materiality of each relevant issue through a series of engagement activities with our internal and external stakeholders, including an interview, training, focus group discussions and surveys.</p>	<p>824 valid questionnaires were received and analysed to develop the materiality matrix</p>
<p>3</p> <p>Identifying material issues</p>	<p>The materiality of each relevant issue was assessed by taking into account its importance to the stakeholders and the Group's impact in relation to the issue. Based on the survey results, a materiality matrix was developed. Out of the 34 issues, 17 were prioritised as material issues.</p>	
<p>4</p> <p>Validation</p>	<p>The materiality matrix was presented to the Sustainability Steering Committee for review. The 17 material issues were validated to be priority issues for us to address and report on.</p>	<p>2016: identified 9 material issues 2017: identified 16 material issues 2018: identified 17 material issues</p>

STAKEHOLDER ENGAGEMENT

Results of the materiality assessment for 2018 are presented in the materiality matrix below.



Economic

- 1) Economic performance
- 2) Financial risks and opportunities associated with sustainability issues
- 3) Direct economic impact of the operation on the local community
- 4) Indirect economic impact of the operation on the local community
- 5) Economic impact on the local community through procurement practices

Environmental Practices

- 6) Resource use and efficiency
- 7) Energy use and efficiency
- 8) Water resources use and efficiency
- 9) Protection of biodiversity
- 10) Emission of greenhouse gases or other significant gas emissions
- 11) Management of waste and effluent

Employment and Labour Practices

- 12) Employment management system
- 13) Employer-employee relations
- 14) Safe and healthy working environment
- 15) Training and development
- 16) Employee diversity and equal opportunities
- 17) Elimination of discrimination

- 18) Respect for the rights of association and collective bargaining
- 19) Prevention of child labour or forced labour

Operating Practices

- 20) Identification and prevention of direct and indirect negative impact of the operation on human rights
- 21) Security practices respecting human rights
- 22) Respect for indigenous rights
- 23) Assessment and management of the negative impact on the environment through the supply chain
- 24) Assessment and management of the negative impact on social issues through the supply chain
- 25) Customer health and safety
- 26) Management of transport impacts during construction
- 27) Customer information and privacy
- 28) Quality management and after-sales service
- 29) Fair and responsible marketing communication and information
- 30) Protection of intellectual property rights
- 31) Prevention of bribery, extortion, fraud and money laundering
- 32) Prevention of anti-competitive practices

Community Investment

- 33) Understanding the need of the community and managing the impact of operation on the community
- 34) Participation in public politics

In addition to the 17 material issues, we are aware that our stakeholders place special concern on the two issues (*) below, which we have responded to by addressing them specifically in this report.

The relevant sustainability issues are listed below in a descending order of materiality importance:

Material Issues	GRI Standards	Relevant Area	Impacts and Boundaries		Relevant Chapter in the report
			Internal	External	
27) Customer information and privacy	GRI-418		✓	✓	Our Operation
31) Prevention of bribery, extortion, fraud and money laundering	GRI-205		✓	✓	Our Operation
14) Safe and healthy working environment	GRI-403		✓		Our Team
28) Quality management and after-sales service	—		✓	✓	Our Operation
25) Customer health and safety	GRI-416		✓	✓	Our Operation
12) Employment management system	GRI-401		✓		Our Team
32) Prevention of anti-competitive practices	GRI-206		✓	✓	Our Operation
19) Prevention of child labour or forced labour	GRI-408 GRI-409		✓		Our Team
17) Elimination of discrimination	GRI-406		✓		Our Team
16) Employee diversity and equal opportunities	GRI-405		✓		Our Team
15) Training and development	GRI-404		✓		Our Team
30) Protection of intellectual property rights	—		✓	✓	Our Operation
13) Employer-employee relations	GRI-402		✓		Our Team
21) Security practices respecting human rights	GRI-410		✓	✓	Our Operation
29) Fair and responsible marketing communication and information	GRI-417		✓	✓	Our Operation
26) Management of transport impacts during construction	G4-CRE		✓	✓	Our Properties
11) Management of waste and effluent	GRI-306		✓	✓	Our Properties
3) Direct economic impact of the operation on the local community*	GRI-202		✓	✓	Performance Data Summary
33) Understanding the need of the community and managing the impact of operation on the community*	GRI-413		✓	✓	Our Community

STAKEHOLDER ENGAGEMENT

Responding to our Stakeholders

We treasure comments, views and suggestions from our stakeholders which can help us improve our performance. Highlights from focus groups conducted in the reporting year as well as our responses are presented below:

Our Responses



Sustainability strategy

Stakeholders would like to learn more about KPL's sustainability roadmap.



Our first five-year sustainability roadmap was launched in 2016. In the form of a step-by-step process, the roadmap provides a clear and comprehensive picture of the Group's sustainability strategy. In 2018, the Group made further progress towards various roadmap targets. Across Hong Kong and the Mainland, all of our suppliers and contractors acknowledged their responsibilities on sustainable practices as required in our Vendor Code of Conduct. The Group's Vision 2030 seeks to align its sustainability roadmap with the SDGs. Visit "Sustainability Strategy" for more information.



Operation practices

Stakeholders would like to learn more about the requirements related to KPL's Green Procurement Manual.

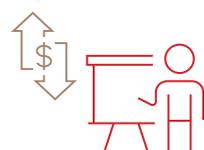


The Group developed a Green Procurement Manual (the "Manual") in 2015 which specifies the environmental credentials mandated for products routinely used in different business activities. In addition, the property management division has set up a hotline service to assist our suppliers in understanding the Manual. We will continue to enhance communication with our business partners to achieve a sustainable procurement practice together. Visit "Our Operation" for more information.



Workplace practices

Stakeholders suggested enhancing the existing arrangements of training subsidy.



The Group fosters a learning culture by providing ample staff training opportunities to unleash employees' potential and assist them to achieve career goals. The Group's Training Guidelines provides a framework for staff learning and development. In 2018, we developed elementary and advanced leadership training to support our managers to excel in their roles. In addition, we will consider expanding the scope of training subsidy coverage as well as adjusting the amount of training subsidy for factors such as inflation. Visit "Our Team" for more information.

Our Responses



Environmental performance

Stakeholders would like to understand more about the recycling facilities at our properties and our waste management practices.

We consistently evaluate our facility management practices to improve the actual performance of buildings. Collaborating with occupants, we implemented various control measures to enhance the environmental performance, such as setting up a waste recycling system, using degradable plastic bags and promoting efficient use of resources. The Group also organised a wide range of recycling campaigns, educational tours and workshops for residents, tenants and customers to drive behavioural change.

Visit "Our Properties" for more information.

In view of the waste issues in Hong Kong, stakeholders recommended KPL to consider adopting food waste recycling in their properties.

We are aware that waste management is one of the environmental challenges nowadays. We believe it is our job to properly manage and dispose of the waste generated by our operations and properties. Food waste composting machines that convert food waste to liquid discharge and fertilisers have been installed at selected properties. Furthermore, MegaBox is studying the feasibility of collecting food waste from F&B tenants and transfer it to the Organic Resources Recovery Centre (Phase 1) in Siu Ho Wan.

Visit "Our Properties" for more information.



Community care

Stakeholders are aware of the different community engagements organised by KPL and would like to know how the target groups or focus areas are identified. Furthermore, they also suggested KPL consider expanding the variety of volunteer activities.

Supporting the communities where we operate is one of our opportunities to make a positive impact on society. Guided by our Charitable Donations Policy Statement, we constantly reach out to the community to support different initiatives in six main areas, namely, support for the elderly and the needy, children's education, arts and culture, environmental conservation, academic activities and disaster relief. We are proud of the commitment and compassion towards meaningful social causes shown by our corporate volunteer team, which was established last year. We listen to the team and incorporate their suggestions into the formulation of community service activities.

Visit "Our Community" for more information.



OUR OPERATION

Sustainability has been elevated to a level of strategic imperative. The necessary discourse is no longer about whether to incorporate sustainability into strategy and operations, or even how to do it — but how to do it better. Over the long term, KPL believes the only solution is to develop a strong culture of sustainability.

At KPL, cultural change is driven with determination. We train our team, engage our suppliers, develop Ethical Guidelines, upgrade procurement practices, enhance performance management and formulate new approaches for customer wellness.



*Supplier Stakeholder
Engagement Session 2018*





OUR OPERATION

Fair Operating Practices

In operating our business with the highest standard of corporate governance and integrity, we endeavour to uphold high ethical standards in our business decisions and actions. To outline the values and standards we pursue, the Group has developed and adopted a set of corporate policy statements. These are available to the public on our corporate website (<http://www.kerryprops.com/en/post/csr-our-policies>) and Intranet for easy access by all employees.

Data Security

We are committed to safeguarding the privacy of our customers by ensuring security of the collected information, including but not limited to their personal data, communications and bank account/credit card information, as they access our information, products and services through various channels.

Our Personal Data (Privacy) Policy states the types of personal data to be collected, the purpose for which personal data is collected and to whom it may be disclosed. To provide our employees with clear instructions, we have developed various guidelines and procedures, such as an Administration Manual, as well as an operation manual for front-line and supervisory staff on the collection, handling and use of personal data. In addition, our standard operating procedures for property management and retail business allows staff to handle the personal data of residents, tenants, visitors and shoppers appropriately in different scenarios.

We inform customers of why and how we collect, process and use their information through personal information collection statements. As far as practicable, less privacy-intrusive alternatives are adopted. Customers can contact our data protection officers by email or in writing to request access to and/or correction of their personal data, make inquiry or file complaint related to privacy matters.

The Group abides by relevant laws and regulations in relation to customer privacy, including but not limited to the Personal Data (Privacy) Ordinance in Hong Kong. During the reporting year, there were no cases of complaints filed by external parties or regulatory bodies, as well as cases of non-compliance concerning breaches of customer privacy or identified leaks, thefts or loss of customer data.

Anti-corruption

The Group upholds the principles of honesty, ethics and integrity in its business practices and adopts zero tolerance against corruption. Our Anti-corruption Policy states the responsibility of all business units and employees in complying with the relevant laws and regulations, including but not limited to the Prevention of Bribery Ordinance in Hong Kong. Employees must not engage in any form of corruption, including bribery, extortion, fraud and money laundering. All employees are prohibited from soliciting, accepting or offering advantages from or to clients, suppliers or any person having business dealings of any kind with the Group.

For our property management business, we have in place a Company Policy and Guideline on Acceptance of Advantages in Hong Kong as well as related guidelines in the Mainland to provide specific guidance on corporate gift-giving during festive occasions. Anti-corruption practices also apply to our supply chain as specified in our Vendor Code of Conduct.

In addition, as detailed in our Whistleblowing Policy, we have established a mechanism for employees and parties dealing with the Group to raise concerns to senior management about possible improprieties. Whistleblowing matters may include any breach of legal or regulatory requirements; criminal offences and breach of civil laws; malpractice, impropriety or fraud in financial reporting, internal control or other financial matters that employees are aware of, or genuinely suspect to have occurred or may occur. The Chairman of the Audit and Corporate Governance Committee is responsible for monitoring the mechanism, conducting independent investigations and taking appropriate follow-up action. The Group will treat all whistleblowing reports in a confidential manner, and will protect the whistleblowers from any unfair treatment.

In 2018, in addition to the anti-corruption training provided for all new employees, we invited an independent consultant to offer Train-the-Trainer sessions on anti-corruption and whistleblowing. This was attended by around 40 managerial staff from different divisions in the Hong Kong and Shanghai offices. The training aims to increase participants' awareness of the issues. It introduced the key concepts and implications concerning anti-corruption and whistleblowing, and illustrated the latest global trends and region-specific development with case studies.

The Group abides by relevant laws and regulations in relation to bribery, extortion, fraud and money laundering. During the reporting year, the Audit and Corporate Governance Committee received no reports of corrupt practices and there were no confirmed legal cases of corruption brought against the Group or its employees.

Anti-competition

The Group recognises the significance of fair competition in a free market as it leads businesses to meet market demand with the right products and services at the right price and quality. We are committed to promoting fair competition across our operations and along our supply chain. We endeavour to tackle anti-competitive behaviour at all times with the relevant policies and measures.

Our Competition Law Policy Statement states that in compliance with competition laws in Hong Kong and the Mainland, the Group prohibits anti-competitive conduct, and proactively identifies risk areas in competition practices. All directors and employees are required to adhere to guidelines and standard work procedures regarding restrictive agreements with competitors, price fixing, market sharing, output limitation, bid rigging and information exchange.

In our supply chain, procurement and tenders for products and services are carried out in a fair and transparent manner. We prevent bid rigging in the tendering process by updating and evaluating our list of qualified and pre-approved companies. Only companies on the list are invited to tender. Tenderers for development projects in Hong Kong after May 2018 are required to submit a non-collusive tendering certificate, stating that there is no anti-competitive behaviour in their business.

The Group abides by relevant laws and regulations in relation to anti-competition. During the reporting year, there were no cases or legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislations within the Group.

OUR OPERATION

Protection of Intellectual Property Rights

The protection of intellectual property is vital for fostering creativity and innovation in society. The Group respects the intellectual property rights of others. In our daily operation, we require both our employees and contractors to comply with the applicable legal requirements related to the protection of intellectual property rights, as well as protect the confidentiality of any privileged information provided to us in the course of our business activities.

Responsible Marketing Communications

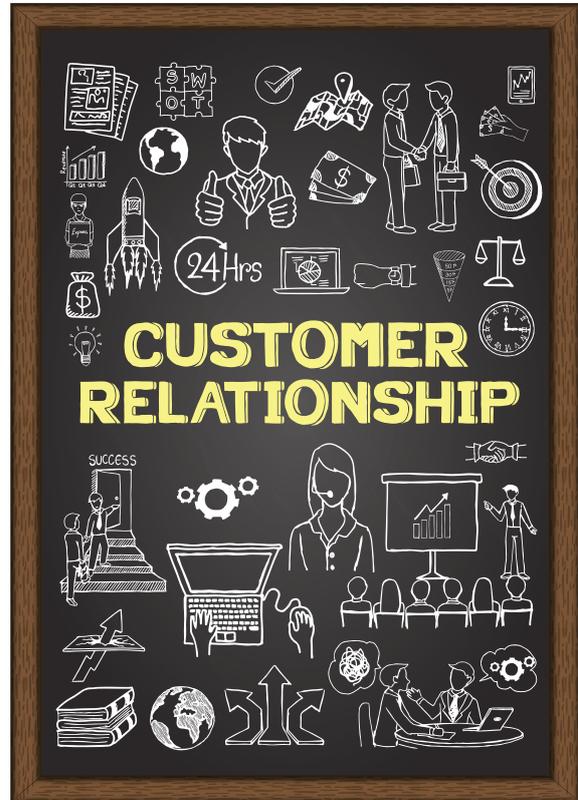
As a responsible property developer and owner, we safeguard the interests of our customers. To ensure our marketing communications are conducted in a truthful and honest manner, we have procedures in place to regulate the content of our sales brochures and marketing materials in accordance with the Residential Properties (First-hand Sales) Ordinance in Hong Kong. Similar standards have been adopted for our business operations in the Mainland.

The Group abides by relevant laws and regulations in relation to advertising and labelling matters of products and services provided. During the reporting year, there were no cases of non-compliance with regulations concerning product and service information and labelling, as well as marketing communications within the Group.

Security Personnel Practices

The Group is committed to respecting and promoting human rights across our business activities. In our property management business, all security personnel, including those hired by the Group or employed by external security companies, are required to attain the relevant certifications prior to commencement of work. While the Group has yet provided training for security personnel specific to human rights in the reporting year, we are in the process of developing a set of Ethical Guidelines, covering topics on human rights which can serve as a reference for developing training programmes in the future.

During the reporting year, no incidents of human right violation by the security guards were reported within the Group.



Customer Relationship Management

Nurturing a growing relationship with our customers has always been at the core of our business, which relies on our commitment to creating values for them with quality products and services. Our customers are the building occupants, which include tenants in office towers, shopping malls and residents in residential buildings, as well as shoppers.

Customer Health and Safety

As stated in our Corporate Health & Safety Policy Statement, we care about the well-being of our customers, and have a series of measures in place to safeguard their health and safety. We have also designed safety training and standard operating procedures on various topics according to the needs of employees.

Fire Safety for Building Occupants

To ensure the fire safety of the properties under our management, we have organised a host of initiatives to prepare for fire emergencies.

To raise the fire safety awareness of our building occupants, apart from fire drills at our properties in Hong Kong, as well as Kerry Parkside, Shanghai, Beijing Kerry Centre and Shenzhen Kerry Plaza, we have expanded to organise fire drills in Hangzhou Kerry Centre, Qianhai Kerry Centre and Putian Arcadia Court to include nearly 13,599 participants in the reporting year.

The fire simulations covered in these drills demonstrated the correct use of fire extinguishers as well as emergency duties and procedures. The drills also helped our property management team to review its fire evacuation plan, while the volunteer fire fighting team could rehearse and test its readiness in handling fire emergencies.

In addition, we have provided standard operating procedures and training for our property management employees as well as building occupants regarding response to fire emergencies with post-training assessments for employees. For example, 100% of the property management employees at Habitat Phase I, Qinhuangdao passed an examination covering fire emergencies.

In particular, Jing An Kerry Centre is equipped with a 24-hour mini fire station which can offer timely assistance to building occupants in case of fire emergencies within the property and nearby areas.



Maintenance of Lifts and Escalators

To ensure the reliability and safety of all lifts and escalators, regular inspections were performed on all escalators and lifts at properties under our management.

Maintaining a hygienic environment is also important to protect the health of customers. In addition to regular cleaning, in 2019, the current escalator handrail at MegaBox will be replaced with the first anti-bacteria handrail which is treated with an antimicrobial additive and monitored regularly by bacteria testing.

Guidelines on handling procedures, drill plans as well as training for emergency incidents concerning escalators and lifts are provided for employees — thus ensuring their capability to provide prompt emergency response assistance to our customers.

OUR OPERATION

IAQ Improvement/System Upgrade

We believe good indoor air quality (“IAQ”) not only constitutes a pleasant working environment, but is also important to the physical and mental health of building occupants.

Hong Kong

Apart from office space, we strive to improve the air quality of the common areas of our buildings. In 2018, we have received IAQ awards from the Environmental Protection Department:

Common areas of Kerry Centre	Common areas of Enterprise Square and Enterprise Square Three
IAQ (Excellent Class) certification	IAQ (Good Class) certification
	

The Mainland

IAQ improvement measures adopted to lower the PM2.5 concentration in indoor areas include:



2015	F7 Bag filters were installed in Kerry Everbright City Phase III — Enterprise Centre (T1&T2)	Improving IAQ in areas totalling 1.64 million sq ft GFA
2017	Bag filters were installed in our property management’s office in Shanghai	
2017	Electrostatic filters and Intense Field Dielectric filters were installed in Beijing Kerry Centre office	

In addition, we are extending our improvement measures to data monitoring for better IAQ management. In 2018, QLEAR air quality sensors were installed in the office buildings of Kerry Everbright City Phase III — Enterprise Centre. The sensors measure key parameters and record five major air index data, including PM2.5, total volatile organic compounds (“VOCs”), carbon dioxide, indoor temperature and relative humidity. The data is centralised in QLEAR’s platform which shows the trend profiles in real time. This measure allows us to identify air quality anomalies and take countermeasures to provide occupants with a fresh and healthy workspace.

We continue to improve the IAQ of our properties for the well-being of our occupants. We have participated in the RESET Air certification scheme and target to achieve accreditation in 2020 for our key mixed-use and commercial projects in the Mainland. To prepare for the accreditation, in 2019, we will install IAQ monitoring systems to track IAQ parameters and stream real-time data to the cloud; and target to upgrade the air filtration systems to improve air quality.

KerryOn Kup Basketball Tournament

To promote a healthy lifestyle, the two-day KerryOn Kup Basketball Tournament was organised for our tenants at Kerry Parkside. We encouraged our corporate tenants to form teams to participate in the tournament, and also enriched the event with a variety of physical activities, such as cheerleading, hip-hop and slam dunk performance.

The well-received event enhanced communication among the tenants. After listening to their feedback, we will organise more sports events to promote holistic wellness.

“
The tournament is a success, and we really enjoy!”

“
It enhanced the communication between tenants and looking forward to having more tenants to join the games in the future”



— Shanghai

The Group abides by relevant laws and regulations in relation to customer health and safety. During the reporting year, no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products or services were reported within the Group.

OUR OPERATION

Customer Satisfaction

The Group regards customer satisfaction as a priority. We consistently improve our working processes and the quality of our products and services in order to deliver solutions which exceed customers' expectations.

Mini case

Building Shenyang Kerry Parkside in Your Mind

We value customers' feedback as it enables us to improve the quality of products and services in an efficient manner. Before the official opening of our new shopping mall in late November 2018, we gathered customers' reviews during the trial run and carried out various improvement measures:

Feedback from customers	Our response
Long queues due to slow checkout at Point of Sales ("POS") system	Our property management and the POS service provider carried out debugging to fix the problems concerned. Checkout became faster and smoother. 
Inadequate signage	We have improved the indoor and outdoor signage. 
Lift failure	Lift repairs and maintenance were carried out. 
Intermittent wireless connection	We have eliminated Wi-Fi blind spots, and achieved full 4G network coverage in the mall. 
Crowded lifts, shops and limited car parking space during periods of high customer traffic	We will implement a customer flow management plan and adjust the allocation of customer service staff to effectively direct customers. This way, customers can enjoy a more comfortable shopping and leisure experience. 

— Shenyang



Mini case

Creating a Vibrant and Festive Kerry Parkside, Shanghai — “Tale of Tales”

We wish to bring a place to life with a sense of community by connecting members of the community, including office and retail tenants, residents and shoppers through various initiatives.

At Kerry Parkside, Shanghai, a Christmas campaign was organised. This year, the 4-day “Tale of Tales” included a series of attractions and activities:

Lighting ceremony	Christmas parade	Music concert
Lego workshop	Christmas family run	Christmas market
Food and drinks	Storytelling activities	Voicer story station



Our customers’ thoughts on every activity in the campaign matter to us. To analyse their needs and enhance our future campaign design, a customer satisfaction survey was conducted. The campaign received positive feedback in general and the Christmas Family Run received the highest rating.

Positive comments from survey respondents include:

- Festive atmosphere
- Strong appeal to children
- Attractive decorations
- Adequate facilities
- Effective event promotion on social media
- Family-friendly events
- Participants were impressed by the campaign

We are now looking into customers’ suggestions for improvement in future campaigns, such as foot traffic monitoring, registration enhancement and extension of opening hours.

— Shanghai

OUR OPERATION



Smart Access Control System

Technology advancement is changing customers' expectations on service efficiency and safety. At Kerry Everbright City Phase III — Enterprise Centre, we have implemented the concept of "smart office" to improve security and convenience with two separate access control systems for building occupants and visitors.

For building occupants, a facial recognition system has been installed in replacement of the conventional access cards; visitors can make online reservations in advance and enter the building via a QR Code. These systems enhance the efficiency of access control and offer our customers a more seamless experience.

— Shanghai

Enhancing Performance Management

To allow instantaneous communication between customers and different units of our property management team, we have implemented the JDE system in the Mainland.

When property maintenance orders are fed into this mobile platform, supervisors can assign tasks to the responsible employees immediately. Once the task is completed, the responsible employees can upload pictures and a textual record of the finished work to the platform. The system also allows us to update customers on the work progress and gather their feedback more efficiently to enhance their satisfaction.

— The Mainland

Facilities and Design Features at MegaBox

A wide range of facilities and customised design features are available at MegaBox to cater for the needs of different customers:



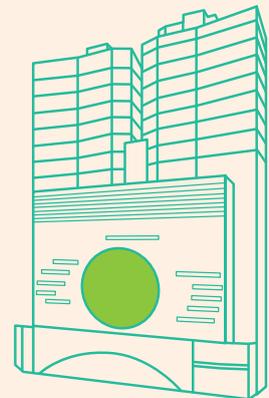
four individual breastfeeding rooms, equipped with seats and power sockets, as well as free breast milk storage bags and nursing pads provided on request



electric wheelchair charging service and automatic doors at selected corridors leading to lavatories



free charging stations for electric vehicles



— Hong Kong

Customer Communication

The Group maintains constant communication with our customers, from stages of development, building inspection and handover to after-sale. The feedback we receive is valuable for improving our products and services.

Communication through Social Media

Social media platforms allow instant and direct communication with our customers. We have created WeChat accounts for selected properties in the Mainland to carry out various functions, such as:

- | | | |
|-----------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|
|  Chat box for direct enquiries |  Latest promotions |  Office rental payment |
|  Special offers |  Car parking payment |  Property information/ shop directory |
|  Maintenance requests |  Industry news |  News from management office |
|  Green tips |  CSR event promotion |  Video sharing on CSR events |

We have also developed mobile applications for selected properties in Hong Kong. For the majority of our residential properties, residents can use the application to reserve facilities and receive news and event updates, etc. For the application of MegaBox, sales and promotions, news, offers, shop directory, event calendar, facility reservation as well as member online account access are available.

We are fully aware that the views and opinions of our customers may vary across the sites of operation due to their respective demographic characteristics. Therefore, it is equally important for us to gather feedback from different target groups through various channels on top of mass engagement. Through big data analysis, focus groups and surveys, we are able to understand the needs of different groups of customers and customise improvement measures.

OUR OPERATION

Engaging our Customers — Beijing Kerry Centre

In 2018, we conducted a customer satisfaction survey of the tenants of Beijing Kerry Centre in relation to different services provided.

Services provided	Satisfaction level (out of 100)	Overall satisfaction level (out of 100)
Customer services	94.47	
Maintenance services	91.82	
Operation and maintenance of property facilities and equipment	91.70	
Fire safety management	92.98	
Car park management	93.13	
Cleaning services	93.13	



The overall satisfaction level of tenants in 2018 was 92.87, which indicates that tenants were highly satisfied with the services provided. Nevertheless, the Group looks for continuous improvement and it is our goal to reach the highest satisfaction level. All feedback received was assessed carefully and will be used to plan improvement actions to meet tenants' needs.

— Beijing

Our Corporate Communication Department is responsible for handling external enquiries or complaints. We have developed standardised complaint-handling procedures to provide guidance for employees on handling different types of complaints efficiently. In 2018, we received three complaints which were related to product or service quality in the area of health and safety.

Supply Chain Management

The Group continues to nurture long-term business relationships and share its sustainability values with its supply chain partners, including architects, designers, consultants, service providers, suppliers and contractors. In response to the society's increasing concern about ethical supply chain apart from environmental risks, the Group has developed Sustainable Procurement Policy Statement in 2018, which includes our commitment in both environmental and social requirements and our expectations of supply chain partners:



Sustainable Procurement Policy Statement

Our Sustainable Procurement Policy Statement is one of the key aspects of the Group's commitment to social responsibility. It governs the integration of fair and ethical principles within the procurement process, and applies to all purchasing decisions in the Group. The goal of the policy is to extend our responsible actions and consideration from our own operation to the management of our supply chain partners.

Sustainable procurement is being advocated in our corporate purchase practice. Wherever practicable and economically viable, we purchase environmentally preferable products and services with minimal or no adverse impact on environment and/or human health. In addition to environmental concerns, due consideration is also given to other areas of sustainability, such as humanity, labour rights and fair business practices.

We request that our supply chain partners adhere to the Kerry Properties Vendor Code of Conduct, comply with our sustainability practices, and require them to communicate this policy with their employees, suppliers, subcontractors and other parties in their respective supply chains.

The Group keeps abreast of the latest trends and developments in sustainable procurement to strive for continuous improvement.

Supply Chain Engagement

The Group actively engages our supply chain partners and has established various guidelines to manage the environmental and social risks in our supply chain. Any updates on our policy and requirements were communicated to stakeholders through tender documents and in writing. This partner engagement approach guides them to incorporate sustainability principles into their business practices.



Case Study

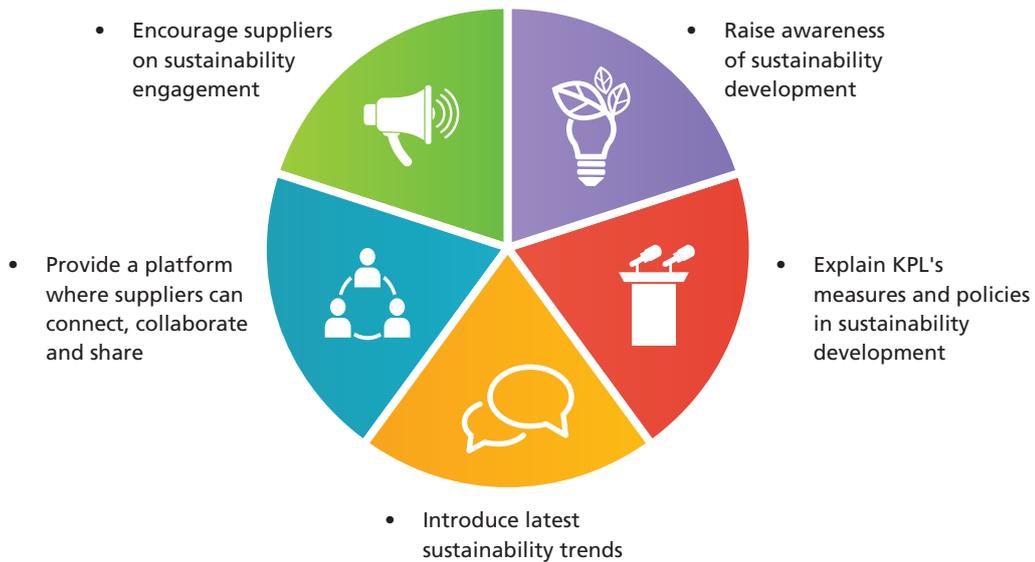
Scan or click the QR code for event highlights

Supplier Stakeholder Engagement Session

To raise suppliers' awareness of sustainable development and to offer a platform for suppliers to share their experience of incorporating environmental and social considerations into their business, the Group organised a supplier stakeholder engagement session during the reporting year in Hong Kong.

Over 160 suppliers were invited to join the activity. Experts from local green organisations, including Carbon Care Asia, Green Earth and Green Council spoke at the event and introduced the latest trends in sustainable development.

Objectives of the seminar:





To ensure our suppliers are clear about our position and strategies when it comes to sustainability, the Group management team also attended the event. This was an opportunity to explain how stakeholders are engaged in promoting sustainable development, and how our green procurement policy was developed and implemented.

In this way, suppliers can see that they are not alone in trying to meet the Group's standards, and that we are more than happy to help them resolve any difficulties. The speakers' sharing also inspired participants to go further with us on the journey towards sustainability.

Suppliers' support is key to the Group's pursuit of sustainable development. To this end, the Group will continue to engage suppliers and look into the possibility of organising similar communicative events in the future.



OUR OPERATION

Green Procurement Manual

We aim to procure products and services through our supply chain with minimal adverse impacts on human health and the environment.

The Group developed a Green Procurement Manual (the “Manual”) in 2015 which specifies the environmental credentials mandated for products routinely used in different business activities.

Launched the Manual to property management and head office in Hong Kong

Extended the coverage to property development in Hong Kong

Applied the Manual gradually to our Mainland properties

2015

2017

2019

Criteria to enable clear selection and purchase of green products	For Property Management and in head office	For Property Development
		 <p>50 selected items</p>
<ul style="list-style-type: none"> ✓ Durability ✓ Recyclability ✓ Toxicity ✓ Energy consumption ✓ Use of clean technology ✓ Emission levels 	<p>Covering 12 aspects of products and services:</p> <ol style="list-style-type: none"> 1. Building Accessories 2. Cleansing Products 3. Computer Equipment and Products 4. Electrical Appliances and Light Fittings 5. Furniture 6. Horticultural Products 7. Transportation Services 8. Paper Products 9. Textile Products 10. Water Using Equipment 11. Printing Services 12. Stationery and Office Supplies 	<p>Covering 3 aspects of products and services:</p> <ol style="list-style-type: none"> 1. Building Accessories 2. Water Using Equipment 3. Electrical and Gas Appliances

To assist our suppliers to better understand the Manual, the property management division has set up a hotline service for handling enquiries.

We seek continuous improvement in our procurement process. Evaluation of the applicability of green specifications will be carried out regularly in view of the market situation and environmental standards, which will help us identify room for improvement. The implementation of green procurement practices will also be included in the internal audit requirement to ensure compliance with the Manual.

By adopting sustainability principles in our procurement in a systematic way and with on-going improvement, the Group is confident in achieving a responsible and sustainable procurement practice together with business partners.

Vendor Code of Conduct and Environmental Management System Assessment

We require our supply chain partners to adhere to our Vendor Code of Conduct, which provides a framework for ethical business conduct with respect to employees, society, and the environment. The requirements include but are not limited to providing a fair, safe, hygienic and healthy working environment for employees, as well as reducing waste and preventing pollution.

Besides, to ensure vendors adhere to our environmental requirements as stated in our Environmental Management System (“EMS”), instructions are provided for employees to control and monitor the environmental performance of different types of vendors, guiding employees on the procedures, general and specific requirements, frequency of review and more. Vendors are required to provide relevant information for us to assess their environmental performance.

Sustainability Practices in Our Construction Business

We hope to work together with our business partners to demonstrate our commitment to environmental protection and occupational health and safety. Effective from 2020, all building contractors for Hong Kong development projects will be required to obtain ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System accreditations to qualify as approved vendors of new building projects and major renovations.







OUR TEAM

We seek and embrace change to promote sustainable development at both the corporate level and the personal level.

At KPL, we offer opportunities for staff to learn valuable skills and encourage them to join hands in driving sustainable development at work. From enhancing safety awareness and creating new programmes for employee well-being, to management training on diversity and transforming HR systems — the changes touch upon all levels of staff in the Group.



OUR TEAM

Employee Health and Safety

The health and safety of employees and those who work with us is a priority for us. As stated in our Corporate Health and Safety Policy Statement, promoting a state of complete physical, mental and social well-being is our key management mission and responsibility. We undertake necessary preventive measures and provide comprehensive training for all staff to achieve zero fatalities.

Safety Governance

Safety Committees are formed to identify potential health and safety risks, to develop effective policies and precautionary measures, and to ensure incidents are properly recorded, investigated, and followed up with corrective actions. To ensure first-hand feedback from frontline workers on health and safety issues is reflected, we ensure staff members from the working level are included in the composition of Safety Committees.

Our health and safety monitoring system is headed by Executive Director and top management, and composed of champions of various Safety Committees. The latter are required to submit monitoring reports, and conduct policy reviews and audits on a regular basis.



Safety Performance

During the reporting period, we maintained our record of zero employee fatalities while the overall injury rate of the Group was 9.0 per 1,000 employees (11.5 per 1,000 employees in 2017). The incidents were mainly minor injuries incurred in our managed properties. Investigations and follow-up actions were immediately carried out.

Apart from enhancing safety awareness through role-based training, in 2018, we developed communication materials on various health and safety topics to promote awareness and knowledge among our employees. In particular, we shared in our staff monthly newsletter office safety and health tips, such as office relaxation exercises, proper posture and practices when working on computers, as well as the necessary steps for risk assessment on minor safety hazards. The materials are updated regularly to keep staff conscious of the issue.

Highlights of health and safety training

 General training	<ul style="list-style-type: none"> <input checked="" type="checkbox"/> Mandatory basic safety training course <input checked="" type="checkbox"/> Prevention of slips, trips and falls <input checked="" type="checkbox"/> Use of personal protective equipment <input checked="" type="checkbox"/> Electricity and fire safety <input checked="" type="checkbox"/> Infection control <input checked="" type="checkbox"/> Prevention of occupational diseases
 Role-based training	Safety guidance for: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Work at height <input checked="" type="checkbox"/> Confined space operations <input checked="" type="checkbox"/> Manual handling operations <input checked="" type="checkbox"/> Use of chemicals <input checked="" type="checkbox"/> Work in a hot environment

Construction Business

As a responsible property developer, it is our responsibility to guarantee a high standard of safety at all construction sites by working closely with contractors and business partners. Our commitment to maintaining a safe and healthy construction environment is driven by our concern for both our own staff and the contractors' staff.

The Vendor Code of Conduct and safety rules stipulate a set of safety requirements for contractors, including safety and emergency plans prior to the commencement of work and monthly monitoring reports during the course of work, regular risk assessments, as well as sufficient guidance, training, supervision and personal protective equipment being provided to workers. A work accident/injury reporting mechanism is in place to ensure timely reporting.

To encourage contractors to go beyond industry safety and environmental standards, in 2018, we introduced an Enhanced Safety Performance and Environmental Protection Scheme as part of the tender requirements for our major contractors.



OUR TEAM

Site Safety Talk

As an initiative to emphasise construction safety to the frontline workers, a series of health and safety briefings were organised. The head of our Project Management Division introduced to all construction workers health and safety hazards, as well as the measures they need to have in place to comply with safety standards.

Apart from construction workers, contractors and consultants from architectural, mechanical and electrical, structural and interior design teams were also invited to join the briefings. These briefings provided a platform for direct dialogue between the management and frontline workers on site.



— Hong Kong

Health and Safety Accreditation

Communication was kick-started with Hong Kong building contractors in 2018, stating a new requirement starting from 2020 — all approved vendors of all new projects and major renovations in Hong Kong should be certified by ISO45001 Occupational Health and Safety Management System accreditation.



— Hong Kong

During the reporting period, there were no work-related fatalities and the overall injury rate was 0.07 per 1,000 workers at construction sites of projects under development. The workers concerned received medical treatment and the Group investigated the cases and implemented preventive measures.

Property Management Business

With our health and safety objectives in mind, we allocated sufficient resources to our employees of the property management business. In Hong Kong, a Safety Committee oversees the implementation of safety policies and a safety performance assessment system is adopted by all our properties.

To step up our competency-based training for property management staff, we held 12 monthly tool-box talks on key safety topics in Hong Kong, which attracted a total attendance of 3,584. Topics included personal protective equipment, false ceiling maintenance, work safety in confined space, chemical safety, occupational diseases, working at heights, etc. In the Mainland, online training on various safety topics was also provided to employees via our Kerry WeChat Academy.

We have various safety measures in place to protect the workers of our suppliers and contractors. Despite our efforts in improving the safety of site workers at our managed properties, there was one work-related fatality involving a worker of a supplier in the reporting year. An independent investigation into the cause was undertaken immediately with follow-up actions to prevent reoccurrence. A series of new safety measures were implemented. For example, we installed permanent additional guardrails on top of the existing fall arrest system on the upper roof area. A work permit system for works on upper roofs was set up, the scope of which will be expanded in future to cover all types of working at height. The effectiveness of these measures will be closely monitored, reviewed and reported to the head of the property management division.

Health and Safety Achievements in 2018

IAQ is vital to our health. In the reporting year, we executed comprehensive measures to upgrade the IAQ in the workspaces of our employees, for example, minimise the sources of pollutants by relocating photocopiers and printers to independently ventilated or properly ventilated areas; reduce air pollutants in the ventilation system by maintaining proper pressurisation to reduce dust particles, total volatile organic compounds and other pollutants dispersed from renovation nearby, as well as increase fresh air supply volume and limit carbon dioxide concentration to below 800 ppmv.

Our Hong Kong head office and common areas of Kerry Centre received an IAQ (Excellent Class) Certificate, while common areas of Enterprise Square and Enterprise Square Three received an IAQ (Good Class) Certificate from the Environmental Protection Department. Moving forward, we will study the feasibility to implement similar measures in other properties.

New Health and Safety Targets in Hong Kong

- To maintain IAQ Certification at Excellent Class for Hong Kong head office
- To maintain IAQ Certification at Excellent Class for Kerry Centre
- To arrange two seminars about safety measures and the application of automated external defibrillator
- To increase the number of safety reviewers to at least 10

OUR TEAM

Healthy Living

Employee well-being matters to us. During the reporting year, in addition to ongoing well-being initiatives, new programmes were designed to cater to the holistic wellness of our employees, from physical to emotional health.



Kerry Family Day

Family support is a key contribution to one's career success. To provide an opportunity for our employees' family members to learn more about our workplace, we organised the first "Kerry Family Day" in 2018. Over 600 colleagues and their families participated in a fun fair. The event was well received by the participants and we look forward to the second family day next year.



— Hong Kong

Fun Friday

With a live band providing entertainment, wine and drinks, snacks and tapas were served at the first-ever Fun Friday organised by the Group. Participants relaxed in the casual event and enjoyed wonderful performances.



During a Halloween edition of Fun Friday, 150 colleagues dressed in themed costumes and had a great time.



— Hong Kong



Sports Days

Employee Sports Days were held in various cities in the Mainland to advocate a balanced and healthy lifestyle. In Shanghai, Shenzhen and Hangzhou, for instance, our colleagues indulged themselves in sweaty and exciting games ranging from relays and obstacle races, rope skipping, tug-of-wars and more. In Beijing, Tianjin and other places, we also organised sports events such as badminton and basketball leagues, yoga classes and slow jogging club to enrich colleagues' healthy lifestyle.



— The Mainland



Wellness and Benefits Day

To enhance the physical wellness and health consciousness of our colleagues, a Wellness and Benefits Day was introduced in Hong Kong. A wide range of health activities were organised, such as medical check-ups, health seminars on diabetes and oral care, health quiz games, etc. Medical professionals were invited to give health advice. Quick tests on blood glucose, cholesterol and bone density were available too.

— Hong Kong

Green Salad Day 2018

Green Salad Day was held for the second year. The idea was to let the Group's management serve their teams a light and wholesome lunch, as we believe that every employee is equal. Green habits, such as bringing one's own cutlery, were encouraged. The charitable event also benefitted Food Grace, a local NGO that promotes food recycling.



— Hong Kong





Case Study

Scan or click the QR code for event highlights

STEP CHALLENGE

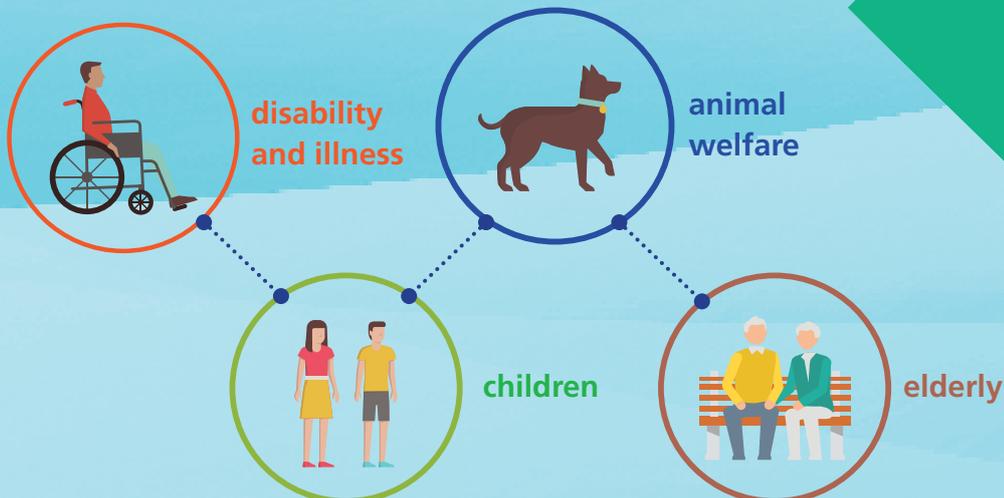


Walking is a great exercise for overall health. Just 30 minutes a day can increase cardiovascular fitness, strengthen bones, reduce body fat, and boost muscle power and endurance. To help employees walk towards a more active lifestyle, a Step Challenge was organised. Targeting employees in Hong Kong and Hangzhou, the campaign combines health promotion, charity and employee engagement with our corporate social responsibility.

Step Challenge was held in the form of a step-count competition. As an extra incentive, prizes were offered to participants with the best step tally. Around 380 employees participated in the Hong Kong Challenge, with 84% achieving the target of walking over 30,000 steps per week. During the month-long campaign, 87,580,000 steps were recorded.

To make the event more meaningful, the Group made a fixed-sum weekly donation to charities of the participants' choice whenever the weekly step count target was met. Non-governmental organisations dedicated to different causes — namely Hong Chi Association, Tung Wah Group of Hospitals, Save the Children and Hong Kong Dog Rescue — were selected as partners of this campaign to reflect the Group's balanced approach in community investment. The Hong Kong Challenge resulted in donations totalling HK\$110,000.

Beneficiaries for selection



84%

of the participants
achieved over
30,000 steps
per week

In Hong Kong...



87,580,000 = 1.56
steps walked around the world times



Nearly
80%
employees
participated



4

beneficiaries

In Hangzhou, a dedicated mobile app was designed for the competition. The app served as a convenient reminder of the health benefits of staying active, while enabling participants to easily check and record their step counts to win prizes. It also allowed colleagues to view the ranking of participants across participating properties, including Hangzhou Kerry Centre, Parkview Residence and Castalia Court.

As a reward, fitness gifts including electric balance wheels and fitness trackers were presented to the winners of the property management and real estate groups.

The success of Step Challenge incentivised the Group to stay creative in coming up with more campaigns to promote employee health and wellbeing across different sites of operations. The Group believes that a healthy workforce is essential to its role as a responsible corporation. Employees' opinions will also be sought to refine initiatives in this regard.



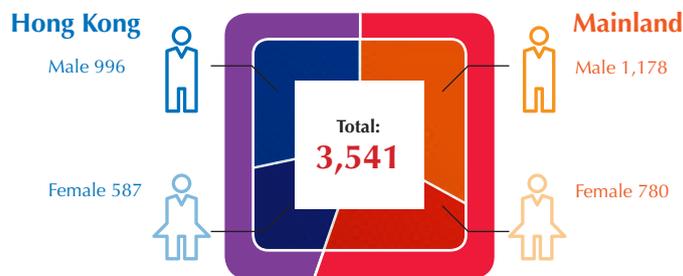
OUR TEAM

The Group abides by the relevant laws and regulations in relation to employee health and safety. During the reporting year, there were no cases of non-compliance in relation to providing a safe working environment and protecting employees from occupational hazards.

Human Resources Management

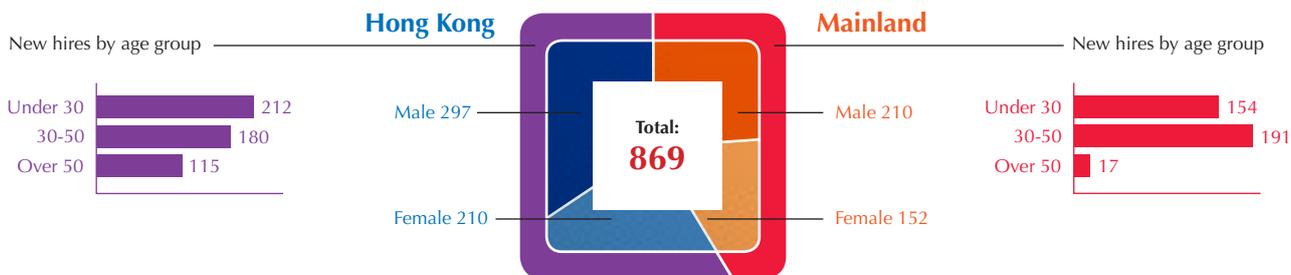
We seek to create an inclusive, caring and fair workplace. To this end, the Workplace Quality Policy and other guidance documents provide clear guidelines and regulations on employees' compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and welfare.

Workforce by gender*

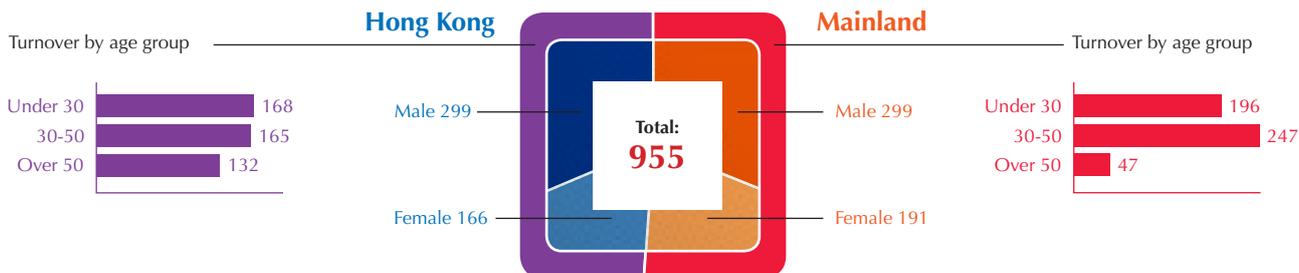


* Excludes employees not under the reporting scope.

New hires by gender, region and age group



Turnover by gender, region and age group



We strive to achieve gender equality and empower female employees in the workplace. In 2018, the remuneration ratio of female to male employees in Hong Kong was 1:1.24 (1:0.91 in 2017) while that in the Mainland was 1:0.93 (1:0.91 in 2017).

Human Resources Transformation

We have reformed our Human Resources (“HR”) Management since 2017. Six designated teams, namely Culture and Engagement, Total Rewards and Mobility, Talent Acquisition, Human Resources Shared Services, Learning and Development and Human Resources Business Partners, continue to work towards their HR strategic areas.

Achieving HR Effectiveness

- Collaborate with the HR Centres of Excellence to implement HR solutions smoothly;
- Manage the end-to-end employee life cycle.

Unleashing Employees’ Potential for Sustainable Growth

- Enhance employees’ ability to perform through learning.

Building a Productive and Sustainable Workforce

- Enhance corporate culture and employee engagement;
- Boost productivity and competitive advantage.

Attracting and Retaining Talents with Total Rewards Strategy

- Review, design, implement and evaluate the compensation and benefit strategies;
- Attract, reward and retain talents with mobility policies.



Enhancing Employee Experience by Streamlining Work Process through Digitalisation

- Provide a platform to streamline work process and realise automation;
- Enhance efficiency through re-defined work processes;
- Improve employee experiences with digital tools and exceptional services.

Putting the Right People in the Right Place

- Review and improve our talent acquisition standards and processes;
- Expand the scale and level of candidate engagement;
- Diversify the workforce with a combination of competencies.

OUR TEAM

In line with our strategy to enhance the HR management process, we have introduced a number of measures in 2018:

Streamlining HR workflow	<p>Revamped and digitalised the on-boarding workflow for managers through our Office Automation system, which improved the process efficiency and communication among line managers, HR & Administration department and IT department. The system:</p> <ul style="list-style-type: none"> • ensures all necessary set up and preparation work is ready before onboarding of the new joiners, so that they can reach their full productivity in a shorter time; and • automates the probation review process to ensure line managers provide timely feedback to new joiners and help them transit smoothly into their roles.
Expanding talent recruitment and engagement	<ul style="list-style-type: none"> • Introduced online recruitment platforms to create a more interactive recruitment process and expand the scale and level of candidate engagement.
Promoting diversity	<ul style="list-style-type: none"> • Launched the Part-time Talent Scheme to diversify the workforce by including students, stay-at-home parents, semi-retirees, etc., which brings different skills, knowledge and experience to our operation; and • Collaborated with NGOs to recruit retirees.
Improving recruitment standards	<ul style="list-style-type: none"> • Developed the KPL Competency Framework for mixed-use development projects in the Mainland to improve recruitment standards.

Moving Forward: *Upgrade on the Appraisal System*

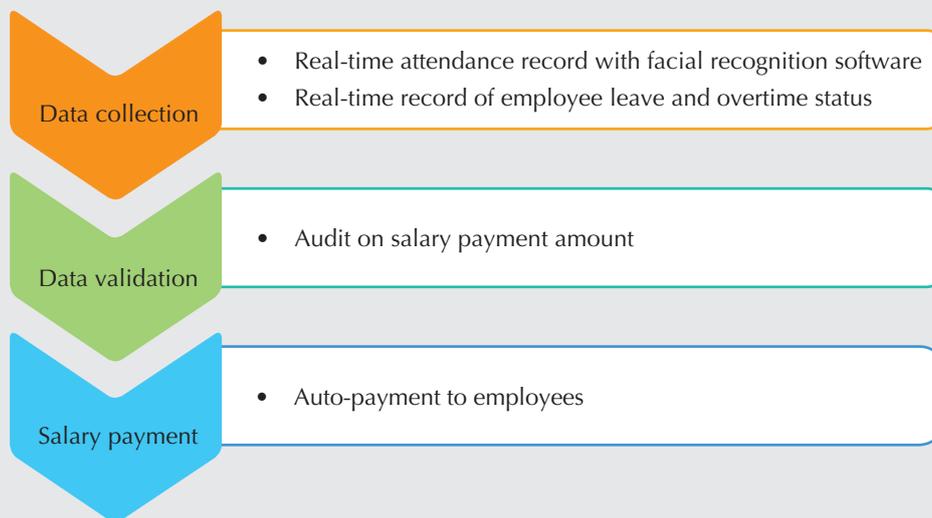
We have been conducting electronic appraisal since 2017, through which staff can give feedback on the appraiser's comments both online and offline. To further streamline the process, we will upgrade the appraisal system with new features on objective setting and evaluation in 2019.

Moving Forward: *Automation of Payroll Management*

Payroll management is one of the most important HR processes but it is time-consuming. It is vital to enhance the process to reduce errors as well as the workload of our employees.

To improve efficiency, we will start implementing the Attendance Tracking System (“ATS”) to automate payroll management for all operations in the Mainland in 2019. The implementation will be carried out in phases, from employee engagement, system design, installation of equipment to developing system manual and training for employees.

Functions of the ATS



With the implementation of the ATS, we can optimise the payroll process to save time, increase accuracy and efficiency, reduce employee workload and ensure on-time payment.

— The Mainland

Employee Engagement

The Group maintains regular communication and engagement with our employees through various channels. We welcome feedback from employees which enables us to understand their work experience, needs and well-being. We can also gauge their suggestions on the development of the Group. In case of any significant operational changes, we consult and communicate with employees through these channels before implementation.

Various communication channels:



Internal portal and emails



Internal subscription accounts in various regions



Newsletters



i-Suggest (for property management business)



Lunches with top management



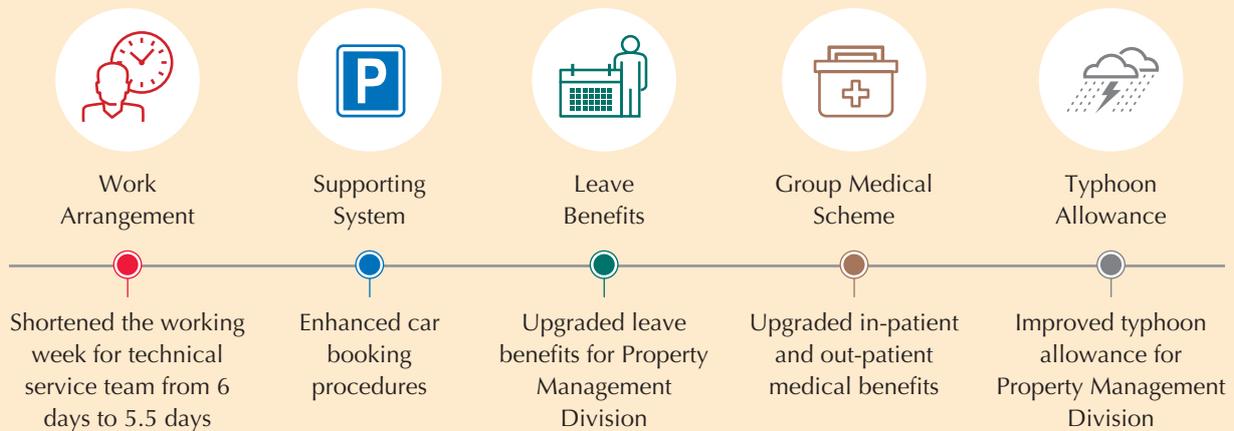
Orientations

OUR TEAM

“Kerry & I Employee Opinion Survey”

Our first employee engagement exercise “Kerry & I Employee Opinion Survey” was launched in 2017 in Hong Kong and subsequent focus group interviews helped us identify areas for improvement, particularly on offering competitive rewards to attract and retain talent.

Five follow-up actions were adopted in 2018¹:



In the reporting year, we organised the same employee opinion survey in the Mainland. A total of 2,819 staff responded to our survey, representing a response rate of 92%. According to the analysis conducted by a professional research agency, KPL’s scores for operations in the Mainland were within the range of “high performance/best employer”. We are proud of having achieved a high level of staff satisfaction in three areas, namely company reputation, a collaborative working environment and leadership of senior management.

Three areas of improvement are also identified:



Next year, we will carry out initiatives based on our survey feedback to further increase our employee satisfaction and engagement level.

¹ Only applicable to relevant employees.

Family-friendly Culture

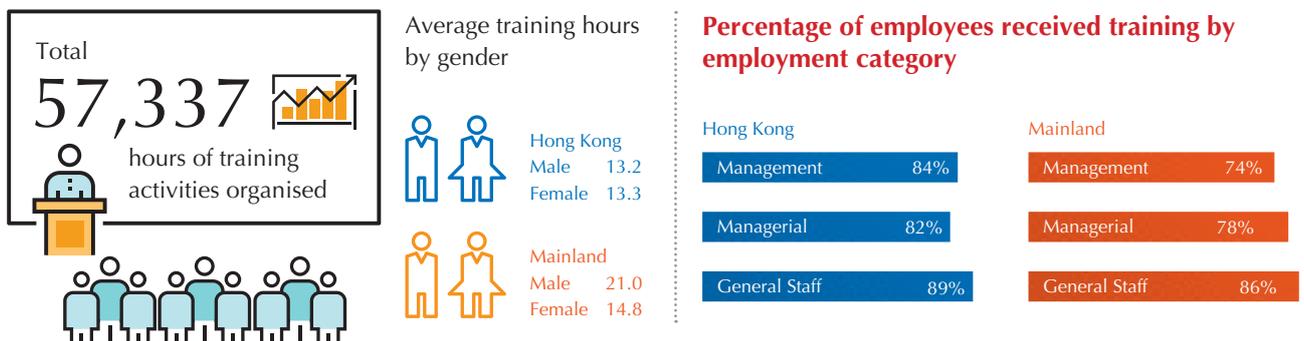
As a caring employer, we advocate a family-friendly culture. A wide range of initiatives were introduced to encourage employees to achieve work-life balance and fulfill their family roles.

Our existing work-life balance and family-friendly initiatives include flexible working hours, temporary part-time arrangements and a gradual transition to five-day work week for all operations according to latest market trends.

All our full-time employees are entitled to parental leave, and we provide support for employees returning from parental leave. For example, we encourage a positive attitude towards breastfeeding, and to build a supportive workplace culture, a nursing room was introduced in the Hong Kong head office in 2018. Electrical outlets for connecting pump attachments and a refrigerator are installed in the room. In 2018, the retention rate of employees that took parental leave was 92.2%.

Learning and Development

The Group fosters a learning culture by providing ample staff training opportunities to unleash employees' potential and assist them to achieve career goals, as well as recognising their performance in a fair and just manner.



Training and Learning

Our Group's Training Guidelines provides a framework for staff learning and development. In the reporting year, we created new training opportunities for employees who are in different stages of their career.

New Staff Orientation

Following an orientation revamp in 2018, new staff are now first greeted by the Group's management. We see this as an important way to show our respect to all employees.

Apart from an introduction of corporate culture, business and operations, we highlight our sustainability management and progress during the orientation. New staff should start off their career in the Group with a basic awareness of our environmental management system, and adhere to our ethical standards in social and environmental aspects.



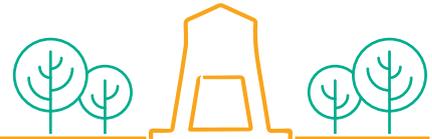
OUR TEAM

Appraisal and Development

Total rewards and mobility management is our key strategy to attract, reward and retain talent. Our annual performance-based appraisal mechanism is well established to objectively review our employees' performance based on their achievements, as well as their career potential. On the other hand, we review our compensation and benefits on an ongoing basis to stay competitive in the market.



Effective management and leadership are essential for both our top and middle management. In 2018, we developed elementary and advanced leadership training to support our managers to excel in their roles.



Effective Leadership Skills for newly promoted managers

To facilitate managers to acquire various leadership skills and tools, and serve as effective communicators and connectors between the management and other employees, a new leadership training course was launched in 2018.

The training covered four modules, including effective ways to motivate and coach a team. Interactive training methods and elements are incorporated to deliver a fruitful learning experience.



Accelerated Development Programme

The Accelerated Development Program is a 16-month advanced leadership training that aims to enhance managers' overall leadership and management competencies beyond functional areas and professions.

Inclusive and Respectful Work Environment

We attribute our success to the concerted efforts of our staff. Every staff member is equally important despite of their differences. We endeavour to build an inclusive and respectful workplace where equality and diversity are celebrated.

Diversity, Equal Opportunity and Anti-discrimination

Everyone enjoys equal opportunities. The Group does not tolerate discrimination on the grounds of sex, sexual orientation, pregnancy, marital status, age, disability, family status, ethnic origin, race or religious belief in all aspects of employment, training and career development.

We spell out our responsibilities and provide guidelines on equality, diversity and inclusion in the workplace in our Equal Opportunity Policy, Staff Handbook and Workplace Quality Policy.

We continue to improve diversity of the Board with the Board Diversity Policy. The summary of the policy is published on page 78 of our Annual Report 2018.

Equality and diversity training was organised for management staff from offices in Hong Kong and the Mainland. In the training sessions, staff were introduced to values of equality and diversity, and both international and local cases on issues such as LGBT (lesbian, gay, bisexual, transgender) and gender discrimination.

We protect individuals from any forms of discrimination and harassment in the workplace as stipulated in the Policy and Procedures for Handling Equal Opportunity, Discrimination and Sexual Harassment. The Group has also set up procedures and delegated responsible departmental personnel to guarantee a fair and timely investigation into any complaints.

The policies, procedures and practices above are reviewed on a regular basis to ensure their effectiveness.

Labour Standards

As stipulated in our Workplace Quality Policy, the Group prohibits any forms of child labour or forced labour, including bonded labour, indentured labour, slave labour or human trafficking. Relevant terms have also been incorporated into our Sustainable Procurement Policy Statement and the Vendor Code of Conduct to ensure that our contractors and suppliers acknowledge our commitment.

To prevent the hiring of underaged employees, the Group follows established procedures to scrutinise the personal data of the applicants. Guidelines regarding overtime work, allowances and compensation leave are provided in our employment-related policies. Regular reviews are carried out to eliminate all forms of forced labour.

To raise employees' awareness of labour right issues, a training session was conducted in 2018 for a group of management staff from offices in Hong Kong and the Mainland. The training highlighted recent observations around the world as well as international guidelines regarding the prevention of child labour and forced labour in business operations.

The Group abides by the relevant laws and regulations in relation to employment and labour standards. During the reporting period, there were no confirmed cases of non-compliance in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, as well as preventing child and forced labour.

OUR PROPERTIES

New evidence emerges almost daily that human activity has caused not only climate change, but a devastating impact on our own survival.

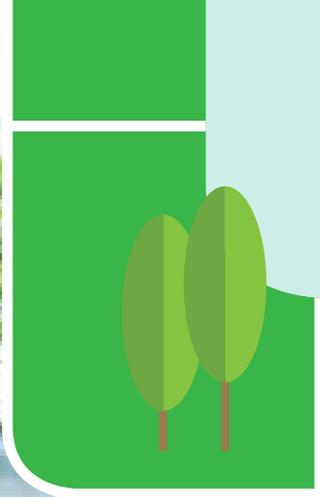
In a landmark report from Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), scientists found that around one million animal and plant species are now threatened with extinction, many within decades, more than ever before in human history. This loss is a result of human activity and constitutes a direct threat to human well-being.

At KPL, we work with our stakeholders to manage and reduce our environmental footprint by minimising waste, adopting green building design, monitoring construction sites, transforming public space and enhancing climate resilience. Yet more changes are needed, and these are on the way.



Solar Panels





OUR PROPERTIES

To manage the environmental impact of our business operations, we adopt a holistic approach throughout the life cycle of our properties. Embracing sustainability principles from the early stage of property development is important to its smooth implementation in subsequent stages. A set of policies and measures is in place to manage our emissions and use of resources, as well as minimising our impact on the environment and natural resources across our business operations.



Environmental Policy Statement

Kerry Properties Limited is a world-class property company with its major focus on developing and managing high quality residential and mixed-use developments in the Mainland China, Hong Kong and certain parts of Asia.

We strongly believe we have a responsibility to bequeath a better environment to future generations. Recognising the potential impact of our property development and management business on the environment, our Environmental Policy Statement underscores our commitment to minimise these impacts throughout the life-cycle of our projects and business operations including potential pollutions and carbon emissions.

Guided by the Environmental Policy Statement, we adopt respective principles, measures and standard operating procedures to ensure that we will take consideration of environmental aspects in the planning and operation of our businesses. We take a step further to reduce carbon emissions through our sustainable procurement, energy-saving initiatives, adoption of renewable energy and pollution control measures. We benchmark our performance and seek continual improvement by establishing environmental objectives and targets for material aspects in sustainability.

Environmental protection is a collective effort at Kerry Properties. Through internal and external communication of this policy, we engage our management, staff, consultants, contractors and other stakeholders in jointly realising positive change towards a greener future.

Life Cycle Consideration

Apart from building design, we consider the interests of stakeholders in every stage of the building life cycle, from land acquisition and construction, to operation and management.

From the inception of our development projects, we work with various parties actively, including architectural planning and design teams, contractors, building occupants and community members, taking into account their concerns and feedback.



Land Acquisition Stage

Connectivity within and between communities is a significant consideration during land acquisition. Our project sites are in close proximity to neighborhood amenities and public transport with convenient pedestrian access to these services.

Planning and Design Stage

Through effective planning and design at early stages of project development, we aim to reduce our impact on the environment, saving resources in the long run and creating a pleasant environment for our community.



Public Space Stakeholder Engagement Focus Group

In addition to the architecture itself, public space is crucial to our effort in creating a vibrant neighbourhood. To better understand the needs and concerns of our stakeholders for effective planning, in 2018 we engaged an international public space programming consultant to set up questionnaires and conduct public space engagement focus groups in Shenzhen for our internal and external stakeholders (including potential and existing customers) at Qianhai Kerry Centre. The questionnaires discerned personal preference on public space and identified the vision statement for public space programming. Based on the findings from focus groups, we created a framework for the programming and management of the public realm in our project and set staged plans for future implementation. The consultant's insights from operation and maintenance perspective were also integrated in public space design.



Air ventilation and natural lighting

The building setback and orientation design maximises daylight availability and ventilation, and also enhances environmental quality at pedestrian level.



Site greenery

Greenery area, landscape planters and vertical green walls to enhance the quality of environment.



Indoor air quality

Adhere to statutory requirements on VOC content in the procurement of paint, adhesive and sealants as specified in the Green Procurement Manual.



Biodiversity

Introduced various plant species to increase biodiversity:

Mont Rouge

15 species of trees and more than 40 species of shrubs were planted.

3 Lung Kui Road, Beacon Hill Development

Trees (*Sterculia lanceolata* and *Machilus chekiangensis*) were transplanted.



Water efficiency

Rainwater harvesting system for irrigation to conserve water resources.



Energy efficiency

Installing window, curtain wall and glass wall with double-glazed, insulated glass unit of low-emissivity to enhance energy efficiency.



Noise control

Building setback and orientation design were adopted to increase separation between the carriageway and our building projects. Acoustic windows, architectural fins and an acoustic balcony were installed as appropriate to minimise noise.



Neighbourhood amenities

10 La Salle Road Development

Disabled ramps and lifts were provided according to the Barrier Free Access Design Manual to promote universal access.

8 Hing Hon Road Development

Provision of planter and leisure area with public access was considered in the planning and design stage.

OUR PROPERTIES

Procurement Stage

We incorporated environmental and health concerns into our procurement process. The Green Procurement Manual provides clear instructions for our employees, suppliers and contractors:

Category	Recommended green specifications
Building accessories	<ul style="list-style-type: none"> • Timber from sustainable source of well-managed forests • Solvent for building finish, adhesive and sealants: <ul style="list-style-type: none"> — in compliance with VOC regulatory requirements — without ozone-depleting substances — without heavy metals • Non-chlorofluorocarbon based refrigerants in air conditioning systems
Electrical and gas appliances	<ul style="list-style-type: none"> • Energy-efficiency labels • Components complying with the Restriction of Hazardous Substances (RoHS) Directive
Water-consuming equipment	<ul style="list-style-type: none"> • Water-efficient features (such as sensors, dual flushing toilets and low-flow) • Control over the heavy metal contents of the products and their packaging materials • Water-efficiency labels

Construction Stage

To minimise and control the potential impact of our construction activities on the environment and community nearby, a systematic monitoring system was established. All construction sites were required to:



We also conserve timber and bamboo during construction:

- Instead of the traditional timber formwork, reusable aluminum system formwork was adopted at 8 Hing Hon Road Development for the construction of superstructure. This substantially reduced timber consumption and construction waste.
- For 3 Lung Kui Road, Beacon Hill Development, we used metal waling in building the foundation and the superstructure, while using metal support in superstructure construction to reduce timber usage. Metal scaffolding was also equipped to reduce usage of bamboo scaffolding.



Environmental Friendly Construction Sites

We continue to promote environmental awareness at our construction sites. As part of our EMS objectives and targets, we requested contractors with a contract period longer than nine months to join at least one environmental scheme or award for each construction site.

- Managing transport impacts during construction
- Minimising noise disturbances
- Green Construction Site Award

— Hong Kong



Managing Transport Impacts during Construction

To manage transportation impacts during construction, we required our contractors in Hong Kong to adopt measures to minimise traffic disruption, congestion and incidents by:

- Providing sufficient fences and signs for temporary traffic arrangement during excavation works on the pavement
- Prohibiting the use of trucks or construction vehicles during rush hours
- Notifying the nearby schools of the construction schedule
- Developing safety instructions for transport on site
- Formulating emergency procedures for traffic incidents

— Hong Kong



Minimising Noise Disturbances

Various measures were carried out to reduce noise disturbances to the community. For the Wong Chuk Hang Station Package Two Property Development Project, we communicated with district representatives and schools nearby and informed them of our construction schedule. We adopted the following measures to minimise the noise levels during the examination periods of these schools.

- Use noise canopy
- Install acoustic balcony and windows
- Use soundproofing canvas
- Conduct sample noise measurements for day and night works

— Hong Kong

OUR PROPERTIES

The 5th Green Construction Site Award 2018

To promote green practices and a healthy working environment at construction sites, the Group organised the annual environmental award — The Green Construction Site Award — for the fifth consecutive year. Uniting our contractors and our project management team on a fun and relaxing occasion, the event raised participants' awareness of green and healthy construction practices, which in turn enhanced the environmental management of our construction sites.



Themed "Earth Rescue", the campaign included various contests themed around environmental awareness — parent-child environmental drawing competition, "Environmental Musician" lyric rewriting contest and environmental gaming competition. Four building contractors participated along with our project management team, and all had a wonderful time together.

— Hong Kong



To properly address feedback from our stakeholders, our Environmental Procedures provide guidelines for employees to handle enquiries and complaints regarding our environmental performance. The Environmental Procedures also include corrective actions in case of non-conformity to minimise environmental impacts and the possibility of reoccurrence.

We are expanding the green building certifications in our portfolio. In 2018, the proposed residential development at 10 La Salle Road, Ho Man Tin, Hong Kong attained the BEAM Plus Provisional Silver rating under BEAM Plus New Buildings Version 1.2.

Mini case

Green Building: Qianhai Kerry Centre

Located in Shenzhen, Qianhai Kerry Centre is our new mixed-use development project, comprising office, apartment, commercial space and a hotel.

As a caring developer going beyond design and operation of buildings, KPL has been exploring ways to enhance the health and well-being of our occupants.

With the emphasis on our individual occupant, we adopted a people-oriented approach to design in accordance with the WELL Building Gold Standard. It involves seven concept areas (such as air, water, fitness, light, etc.) to provide a natural and healthy environment, enhancing well-being and productivity. The office and apartment towers were also certified with the LEED-CS Platinum pre-certification and LEED-CS Gold pre-certification for their green building features.



Livability and connectivity	Green building
Shared leisure spaces with a landscaped central park, sunken plaza, sky garden and clubhouse	Site design: <ul style="list-style-type: none"> Rainwater storage tank and permeable pavements to prevent flooding and recycle rainwater Over 30% site greenery coverage, with roof garden and local plant species Drip irrigation and soil moisture sensors to lower water consumption
Close to the under-construction extension of the Shenzhen metro lines, Guangshen Yanjiang Expressway and Shenzhen Bay Port	Building design: <ul style="list-style-type: none"> Energy-efficient designs such as solar control window films, energy-efficient public air conditioning ventilation system, motion sensors for LED lighting and energy recovery system

Certifications by US Green Building Council


Qianhai Kerry Centre — Office (Towers 1 and 2)
 LEED-CS Platinum pre-certification


Qianhai Kerry Centre — Apartment (Towers 3, 5 and 6)
 LEED-CS Gold pre-certification

To create a healthy and vibrant community with exemplary environmental performance, we will continue to promote sustainability in its subsequent building stages.

— Shenzhen

OUR PROPERTIES

Operation and Maintenance Stage

For property management business, our property management system is in place to consistently evaluate the facility management practices with the aim of improving the actual environmental performance of buildings. Collaborating with occupants, we have implemented various control measures, such as banning environmentally damaging pesticides and chemical fertilisers, setting up a waste recycling system, using degradable plastic bags, and promoting efficient use of resources.

Achievements in Green Council Hong Kong Green Awards 2018:

- Green Management Award (Corporate) — Gold
- Certificate of Sustained Performance (9+ years)



Green Lease Partnership Programme

In 2018, we piloted a Green Lease Partnership Programme to engage tenants in working towards our sustainability goals. The programme included a wide range of initiatives that aim to improve energy efficiency. In addition, we continuously encourage our tenants to consider natural resource conservation in their daily operation. In MegaBox, several new tenants agreed to adopt the decoration of previous tenants, avoiding unnecessary consumption and disposal during interior fit-out.

Environmental Management System

We adopt EMS to create a solid framework for managing our properties at different stages of their life cycle. In Hong Kong, ISO 14001:2015 certification has been achieved for the EMS adopted by KPL, Kerry Property Management Services Limited (“KPM SL”) and MegaBox Management Services Limited. In the Mainland, a total of seven properties, including our major mixed-used projects, are now certified.

Achievement in the EMS Objectives and Targets in 2018

Environmental objectives and annual targets were set as part of the EMS in Hong Kong. For performance enhancement, our Environmental Management Representatives continuously reviewed the Group’s environmental performance¹ and worked with the EMS Committee to initiate environmental management programmes. In the Mainland, objectives and targets have been set according to our sustainability roadmap.

With the collaborative effort of our stakeholders, we have achieved the objectives and targets in 2018 for property development and the head office in Hong Kong:

Highlights of Objectives & Targets in 2018	Progress	Chapters
60% Recycle rate for construction waste	Achieved	Waste Management
Implement the Green Procurement Manual for project management business	Achieved	Supply Chain Management & Life Cycle Consideration
All construction sites contracted for more than nine months should participate in at least one environmental scheme or award	Achieved	Life Cycle Consideration
“Excellent Class” IAQ Certificate at head office	Achieved	Employee Health and Safety
30% Carbon reduction at head office and properties under our management by 2020 as compared to the base year of 2011	Ongoing	Carbon and Energy Management

— Hong Kong

¹ Excludes environmental performance data of user-controlled areas in shopping malls, offices and residential buildings, except waste generation.

OUR PROPERTIES

Carbon and Energy Management

Facing the risks and opportunities brought by climate change to businesses and communities, the Group is taking action to decarbonise our operations and supply chains.

Due to our business nature, considering energy efficiency during the early stages of building projects as well as managing the electricity consumption of buildings in use are crucial to reducing energy consumption and the carbon footprint of our products and services.

In addition to our EMS which manages a broad spectrum of environmental issues, we have been implementing ISO 50001:2011 Energy Management System ("EnMS") across our business operations to optimise energy performance and reduce carbon emissions. Through the EnMS, we planned and implemented energy saving measures, improving our procedures and practices with regular reviews of their effectiveness.

In 2018, we also obtained the ISO 50001:2011 EnMS accreditation for Hong Kong head office and a total of three properties in the Mainland, including our major mixed-used projects. We are preparing to obtain the same for the office of Shenzhen Kerry Plaza in 2019.

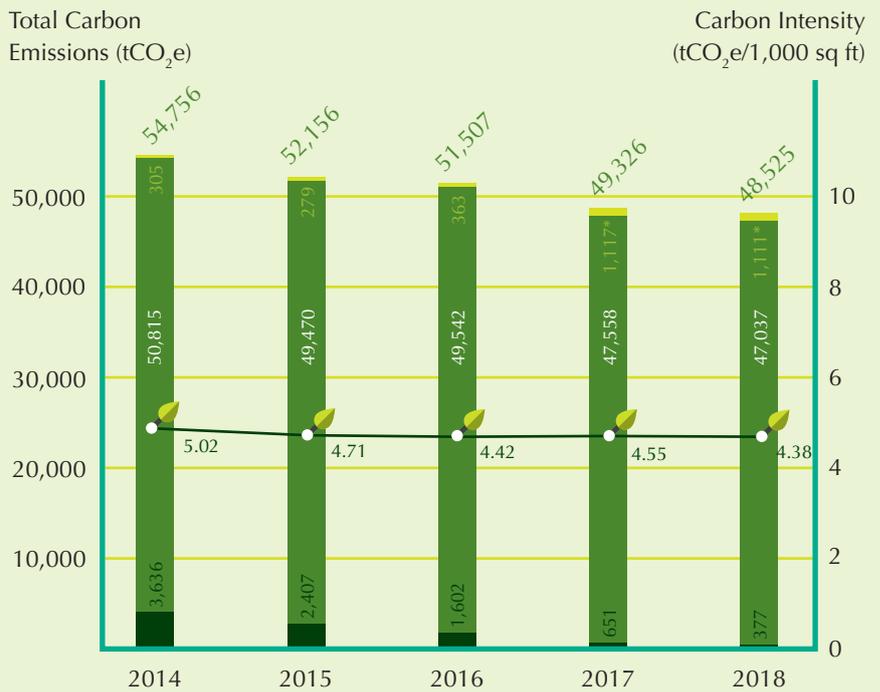


In our operations in Hong Kong, the total carbon emissions in 2018 were 48,525 tonnes of CO₂-equivalent. Purchased electricity was the major source of greenhouse gas ("GHG") emissions (or "carbon emissions") (around 97% of the total emissions).

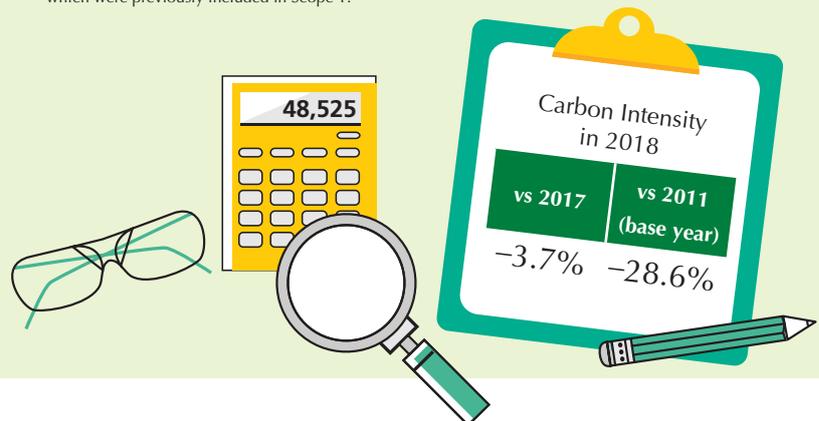
For selected properties in the Mainland, the total carbon emissions in 2018 were 71,489 tonnes of CO₂-equivalent. Purchased electricity was the major source of emissions (around 87% of the total emissions); whereas combustion of fuels in stationary sources and purchased heat were also significant emission sources (around 5% of the total emissions respectively).

Hong Kong

Carbon Emission Summary



* From 2017 onwards, Scope 3 emissions include carbon emissions generated from outsourced shuttle bus services, which were previously included in Scope 1.



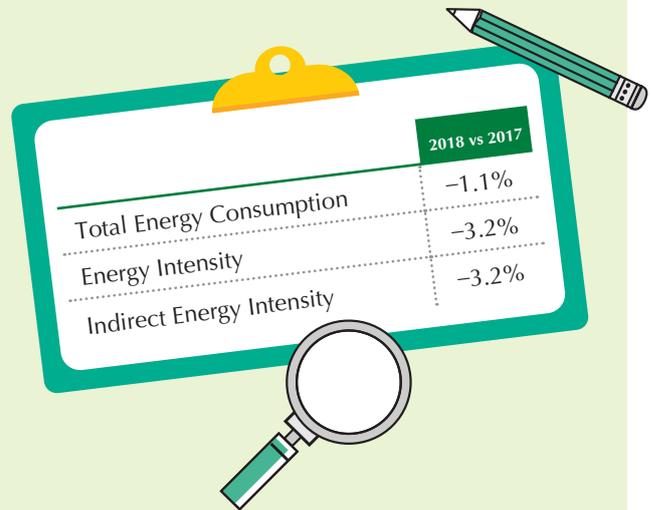


As part of our five-year sustainability roadmap, our operations in both Hong Kong and the Mainland were close to achieving their 2020 carbon intensity reduction targets ahead of schedule in 2018 (Hong Kong: reduced by 28.6% in 2018 compared with the base year of 2011; the Mainland: reduced by 10.7% in 2018 compared with 2015 across four selected properties).

We have expanded the reporting scope in 2018 to cover 14 projects in the Mainland and adopted a number of initiatives to reduce our carbon emissions and energy consumption. Please refer to the following sections for more details.

Hong Kong

Electricity Intensity



The Mainland¹

Carbon Emissions Summary

Scope 1 | Scope 2 | Scope 3

Total Carbon Emissions (tCO₂e)

Carbon Intensity (tCO₂e/1,000 sq ft)



Energy Consumption Summary

Total Energy Consumption (MWh-e)

Energy Intensity (kWh-e/sq ft)



* Expanded reporting scope in 2018 to include more properties in the Mainland. Please refer to the chapter of About This Report for more details.

¹ The carbon emission figures of previous years disclosed in this report have been adjusted using the latest national grid emission factor in the Mainland to give a more accurate and fair account for comparison.

OUR PROPERTIES



Beijing Kerry Centre

Carbon Emissions		
Scope	Amount of Emissions	
	2018	2017
Scope 1 (tCO ₂ e)	30	10
Scope 2 (tCO ₂ e)	11,072	10,825
Scope 3 (tCO ₂ e)	5	13
Total Carbon Emissions (tCO₂e)	11,107	10,848
Carbon Intensity (tCO ₂ e/1,000 sq ft)	6.19	6.05

Energy Consumption		
Electricity Consumption (MWh)	12,040	12,003
Electricity Intensity (kWh/sq ft)	6.71	6.69
Total Energy Consumption (MWh-e)	21,480	20,887
Energy Intensity (kWh-e/sq ft)	12.0	11.6

Jing An Kerry Centre, Shanghai

Carbon Emissions		
Scope	Amount of Emissions	
	2018	2017
Scope 1 (tCO ₂ e)	2,124	1,961
Scope 2 (tCO ₂ e)	18,973	19,613
Scope 3 (tCO ₂ e)	5	7
Total Carbon Emissions (tCO₂e)	21,072	21,581
Carbon Intensity (tCO ₂ e/1,000 sq ft)	5.29	5.42

Energy Consumption		
Electricity Consumption (MWh)	31,049	32,148
Electricity Intensity (kWh/sq ft)	7.80	8.07
Total Energy Consumption (MWh-e)	39,519	41,925
Energy Intensity (kWh-e/sq ft)	9.9	10.5



Kerry Parkside, Shanghai

Carbon Emissions		
Scope	Amount of Emissions	
	2018	2017
Scope 1 (tCO ₂ e)	726	406
Scope 2 (tCO ₂ e)	10,066	10,929
Scope 3 (tCO ₂ e)	6	7
Total Carbon Emissions (tCO₂e)	10,798	11,342
Carbon Intensity (tCO ₂ e/1,000 sq ft)	4.78	5.02
Energy Consumption		
Electricity Consumption (MWh)	16,499	17,914
Electricity Intensity (kWh/sq ft)	7.30	7.93
Total Energy Consumption (MWh-e)	18,944	19,894
Energy Intensity (kWh-e/sq ft)	8.4	8.8

Shenzhen Kerry Plaza

Carbon Emissions		
Scope	Amount of Emissions	
	2018	2017
Scope 1 (tCO ₂ e)	3	72
Scope 2 (tCO ₂ e)	7,788	8,103
Scope 3 (tCO ₂ e)	3	5
Total Carbon Emissions (tCO₂e)	7,794	8,180
Carbon Intensity (tCO ₂ e/1,000 sq ft)	3.62	3.80
Energy Consumption		
Electricity Consumption (MWh)	12,766	13,281
Electricity Intensity (kWh/sq ft)	5.93	6.17
Total Energy Consumption (MWh-e)	12,774	13,291
Energy Intensity (kWh-e/sq ft)	5.9	6.2

OUR PROPERTIES



Hangzhou Kerry Centre

Carbon Emissions	
Scope	Amount of Emissions
	2018
Scope 1 (tCO ₂ e)	1,072
Scope 2 (tCO ₂ e)	8,519
Scope 3 (tCO ₂ e)	19
Total Carbon Emissions (tCO₂e)	9,610
Carbon Intensity (tCO ₂ e/1,000 sq ft)	3.58
Energy Consumption	
Electricity Consumption (MWh)	13,963
Electricity Intensity (kWh/sq ft)	5.20
Total Energy Consumption (MWh-e)	18,878
Energy Intensity (kWh-e/sq ft)	7.0

Energy Saving Initiatives

We share the same energy saving goal with different industries to contribute towards the target of Hong Kong's Climate Action Plan 2030+. More than 15 properties under our management signed up to the Energy Saving Charter & 4Ts Charter in 2018, setting energy saving targets and adopting measures to promote energy efficiency and contribute towards reduction of carbon emissions. Some of the properties adopt the following measures:

- adjust the operation hours of public facilities and office equipment to reduce unnecessary energy consumption
- remove part of the decorative lights
- switch to LED tubes for lighting at staircases, carparks and lobby areas
- replace T5 light tubes with LED tubes and install motion sensors in plant rooms and staircases
- install timers on ventilation and air conditioning systems as well as swimming pool circulation pumps

As a result of our efforts in reducing energy consumption, The Altitude, a property under our management, has won the Hanson Grand Award (Residential Building/Housing Estate) in the Energy Saving Championship Scheme organised by the Environment Bureau and Electrical and Mechanical Services Department — recognition of its achievements in promoting energy and environmental conservation among residents. 29 managed properties received the Energywise Certificate in 2018. For our environmental practices in multiple aspects, we also received the Hong Kong Green Organisation Certification in the reporting year.

Solar panels have been installed in several Mainland properties to generate electricity in an eco-friendly manner. In 2019, we will continue to explore opportunities to install solar panels in other properties, both in the Mainland and in Hong Kong.

We consistently evaluate the environmental performance of buildings during their operation and upgrade facilities to enhance their energy efficiency.



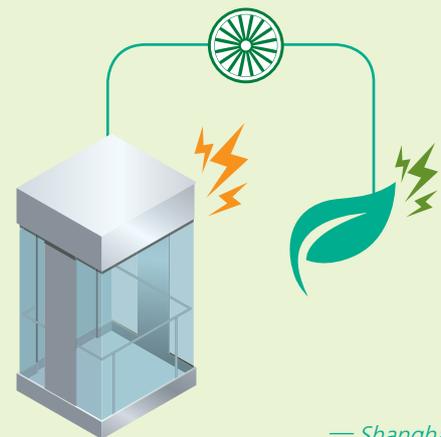
Insulated Curtain Installations

Direct sunlight and higher outdoor temperatures can increase indoor temperature due to thermal transfer through windows. This in turn increases the cooling load of air-conditioning systems and hence their energy use. To tackle this problem, thermal insulation films were installed in the lobby of Kerry Everbright City Phase III and Jing An Kerry Centre in 2018.

— Shanghai

Energy-efficient Elevators

In 2018, we introduced an energy recovery system at the elevators to further enhance energy efficiency. When the load is less than 50%, the permanent magnet motors can be used as a lift for the traction machine to generate electricity. The regenerative energy collected can provide for lighting in public areas to further reduce energy consumption.



— Shanghai

Climate Resilience Assessment

In order to review potential climate risks and formulate the necessary long-term mitigation plans, we started preliminary works for our first ever climate resilience assessment in 2018. Kerry Centre in Hong Kong is targeted for the pilot study, and we will explore expanding the scope to include more properties in Hong Kong and the Mainland in the future. In 2019, we are exploring to collaborate with academia for ideas on climate resilience solutions, as well as gather various stakeholders' opinions through further engagement.



Case Study

Scan or click the QR code for event highlights

Positive partnership empowerment

Bring your own cup



KPL always strives to initiate and support green activities to lead positive environmental changes. Recently, plastic dependence has been a heated discussion topic. On a global scale, half of the estimated 300 million tonnes of plastic waste generated annually is used once only before disposal. This directly leads to ocean pollution, impacting the earth's ecosystem and ultimately, human health.

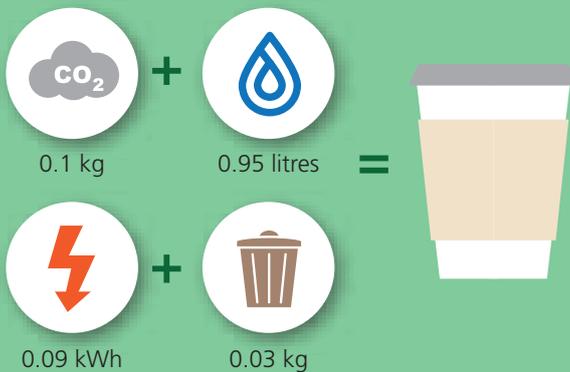
Immediate action is required to reduce and reuse. To this end, the Group partnered with different parties to engage the public and its tenants through two campaigns: Keep It Cup and Rethink Plastic.

Green Initiatives

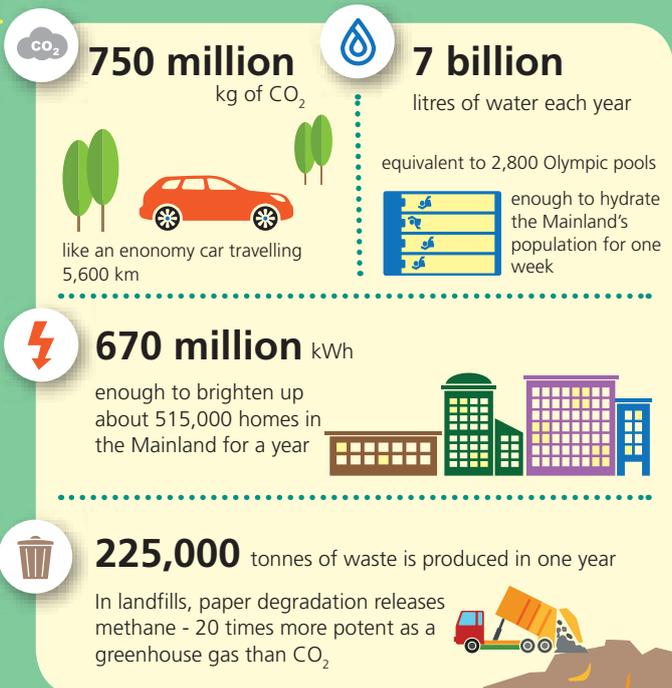
Green Initiatives is a nonprofit organisation that promotes awareness, facilitates actions, implements projects, and stimulates change towards sustainable models of growth and consumption.

Did you know?

Approximately 7.5 billion disposable paper cups are thrown away every year in the Mainland.



x 7.5 bn =



Source: Green Initiatives

Keep It Cup

So that delicious beverages could still be enjoyed with minimal environmental impact, the Group partnered with Green Initiatives, a Shanghai-based non-governmental organisation, to introduce the Keep It Cup campaign. In the days leading-up to Earth Day 2018 in April, complimentary coffee was offered to people who brought their own reusable container to 12 selected outlets at Kerry Parkside and Jing An Kerry Centre.

A total of 627 cups of complimentary coffee were distributed, hence saving the use of the equivalent amount of disposable cups. A similar campaign was also held in celebration of Global Wellness Day in June. It is hoped these incentives could motivate the public to start and keep lifelong environmentally-conscious habits.



From 20 to 22 April

It is time to change



12 cafes and coffee shops joined the campaign



A total of 627 disposable cups were saved

KERRY ON GREEN

Rethink Plastic. Journey to a New Life.

As part of KerryOn's Green Wednesday Initiative, a series of programmes on upcycled plastic was organised at Jing An Kerry Centre in partnership with Green Initiatives, IDEAT Magazine and ecoBirdy, a circular children's furniture brand. During the campaign, the public was invited to donate plastic and metal toys for upcycling. The initiative also included a weekend toy remodel workshop for children, a pop-up exhibition on eco-friendly furniture and a panel discussion involving experts in the field.

The Group's efforts towards environmental improvement do not stop here, we are fully aware that plastic pollution is only part of a much greater challenge facing the planet.

Upcycling



Toy donation for upcycling

Pop-up exhibition of recycled products

Panel discussion on design and technology

Kids' workshop



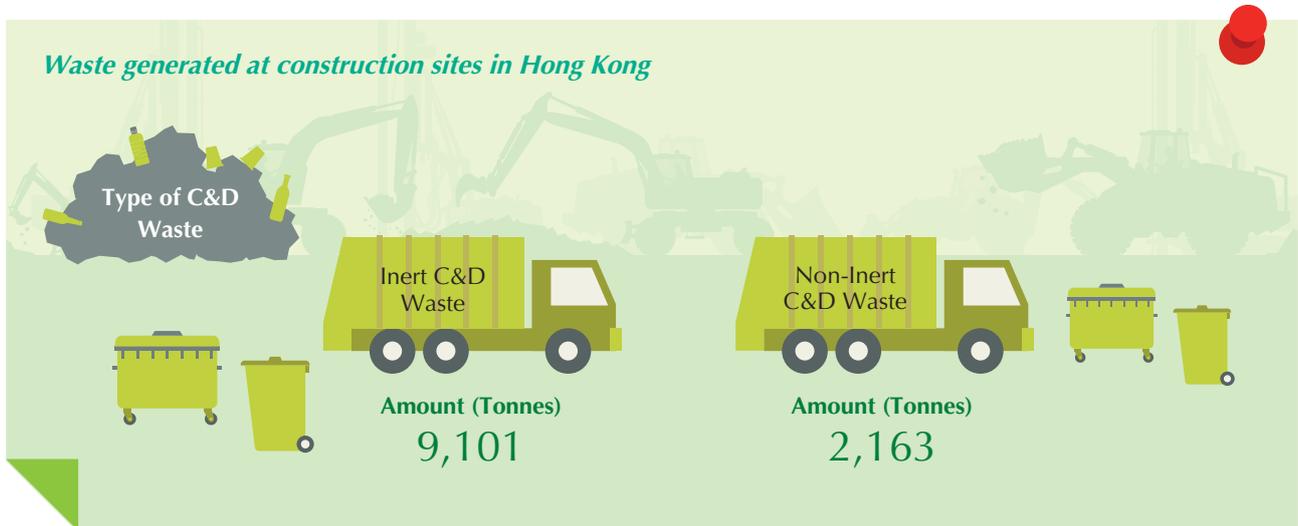
OUR PROPERTIES

Waste Management

We implement waste management through the EMS. To reduce waste generation and ensure proper waste handling, the Environmental Procedures provide clear instructions for our employees and contractors.

Waste Management during Construction

The Group undertakes the responsibility for managing the construction waste produced in contractors' construction and demolition ("C&D") of development projects, including metal, paper or cardboard, timber, plastic, concrete, hard rock and broken concrete and general waste. We required all contractors to collect and sort wastes properly, and monitor construction waste production against the monthly recycling target under our EMS. In 2018, we achieved the target of recycling 60% of our construction waste.



Waste Management during Building Operation

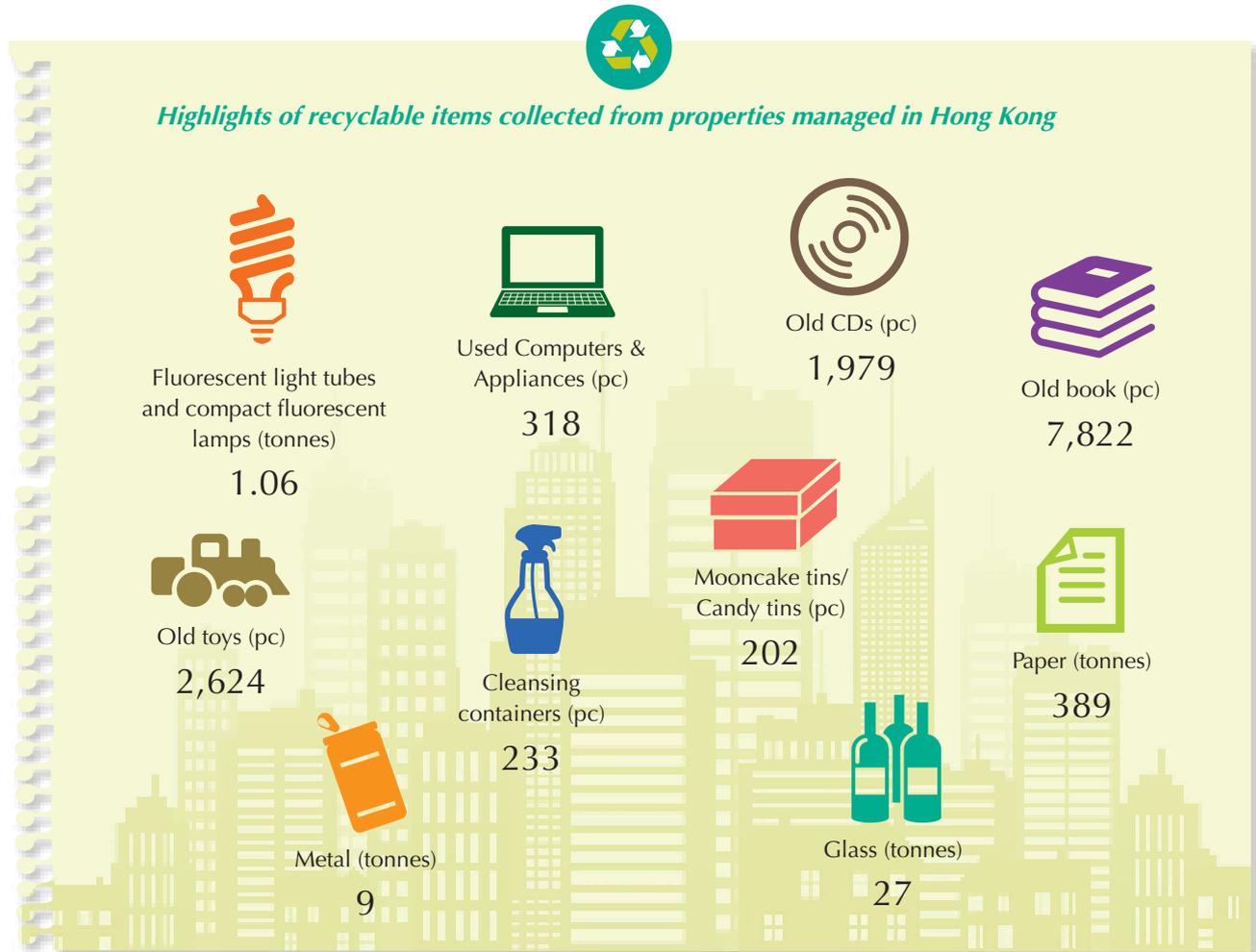
Proper waste management is important to reduce our environmental impact. As a property manager, it is our role to properly manage and dispose of the waste generated by our employees, residents, tenants and customers.

In Hong Kong, guidelines on waste management and reduction are provided to employees. To prepare for the upcoming municipal solid waste charging scheme, training on the implementation requirements was arranged for property management staff. In addition, we have been monitoring our performance against the waste recycling targets under the EMS of our property management services in Hong Kong to ensure the effectiveness of our waste management measures.

In the Mainland, the latest information and practical guidelines on waste sorting were provided for employees and customers on social media platforms.

The Group also organised a wide range of recycling campaigns, educational tours and workshops for residents, tenants and customers to drive behavioural change.

In 2018, various waste items were collected from the properties under our management. Here are some highlights in Hong Kong:



To better monitor waste generation at our property management business, we participate in the three-year Jockey Club Intelligent Resource Management Programme organised by Business Environment Council. A smart waste monitoring system is set up in five properties in Hong Kong in 2019. Data of waste and recyclable items will be collected with cloud technology to track waste generation. Educational activities on waste reduction and recycling will also be carried out.

OUR PROPERTIES

Recycle Bin Campaign 2018

The Group regularly promotes green practices among tenants to build a green workplace. To encourage recycling, in 2018, we launched Recycle Bin Campaign by providing a set of recycle bins for each of the 40 eligible commercial tenants in Hong Kong. Tenants could classify their own waste categories for recycling, to be collected and sorted by our property management team.



— Hong Kong

Plastic Waste Management

Plastic-bottle Recycling Machines

The environmental impact of plastic bottle disposal is far-reaching. We have stepped up our efforts to promote recycling of plastic bottles. Smart plastic-bottle recycling machines were installed in Kerry Everbright City Phase III — Enterprise Centre and Shanghai Central Residences. Monetary incentives were offered to encourage recycling. Bottles collected will be re-produced as new bottles.



Plastic Product Recycling

In 2018, we collected and recycled a total of 78 tonnes of plastic products from our properties in the Mainland, which were mainly garbage bags, bottles, waste umbrella bags and other disposable products. These were recycled and reprocessed into plastic raw materials.

— The Mainland

Food Waste Composting Machines

To reduce burden on landfills, food waste composting machines were installed in selected properties. At Jing An Kerry Centre and Kerry Everbright City Phase III, around 100 kg of food waste collected from tenants is converted to liquid discharge and fertilisers every day.

A food waste processor breaking down food waste to organic fertiliser is provided to our employees at Central Residences.

Food waste processors are also available at most of our new residential properties in Hong Kong. We will expand the installation in 2019.





Recycling of Electronic Products and Clothing

In 2018, we engaged a recycling platform in the Mainland entitled Aihuishou (literally “Love Recycling”) to enable customers to recycle electronic products as well as clothing at Kerry Everbright City Phase III.

— Shanghai

Water Management

Effective management of water consumption and discharge of wastewater can reduce environmental impact. We are committed to promoting sustainable water management throughout our operation.

Water Management Focus

Stage of Project	Water Management Focus
Design 	<ul style="list-style-type: none"> • Rainwater harvesting systems for irrigation were installed at Shenzhen Kerry Plaza and Kerry Everbright City Phase III, in addition to our latest residential development projects in Hong Kong, such as The Bloomsway, Mantin Heights and Mont Rouge • Installed water-efficient fixtures and fittings
Construction 	<p><i>Wastewater treatment</i></p> <ul style="list-style-type: none"> • Contractors are required to submit monthly reports on effluent quality at our construction sites • Weekly wastewater sample collection and visual checks on turbidity and pH test • Monthly laboratory test on effluent quality
Management 	<ul style="list-style-type: none"> • Water saving guidelines for employees and customers • Regular checks to prevent water leakage

OUR PROPERTIES

Our effort in promoting water conservation practices resulted in the total water consumption of our Hong Kong managed properties being 488,967 cubic metres in 2018 (4.3% lower than 2017), whereas the water intensity was 0.044 cubic metres per square foot (6.3% lower than 2017). For operations in the Mainland, the total water consumption of our properties in 2018 was 999,646 cubic metres, and the water intensity was 0.038 cubic metres per square foot.

Fresh Water Consumption								
Fresh Water Consumption	Hong Kong	Mainland						Total
		Beijing Kerry Centre	Jing An Kerry Centre, Shanghai	Kerry Parkside, Shanghai	Shenzhen Kerry Plaza	Hangzhou Kerry Centre	Other selected properties	
Water consumption (1,000 m ³)	489	118	248	177	126	129	201	1,000
Water intensity (m ³ /sq ft)	0.044	0.066	0.062	0.078	0.059	0.048	0.015	0.038

The Group abides by the relevant laws and regulations in relation to emissions. During the reporting year, there were no cases of non-compliance in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste within the Group.

Environmental Initiatives

We proactively cooperate and interact with occupants through a series of environmental initiatives to raise their green awareness. For example, we encourage our tenants and residents to opt for electronic bills on management fee to save papers.

Green Tips for our Occupants

To promote environmental-friendly practices, we published Green Office Tips and Green Home Tips for our occupants.

Green Office Tips	Green Home Tips
Our property management staff organised ten sharing sessions on energy saving and recycling measures for tenants in Hong Kong in 2018. The tips were also shared with employees on our internal portal. At Kerry Everbright City Phase III, we shared our “Green Office Proposal” with tenants to promote energy conservation.	Our property management staff in Hong Kong: <ul style="list-style-type: none"> — conduct home visits and give practical tips on resources saving — suggest ideas for family energy-saving — provide technical assistance for environmental performance enhancement

In addition to resource conservation, we are preparing the Waste Reduction Tips for tenants and residents, which will be launched in 2019. Sharing sessions to promote waste reduction will be organised.



Moving Forward: *Sustainability Sponsorship Programme*

In mid-2019, we will launch a sustainability sponsorship programme for all managed properties in Hong Kong. Targeted at residents and tenants, property management teams can use the subsidy fund for activities themed around sustainable development, environmental protection or social inclusion.







OUR COMMUNITY

Throughout the world, people want the same things: access to clean air and water; shelter; a safe and healthy place to raise their kids and equal opportunities. A sustainable community can fulfill these needs at the present while ensuring that adequate resources are available for future generations.

KPL is making changes at multiple levels in its pursuit to building sustainable communities. The group takes a long-term perspective, focusing on anticipating and adapting to changes in both the present and future.



KerryOn

OUR COMMUNITY

Supporting the communities where we operate is one of our opportunities to make a positive impact on society. Guided by our Charitable Donations Policy Statement, we understand and contribute to the needs of communities through staff voluntary work, community service, donations and sponsorships. The policy also highlights our monitoring of the decision making process for our charitable programmes to ensure accountability, transparency and effectiveness.

While we aspire to build quality and vibrant spaces for our community members, we recognise that the construction activities and the places we create might pose significant impacts to communities nearby. Our public space engagement focus group and other place-making initiatives help us better understand and address their needs during the building life cycle.

To create effective and lasting benefits to the community, we constantly reach out to people and provide support through different initiatives in six main areas:



Our core values on giving back to the community are shared with our employees. In the reporting year, our employees participated in a series of initiatives focusing on:

-  Building Inclusive Space
-  Promoting Community Wellness
-  Supporting Youth Development
-  Cultivating Green Culture

Building Inclusive Space



An inclusive society recognises differences and respects the dignity of every individual. We are keen to seek ways and opportunities to give our helping hands to the elderly, people with special needs, community groups as well as the underprivileged, so that we can create a community of togetherness and harmony.

Day Camp with the Elderly

To include elderly in the community and show our care, we actively engage them by organising activities such as visits to our malls from time to time in collaboration with different elderly homes and community organisations. Our rationale is to build a more inclusive community for all by connecting different groups.

Social activities bring significant benefits for seniors. In October, we collaborated with Hong Kong Children and Youth Services to arrange moisturiser and small plant DIY workshops for the elderly. Volunteers from KPMSL participated to offer assistance. The volunteers had lunch with the senior friends for further engagement at the end of the event.



— Hong Kong



Fundraising for the Disabled

We support people with mental and physical disabilities not only by offering direct assistance, but also by encouraging themselves and their families to motivate each other and join forces in helping the community at large.

In June, Hangzhou Kerry Centre joined hands with an autism parent mutual support service centre to organise a fundraising activity for families with disabled children in Hangzhou who were in pressing need. A charity sale of items donated by our staff raised funds to support the children's learning needs.

— Hangzhou

OUR COMMUNITY

Fundraising for Hong Chi Association

We are a dedicated and long-standing partner of Hong Chi Association supporting people with intellectual disabilities. To engage stakeholders in our community involvement, we organised donation campaigns in our residential and commercial properties during festive seasons where tenants, residents and customers can give their blessings to the disabled and their families.

MegaBox x PLARAIL Easter Party

During Easter, we partnered with Plarail, a railroad toy brand from Japan, to build a large-scale rail theme park with inflatable game installation and railroad exhibition at MegaBox. While parents and kids had fun in the park, the entrance fee raised funds for the association.



Flower Cup

During Christmas, the Christmas trees at our properties are decorated with all kinds of shiny and festive ornaments. This year, we replaced them with lovely flower cups made by trainees of Hong Chi Association. Upon a donation to Hong Chi Association, residents and visitors could take home the flower cups as meaningful gifts for their loved ones.

— Hong Kong

Visits to MegaBox

Free shopping mall tours were organised for various community groups and NGOs serving different beneficiary groups. Participants were able to enjoy the mall experience.

In December, we welcomed 30 disabled kids from Heep Hong Society at MegaBox. Apart from introducing shops, facilities and the Little Twin Stars Christmas decoration in the mall, we arranged a movie and a magic show for the kids, and treated them with a meal in a themed restaurant.



— Hong Kong

Training for the Underprivileged Youth

We are dedicated to offer training opportunities for the underprivileged.

Over 40 chefs from local restaurants, including Foo Ka Chinese Restaurant managed by the Group, joined hands to offer culinary training for underprivileged and autistic young people in Hong Kong.

In addition, our staff continues to organise classes teaching students of Hong Chi Association magic skills to help boost their confidence and improve their interpersonal relationship.



— Hong Kong



Supporting Youth Development

Youth development is the cornerstone of future social and economic development. With continuous support to empower young people, we hope all of them will get equal opportunities to receive education and unleash their full potential to improve their living conditions.

Internship Programmes for Secondary School Students

We are dedicated to nurturing our young generation for their personal growth and life planning by offering them internship opportunities in our property management business.

KPMSL has been working with The Hong Kong Coalition of Professional Services and Project My Future separately to provide internship programmes for secondary school students in Hong Kong. This summer, we provided two-week internship placements for five students from secondary schools in Yuen Long district, and four-week internship placements for two students referred by Project My Future.



— Hong Kong

OUR COMMUNITY

Sending Hope to Vulnerable Children

Left-behind children in rural areas is a unique social problem in the Mainland, which urgently needs the society's attention and support. Those children are deprived of parental love and care as their parents work in the city and cannot return home regularly.

To empower the children to change their life with knowledge, we held a book donation activity in Hangzhou Kerry Centre in March and April for a primary school in the rural area of Jiangxi Province, where nearly half of its 208 students are left-behind children.



— Hangzhou



Supporting Blind and Deaf-mute Children

Blind and deaf-mute children require our attention and support. To pave the way for better education and welfare for these vulnerable children, a book fundraising event was organised at Shenzhen Kerry Plaza. The proceeds were donated to a special education school in Hunan for purchasing braille books. Children were excited about the first batch of braille books they have received.

— Shenzhen



Promoting Community Wellness

We make efforts to promote the health and well-being of all ages in our communities, building living spaces with harmony across physical, mental and spiritual well-being.

KerryOn Fitness Day

The KerryOn initiative nurtures hearts, minds, and bodies. We organise events such as fitness activities, outings, parent-child activities and art classes to enhance the physical and mental well-being of the community.

Partnered with professional fitness trainers, healthy lifestyle brands and key opinion leaders, Jing An Kerry Centre launched a signature event — “Fitness Day” — for KerryOn members. Customised fitness classes and gatherings about healthy lifestyle and diet were offered with the objective of building a joyful and energetic community.



In 2018, the Fitness Day featured yoga-music therapy which led participants to find a balance between mind and body through meditation and yoga.

— Shanghai



Kids Sports Summer Camp

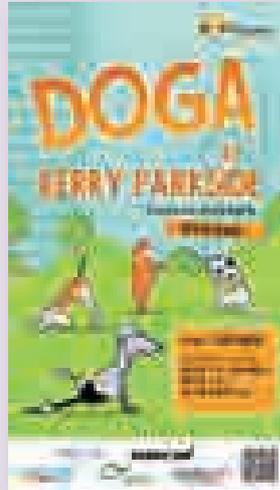
Under the KerryOn initiative, we organised a Kids Sports Summer Camp to help kids develop healthy habits and attitudes in daily life. By integrating an “edutainment” element into our activities, we made learning as enjoyable as entertainment. Our activities included sports classes (swimming/football/basketball), games, and crafts workshops.

— Shanghai

OUR COMMUNITY

DOGA at Kerry Parkside

We value a pet-friendly community. In 2018, we brought in an innovative activity, DOGA, which gathered residents to enjoy yoga with their dogs in the open space at Kerry Parkside. During the event, our co-organisers provided on-site catering for participants and their pets. The event demonstrates an inclusive and healthy community for both humans and pets.



— Shanghai



Table Tennis Competitions

In advocating work-life balance to build an energetic and healthy community, we organised various team sports for our community members to bring them closer to friends and colleagues. These events also provided a platform for them to meet new friends.

To encourage regular training and community bonding, we organised table tennis competitions for our tenants at Qianhai Kerry Centre and Shenzhen Kerry Plaza in 2018. Participants formed teams to work together towards a common goal and friendship and trust were built. This shared experience also helped create a habit of exercising.

— Shenzhen

Lunchtime Concert

Music can help reduce stress and improve well-being. In October 2018, we invited musicians to present a joyous rendering of Chinese and Western music performance at the lobby of Shenzhen Kerry Plaza. Our tenants and community members could stop by to take a break from the hustle and bustle of city life, and indulge themselves in relaxing music.



— Shenzhen



Public Space Design for Community Wellness

Public spaces are places for leisure and access to fresh air and views, which are important to community wellness. At Qianhai Kerry Centre, we engaged an international public space programming consultant to set up questionnaires and conduct public space engagement focus groups. We listened to their opinions which will be integrated in our public space design.

— Shenzhen

OUR COMMUNITY

Cultivating Green Culture

Cultivating a green culture is essential to promoting a sustainable lifestyle. We organised various activities for our community members to raise their awareness and encourage them to go green.

Organic Farming

The Mainland:



- **Kerry Little Farm**

A little farm was built in the back garden of the lobby at Beijing Kerry Residence, where a grape rack was erected, organic vegetables were planted and rabbits were raised.

By growing agricultural products in an environment-friendly way, we hope to raise awareness on environmental protection and food safety, as well as creating a harmonious living space for animals and humans.

- **Rooftop Garden**

We transformed the rooftop of Kerry Everbright City into a rooftop garden by growing vegetables and fruits there, which were grown with coffee grounds collected from catering businesses operating in the mall. We shared the harvest with street cleaners and office workers.



- **Little Farmers**

To let children experience the joy of growing their own vegetables, a playground area at Shanghai Central Residences II was divided into 12 vegetable fields for the little farmers. We are happy to see that the seeds they planted have grown into garlic, beans and green veggies.

Hong Kong:

We are also dedicated to advocating green culture in Hong Kong. To be open to residents in 2019, The Bloomsway has designated an area in the greenhouse of Club Blossom as Greenland for hydroponic farming. Meanwhile, resident-led garden tours are planned for Mantin Heights, which include sharing sessions on pruning skills and crystal ball DIY workshops.

Tree Planting

It takes years for a seeding to flourish into a tree. To protect our planet, we need to act now and persistently make the world greener. In 2018, selected properties in the Mainland have organised or supported tree planting events, contributing efforts to a more sustainable future.



— The Mainland

Ocean and Coastal Protection



• World Oceans Day

In celebration of World Oceans Day every June, Habitat Phase I, Qinhuangdao participated in a beach cleaning activity in the coastal area of the district. The ocean is crucial to the survival of sea creatures as well as terrestrial animals, but it has been severely polluted with a tremendous amount of rubbish going into the sea every day. The aim of the event was to promote the reduction of ocean pollution.

— Qinhuangdao

• Shark Conservation Photo Exhibition

A two-week shark conservation photo exhibition named “Oceans of Light” was staged in Beijing Kerry Centre in late April as a highlight of its “Livingreen” event. The exhibition also showcased a documentary produced by notable Chinese actor Li Guangjie and WildAid, presenting to the audience the beauty of the ocean while conveying the message of ocean protection and shark conservation.



— Beijing

OUR COMMUNITY

Moving Forward: *Encourage Inter-Community Influence*

KPL is dedicated to supporting place-making and cultivating a better community. Moving forward, the KPL Volunteering Team has been set up and will organise various volunteering activities in Hong Kong. Social engagement activities such as Kerry Music Live Music Competition in Hangzhou and Children's Bazaar in Beijing will also promote a healthy lifestyle and foster positive values.

We envision that communities can spread their kindness to and share insights with one another, creating a positive impact for both communities and society as a whole. Moving forward, "KerryOn the Love" will be organised in 2019 to support education by donating books to children in rural areas, while Jing An Kerry Centre will spearhead "FUSE Community Festival", gathering different communities together to catalyse idea generation and personal and community growth.



Case Study

Scan or click the QR code for event highlights

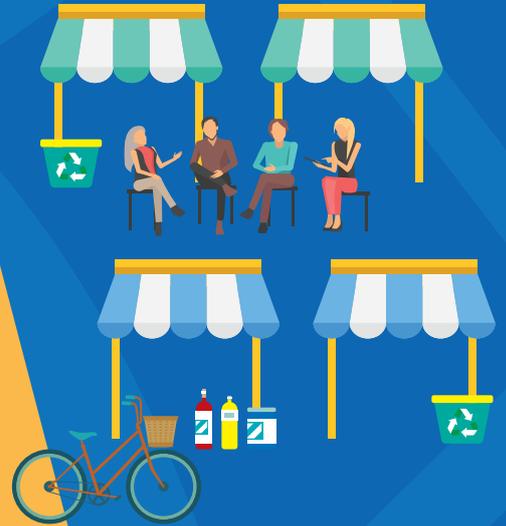
The Acts of Love

The Group is keen to promote the wellbeing of the community where it operates. Apart from direct donation, the Group focuses on improving the health and education of the public, which will in turn enable the people to create a better life for themselves and their family in the future. As always, KPL adopts a holistic approach in organising various initiatives to serve the needs of different members of the community.

We plan our community care programmes according to the needs of individual target groups. To promote physical health and perseverance among adults, a vertical marathon challenge was organised in the reporting year. At the same time, we concern ourselves with the wellbeing and education of children, especially those with limited resources. We focus our efforts on helping them build confidence in addition to monetary and in-kind donations, because we believe it is people's attitude and resilience which will eventually shape their lives regardless of their circumstances.

LOVE in KERRY

To develop a positive, cohesive and caring culture in society, Beijing Kerry Centre spearheaded the LOVE in KERRY campaign. Beneficiary organisations were selected for each event, custom designed with different monthly themes. Proceeds from the events were donated to non-governmental organisations that seek to support disadvantaged children and their families.



"Create a positive, cohesive and caring society"

Sep 2018

Charity Day

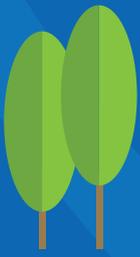
Oct 2018

Halloween Kids Bazaar

Nov 2018

Charity Day

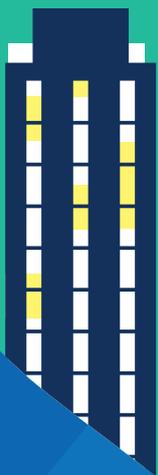




Vertical Marathon Challenge at Beijing Kerry Centre

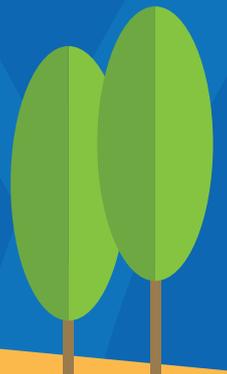
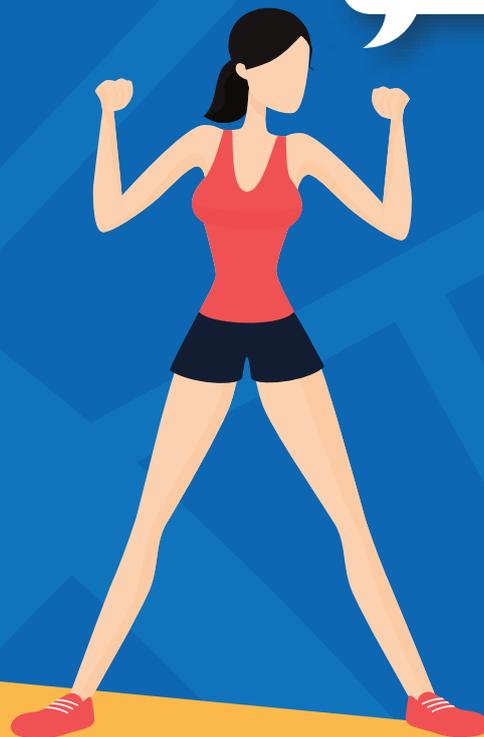
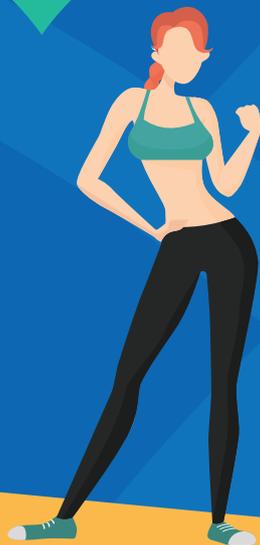
Vertical run is a great sport that tests participants' physical strength, confidence and perseverance. Like any other exercises, there are many health benefits, including stress relief. The nature of this sport also enables participants to experience the venue of the event, Beijing Kerry Centre, in an alternative way.

Funds raised from registration fees were donated to China Charities Aid Foundation for Children, a national organisation run under the administration of China's Ministry of Civil Affairs. We hope that participants will continue with their training and engage in more physical activities in their daily life.



Over **200** participants raced up to the top of 108-meter-tall Beijing Kerry Centre

Let's Go





Speech Contest and Listen for Good Micro Movie

Education serves as a key to improving the quality of life in any community. In particular, language and communication skills are essential to further advancement of education and career.

To further enhance the speaking skills and confidence of students, Shenyang Kerry Centre joined hands with Liaoning Television in co-organising the Shenyang and Liaoning regional portion of a national speech contest. At the end, a representative from Liaoning School of Orphans was selected as the national winner – an insightful story that inspired Shenyang Kerry Centre to feature the winner in a micro movie, “Listen for Good”.

“Listen for Good” features the winner’s journey of chasing her dream and building confidence despite the challenges she faced as an orphan, and stars teachers and students who participated in the contest.

“Listen for Good” received the Best New Title in the Micro Film Festival in Asia.

The micro movie was released on multiple online platforms, in the hope it could motivate more people to show care for disadvantaged groups and contribute towards a more inclusive and caring society.

Listen for Good involved...



10,000
contestants



30 first-class
award recipients

150



minutes of
storytelling

80



schools

In the future, KPL will continue with its community investment efforts to benefit more members of society.





Every Thought Counts

By clicking **here** and sharing your thoughts with us before 30 September 2019, Kerry Properties will donate HK\$100 to a charitable organisation of your choice.



Hong Chi Association

Hong Chi Association is a non-profit making organisation in Hong Kong dedicated to quality service in educating, training and empowering people with intellectual disabilities and their families. For more information, please visit:

www.hongchi.org.hk 

New Life Psychiatric Rehabilitation Association

New Life Psychiatric Rehabilitation Association is a non-governmental organisation aiming to make a positive difference by advocating for equal opportunities for people in recovery, enhancing their quality of life and moving towards an inclusive society. For more information, please visit:

www.nlpra.org.hk 

CareER

CareER supports higher educated people with disabilities and special education needs in Hong Kong via working with employers across different sectors to provide job placements and long-term career development opportunities for its members. For more information, please visit:

career.org.hk 



PERFORMANCE DATA SUMMARY

Environmental performance¹

GHG emissions ²										
Indicator	Unit	Hong Kong					Mainland			
		2018	2017	2016	2015	2014	2018	2017	2016	2015
Direct GHG emissions (Scope 1)	tonnes of CO ₂ e	377	651	1,602	2,407	3,636	5,282	2,449	3,768	4,960
Energy indirect GHG emissions (Scope 2) ³	tonnes of CO ₂ e	47,037	47,558	49,542	49,470	50,815	66,160	49,470 ⁶	50,719 ⁶	51,881 ⁶
Other indirect GHG emissions (Scope 3) ⁴	tonnes of CO ₂ e	1,111	1,117	363	279	305	47	32	38	39
Total GHG emissions	tonnes of CO ₂ e	48,525	49,326	51,507	52,156	54,756	71,490	51,951 ⁶	54,525 ⁶	56,880 ⁶
GHG intensity ⁵	tonnes of CO ₂ e/ 1,000ft ²	4.38	4.55	4.42	4.71	5.02	2.69	5.10 ⁶	5.35 ⁶	5.58 ⁶

Remarks:

- The environmental performance excludes projects/ properties under development or those with occupancy rate lower than 80% in the reporting year, which include Shenyang Kerry Centre and Qianhai Kerry Centre in the Mainland, as well as Mantin Heights, The Bloomsway, Resiglow, Mont Rouge, 8 Hing Hon Road Development, 3 Lung Kui Road Development, 10 La Salle Road Development and Wong Chuk Hang Station Package Two Property Development in Hong Kong. Please refer to the "About This Report" chapter for more details regarding the change in reporting scope in 2018.
- The greenhouse gas assessment covered six types of gases controlled by the Kyoto Protocol and hydro-chlorofluorocarbons (HCFCs) to provide a true and fair account of GHG-related information.
The quantification process and emission factors referenced the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, the Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Public Building Operation Units (Enterprises) (Trial) and the ISO14064-1 standard. The national grid average emission factor and the GWP rates from the Fifth Assessment Report (AR5) are used for calculating emissions in the Mainland.
No biogenic CO₂ emissions in the reporting period.
The operational control approach was adopted to aggregate the data.
- For calculating indirect GHG emissions due to electricity purchased, the territory-wide default emission factor from the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong is adopted for Hong Kong, while the national grid emission factor is adopted for the Mainland.
- Scope 3 – other indirect GHG emissions in Hong Kong include methane gas generation at landfill due to disposal of paper waste, GHG emissions due to electricity used for freshwater processing by the Water Services Department and sewage processing by the Drainage Services Department, emissions from outsourced shuttle bus services (previously included in Scope 1 for years before 2017). Scope 3 – other indirect GHG emissions in the Mainland include business travel by employees. The quantification process and emission factor for calculating GHG emissions from business travel by employees referenced the International Civil Aviation Organization (ICAO) Carbon Emission Calculator.
- Calculation of GHG intensity covers scope 1, scope 2, and scope 3 emissions.
- The figures have been adjusted using the latest national grid emission factor in the Mainland to give a more accurate and fair account for comparison.

PERFORMANCE DATA SUMMARY

Waste generated at construction sites in Hong Kong ⁷						
Indicator	Unit	2018	2017	2016	2015	2014
Total waste generated (Hazardous)	tonnes	0.1 ⁸	0.5 ⁸	4,125 ⁹	-	4,620 ⁹
Total waste generated (Non-hazardous)	tonnes	11,264	168,869	251,290	84,664	1,718,457

Waste generated at properties managed ¹⁰					
Indicator	Unit	Hong Kong		Mainland	
		2018	2017	2018	2017
Waste generated ¹¹ (Hazardous)	tonnes	2.0	2.7 ¹²	4.0	1.6
Waste generated (Non-hazardous)	tonnes	10,766	10,325 ¹²	28,340	17,747
Waste disposal (Non-hazardous)	tonnes	10,318	9,918	27,677	17,626
Waste recycled / reused (Non-hazardous)	tonnes	449	407	663	121
Paper	tonnes	389	363	546	-
Plastic	tonnes	3	2	79	-
Metals	tonnes	9	7	38	-
Glass	tonnes	27	21	-	-
Clothes	tonnes	21	14	-	-

Remarks:

⁷ For hazardous waste, waste disposal methods were determined based on information provided by the licensed chemical waste collectors. For non-hazardous waste, contractors were required to follow the waste disposal methods stated in the contract. The report does not include environmental performance of projects under development in the Mainland.

⁸ Including chemical waste which was collected by licensed chemical waste collectors.

⁹ Including asbestos containing materials disposed from demolition work, which were collected by licensed chemical waste collectors.

¹⁰ For both hazardous and non-hazardous waste generated at properties managed, waste disposal methods were determined based on information provided by the qualified contractors/collectors.

¹¹ Including fluorescent light tube, compact fluorescent lamps, rechargeable battery and toner cartridge collect by qualified contractors.

¹² The figures have been adjusted to include waste collected from the properties managed.

Use of resources					
Indicator	Unit	Hong Kong		Mainland	
		2018	2017	2018	2017
Energy consumption					
Direct energy consumption					
Diesel	GJ	139	173	36	37
Petrol	GJ	870	906	126	143
Liquefied Petroleum Gas ("LPG")	GJ	151	130	-	-
Towngas	GJ	18	17	-	-
Natural gas	GJ	-	-	64,948	42,326
Indirect energy consumption					
Electricity	MWh	67,196	67,940	102,334	75,345
Heat	GJ	-	-	33,877	31,841
Total					
Total energy consumption ¹³	GJ	243,083	245,815	467,388	345,589
Energy consumption intensity ¹⁴	GJ/1,000ft ²	22.0	22.7	17.6	33.9
Water consumption					
Total fresh water consumption	1,000m ³	489	511	1,000	772
Water consumption intensity	m ³ /ft ²	0.044	0.047	0.038	0.071
Paper consumption					
Total paper consumption	kg	17,526	16,689 ¹⁵	8,635	5,005

Remarks:

¹³ The quantification process and conversion factors are based on the Energy Statistics Manual prepared by the International Energy Agency and the General Principles for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2008) published by the Chinese government.

¹⁴ The energy intensity includes fuel (diesel, petrol, LPG, Towngas, natural gas), electricity and heating consumed within the reporting boundary.

¹⁵ The figures have been adjusted to reflect the actual consumption.

PERFORMANCE DATA SUMMARY

Social performance

Employment and Labour Practices

Total workforce by gender, age group, employee category and region ¹⁶								
Region	Gender	Employee category	Age group			Total (by gender)	Total (by region)	
			Under 30	Age 30-50	Over 50			
Hong Kong	Male	Management	0	17	29	996	1,583	
		Managerial	3	104	39			
		General Staff	136	307	361			
	Female	Management	0	19	14			587
		Managerial	1	62	9			
		General Staff	219	179	84			
Mainland	Male	Management	0	12	6	1,178	1,958	
		Managerial	1	103	17			
		General Staff	200	682	157			
	Female	Management	0	16	4			780
		Managerial	2	96	7			
		General Staff	244	398	22			
Total			806	1,986	749	3,541	3,541	

Total workforce by gender, employment contract, employment type and region ¹⁶							
Region	Gender	Employment contract and employment type				Total (by gender)	Total (by region)
		Permanent		Temporary/fixed term			
		Full-time	Part-time	Full-time	Part-time		
Hong Kong	Male	956	0	7	33	996	1,583
	Female	508	0	4	75	587	
Mainland	Male	1,169	9	0	0	1,178	1,958
	Female	773	7	0	0	780	
Total		3,406	16	11	108	3,541	3,541

Remarks:

¹⁶ Total number of employees at the end of the reporting period.

Total number of new employees hired by gender, age group, employee category and region¹⁷

Region	Gender	Employee category	Age group			Total (by gender)	Total (by region)
			Under 30	Age 30-50	Over 50		
Hong Kong	Male	Management	0(0%)	0(0%)	1(3.4%)	297(29.8%)	507(32.0%)
		Managerial	2(66.7%)	11(10.6%)	2(5.1%)		
		General Staff	72(52.9%)	114(37.1%)	95(26.3%)		
	Female	Management	0(0%)	4(21.1%)	0(0%)		
		Managerial	1(100%)	6(9.7%)	0(0%)		
		General Staff	137(62.6%)	45(25.1%)	17(20.2%)		
Mainland	Male	Management	0(0%)	1(8.3%)	1(16.7%)	210(17.8%)	362(18.5%)
		Managerial	0(0%)	16(15.5%)	0(0%)		
		General Staff	70(35.0%)	108(15.8%)	14(8.9%)		
	Female	Management	0(0%)	0(0%)	0(0%)		
		Managerial	1(50.0%)	11(11.5%)	1(14.3%)		
		General Staff	83(34.0%)	55(14.1%)	1(4.5%)		
Total			366(45.4%)	371(18.7%)	132(17.6%)	869(24.5%)	869(24.5%)

Total number of new employees hired by gender, employment contract, employment type and region¹⁷

Region	Gender	Employment contract and employment type				Total (by gender)	Total (by region)
		Permanent		Temporary/fixed term			
		Full-time	Part-time	Full-time	Part-time		
Hong Kong	Male	277	0	0	20	297	507
	Female	161	0	0	49	210	
Mainland	Male	201	9	0	0	210	362
	Female	145	7	0	0	152	
Total		784	16	0	69	869	869

Summary of annual new employee rate¹⁷

Hong Kong					Mainland	
2018	2017	2016	2015	2014	2018	2017
32.0%	22.3%	28.9%	29.2%	25.5%	18.5%	21.6%

Percentage of senior management hired from local community¹⁸

Hong Kong	Mainland
100%	81%

Remarks:

¹⁷ New employee rate (in percentage) = number of new employees of the category / total workforce of the category at the end of the reporting period X 100%.

¹⁸ Senior Management is defined as director level or above for this data. The percentage here only includes full-time Senior Management. Local community is defined as Hong Kong and the Mainland respectively.

PERFORMANCE DATA SUMMARY

Ratio of basic salary and remuneration of female employees to male employees ^{19,20,21}			
Region	Employee category	Ratio of basic salary	Ratio of remuneration
Hong Kong	Management	1:1.04	1:1.24
	Managerial	1:1.02	
	General Staff	1:1.05	
Mainland	Management	1:1.14	1:0.93
	Managerial	1:1.06	
	General Staff	1:0.91	

Summary of ratio of remuneration of female employees to male employees ^{19,20,21}			
Hong Kong		Mainland	
2018	2017	2018	2017
1:1.24	1:0.91	1:0.93	1:0.91

Total number of employee turnover by gender, age group, employee category and region ²²							
Region	Gender	Employee category	Age group			Total (by gender)	Total (by region)
			Under 30	Age 30-50	Over 50		
Hong Kong	Male	Management	0(0%)	0(0%)	2(6.9%)	299(29.4%)	465(29.4%)
		Managerial	0(0%)	10(9.6%)	8(20.5%)		
		General Staff	67(49.3%)	109(35.5%)	103(28.5%)		
	Female	Management	0(0%)	0(0%)	1(7.1%)	166(29.3%)	
		Managerial	1(100%)	8(12.9%)	0(0%)		
		General Staff	100(45.7%)	38(21.2%)	18(21.4%)		
Mainland	Male	Management	0(0%)	4(33.3%)	3(50.0%)	299(25.4%)	490(25.0%)
		Managerial	0(0%)	12(11.7%)	3(29.4%)		
		General Staff	94(47.0%)	150(22.0%)	31(19.7%)		
	Female	Management	0(0%)	1(6.3%)	0(0%)	191(24.5%)	
		Managerial	0(0%)	8(8.3%)	0(0%)		
		General Staff	102(41.8%)	72(18.5%)	8(36.4%)		
Total			364(45.2%)	412(20.7%)	179(23.9%)	955(27.0%)	955(27.0%)

Remarks:

¹⁹ Basic salary means fixed, minimum amount paid to an employee for performing his or her duties, excluding any additional remuneration, such as payments for overtime working or bonuses. Remuneration means basic salary plus allowances, bonuses, welfare, overtime pay and other subsidies. The ratio includes full-time employees only.

²⁰ Ratio of average basic salary of female employees to male employees = average basic salary of female employees of the category / average basic salary of male employees of the category.

²¹ Ratio of average remuneration of female employees to male employees = average remuneration of female employees of the category / average remuneration of male employees of the category.

²² Employee turnover rate (in percentage) = number of turnover of the category / total workforce of the category at the end of the reporting period x 100%.

Total number of employee turnover by gender, employment contract, employment type and region

Region	Gender	Employment contract and employment type				Total (by gender)	Total (by region)
		Permanent		Temporary/fixed term			
		Full-time	Part-time	Full-time	Part-time		
Hong Kong	Male	268	2	0	29	299	456
	Female	127	0	0	39	166	
Mainland	Male	286	13	0	0	299	490
	Female	175	16	0	0	191	
Total		856	31	0	68	955	955

Summary of annual employee turnover rate^{22,23}

Hong Kong					Mainland			
2018	2017	2016	2015	2014	2018	2017	2016	2015
29.4%	22.3%	13.8%	15.0%	15.1%	25.0%	22.0%	20.2%	12.6%

Summary of parental leave by gender and region

Region	Gender	Total number of employees that were entitled to parental leave in 2018 ²⁴	Total number of employees that took parental leave in 2018	Total number of employees that should return to work in 2018 after parental leave ended	Total number of employees that did return to work in 2018 after parental leave ended	Return to work rate of employees in 2018 that took parental leave ²⁵	Total number of employees that returned to work after parental leave ended in 2017 that were still employed 12 months after their return to work	Retention rate of employees that took parental leave ²⁶
Hong Kong	Male	956	11	11	11	100%	4	100%
	Female	508	7	7	7	100%	10	90.9%
Mainland	Male	1,178	7	7	7	100%	5	100%
	Female	780	50	47	39	83.0%	28	90.3%

Remarks:

²² Employee turnover rate (in percentage) = number of turnover of the category / total workforce of the category at the end of the reporting period x 100%.

²³ Annual employee turnover rates of 2014-2016 are adjusted to use the total employee numbers at the end of the reporting periods for the calculation of annual employee turnover rate. Rates of 2014-2016 exclude turnovers during probation periods.

²⁴ All permanent employees (full-time and part-time) are entitled to parental leave.

²⁵ Return to work rate of employees that took parental leave (in percentage) = total number of employees that did return to work in 2018 after parental leave ended / total number of employees that should return to work in 2018 after parental leave ended x 100%.

²⁶ Retention rate of employees that took parental leave (in percentage) = total number of employees that returned to work after parental leave ended in 2017 that were still employed 12 months after their return to work / total number of employees that did return to work in 2017 after parental leave ended x 100%.

PERFORMANCE DATA SUMMARY

Health and Safety

Total number and rate of injuries reported and work-related fatalities ²⁷						
Region	Gender	Total number of work-related fatalities	Total number of injuries reported	Total (by region)	Injury rate (per 1,000 employees, by region)	Overall injury rate (per 1,000 employees)
Hong Kong ²⁸	Male	0	18	26	16.4	9.0
	Female	0	8			
Mainland ²⁹	Male	0	6	6	3.1	
	Female	0	0			

Summary of annual rate of injuries reported, work-related fatalities and occupational diseases									
Employee health and safety	Hong Kong ²⁸					Mainland ²⁹			
	2018	2017	2016	2015	2014	2018	2017	2016	2015
Overall injury rate (per 1,000 employees) ²⁷	16.4	17.6	16.8	12.9	12.0	3.1	5.9	6.2	7.8
Work-related fatalities rate ³⁰	0%	0%	0%	0%	0%	0%	0%	0%	0%
Occupational diseases rate ³¹	0%	0%	0%	0%	0%	0%	0%	0%	0%

Summary of lost days and absent days ^{32,33,34}									
Region	Gender	Lost days due to work-related injuries / occupational diseases	Lost day rate	Overall lost days due to work related injuries / occupational diseases	Overall lost day rate	Number of absent days	Absentee rate	Overall number of absent days	Overall absentee rate
Hong Kong ²⁸	Male	1,104	0.4%	2,004.5	0.5%	5,363	2.2%	9,120	2.3%
	Female	900.5	0.6%			3,757	2.6%		
Mainland ²⁹	Male	501.3	0.2%	501.3	0.1%	3,113	1.1%	6,293	1.3%
	Female	0	0%			3,180	1.6%		
Total		-	-	2,506	0.3%	-	-	15,413	1.7%

Remarks:

²⁷ Injury rate (per 1,000 employees) = total number of injured employees and fatalities / total workforce at the end of the reporting period x 1,000.

²⁸ Reported injuries refer to work-related accidents happened in Hong Kong to employees that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The calculation of lost days is based on calendar days starting from the date of the accident.

²⁹ Reported injuries refer to work-related accidents happened in the Mainland to employees that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The calculation of lost days is based on scheduled work days starting from the date of the accident.

³⁰ Work-related fatality rate (in percentage) = number of fatalities / total workforce at the end of the reporting period x 100%.

³¹ Occupational disease rate (in percentage) = number of employees suffering from occupational diseases / total workforce at the end of the reporting period x 100%.

³² Lost day rate = lost days / days scheduled to be worked x 100%.

³³ Absent days include days lost due to work-related injuries and other diseases. Reasons for employee's absence include but are not restricted to sick leave, work-related injury and contraction of occupational diseases at work. Absentee rate (in percentage) = absent days / days scheduled to be worked x 100%.

³⁴ The number of scheduled work days per year is 250 days in Hong Kong and the Mainland.

Summary of annual lost day rate ³²								
Hong Kong ²⁸					Mainland ²⁹			
2018	2017	2016	2015	2014	2018	2017	2016	2015
0.51%	0.38%	0.09%	0.07%	0.09%	0.10%	0.14%	0.08%	0.07%

Total number and rate of injuries reported and work-related fatalities (workers) ³⁵				
Region	Total number of work-related fatalities	Total number of injuries reported	Injury rate (per 1,000 workers, by region)	Overall Injury rate (per 1,000 workers)
Hong Kong	1 ³⁶	18	0.07	0.07
Mainland	0	0	0	

Training and Development

Total number and rate of employees trained by age, employee category and region ^{37,38}							
Region	Gender	Employee category			Total (by gender)	Total (by region)	Total
		Management	Managerial	General Staff			
Hong Kong	Male	39(84.8%)	110(75.3%)	744(92.5%)	893(89.7%)	1,394(88.1%)	3,060(86.4%)
	Female	27(81.8%)	68(94.4%)	406(84.2%)	501(85.3%)		
Mainland	Male	12(66.7%)	93(76.9%)	946(91.0%)	1,051(89.2%)	1,666(85.1%)	
	Female	16(80.0%)	84(80.0%)	515(78.6%)	615(78.8%)		

Average training hours by gender, employee category and region ^{37,39}							
Region	Gender	Employee category			Total (by gender)	Total (by region)	Total
		Management	Managerial	General Staff			
Hong Kong	Male	9.4	13.4	13.4	13.2	13.3	16.2
	Female	12.5	16.9	12.8	13.3		
Mainland	Male	12.4	15.7	21.8	21.0	18.6	
	Female	19.0	15.1	14.7	14.8		

Remarks:

³⁵ Report injuries refer to work-related accidents happened to workers that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The figures include projects under development (8 Hing Hon Road Development, 3 Lung Kui Road Development, 10 La Salle Road Development and Wong Chuk Hang Station Package Two Property Development in Hong Kong; Construction stage for Qianhai Kerry Centre in the Mainland during 2018); the fatality figures include workers of the mentioned projects under development and properties managed. Injury rate (per 1,000 workers)= total number of injured workers and fatalities / total number of workers at the end of the reporting period x 1,000.

³⁶ There was one work-related fatality involving a worker of our supplier at the property managed in the reporting year.

³⁷ Figures only include permanent full-time staff.

³⁸ Employee trained rate (in percentage) = number of employees trained in the category / total workforce of the category at the end of the reporting period x 100%.

³⁹ Average training hours = total hours of training received by employees of the category / total workforce of the category at the end of the reporting period.

PERFORMANCE DATA SUMMARY

Summary of annual employee trained rate ^{37,38}									
Hong Kong					Mainland				
2018	2017	2016	2015	2014	2018	2017	2016	2015	
88.1%	89.2%	78.9%	71.9%	77.4%	85.1%	90.8%	90.6%	89.9%	

Supply Chain Management

Total number of vendors ⁴⁰									
Supply Chain Management	Hong Kong					Mainland			
	2018	2017	2016	2015	2014	2018	2017	2016	2015
Total number of vendors for project development	901	841	797	746	674	38	-	492	834
Total number of vendors for property management	826	690	649	567	582	1,107	1,008		

Remarks:

³⁷ Figures only include permanent full time staff.

³⁸ Employee trained rate (in percentage) = number of employees trained in the category / total workforce of the category at the end of the reporting period x 100%.

⁴⁰ Number of vendor is categorised by site of operations instead of geographical location of vendors.

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
A. Environment				
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	OUR PROPERTIES	60-83	
A1.1	The types of emissions and respective emissions data			Air emissions (e.g. NOx, SOx and other pollutants) are not considered as material to our operations
A1.2	Greenhouse gas emissions in total Intensity of greenhouse gas emissions	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A1.3	Total hazardous waste produced Intensity of hazardous waste produced	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A1.4	Total non-hazardous waste produced Intensity of non-hazardous waste produced	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A1.5	Description of measures to mitigate emissions and results achieved	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A2 Use of Resources				
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	OUR PROPERTIES	60-83	
A2.1	Direct and/or indirect energy consumption by type in total Direct and/or indirect energy intensity by type	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A2.2	Water consumption in total Water intensity	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A2.3	Description of energy use efficiency initiatives and results achieved	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	In 2018, there were no problems in sourcing water encountered in our operations
A2.5	Total packaging material used for finished products Packaging material intensity			In 2018, there were no massive use of packaging material involved in our operations

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
A3 The Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	OUR PROPERTIES	60-83	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	OUR PROPERTIES	60-83	
B. Social				
Social Employment and Labour Practices				
B1 Employment				
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	OUR TEAM	42-59	
B1.1	Total workforce by gender, employment type, age group and geographical region	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110	
B1.2	Employee turnover rate by gender, age group and geographical region	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110	
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	OUR TEAM	42-59	
B2.1	Number and rate of work-related fatalities	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110	
B2.2	Lost days due to work injury	PERFORMANCE DATA SUMMARY	101-110	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	OUR TEAM	42-59	

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
B3 Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	OUR TEAM	42-59	
B3.1	The percentage of employees trained by gender and employee category	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110	
B3.2	The average training hours completed per employee by gender and employee category	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110	
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	OUR TEAM	42-59	
B4.1	Description of measures to review employment practices to avoid child and forced labour	OUR TEAM	42-59	
B4.2	Description of steps taken to eliminate such practices when discovered	OUR TEAM	42-59	There were no such practices discovered in our operations
Operating Practices				
B5 Supply Chain Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain	OUR OPERATION	24-41	
B5.1	Number of suppliers by geographical region			Number of vendors is categorised by site of operations instead of geographical location of vendor. We are in the process of reviewing our system to record and report this data
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	OUR OPERATION	24-41	

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
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	OUR OPERATION	24-41	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons		-	There were no recalls concerning the provision and use of products and services for safety and health reasons
B6.2	Number of products and service related complaints received and how they are dealt with	OUR OPERATION	24-41	In 2018, there were no substantiated complaints received relating to the provision and use of products and services that have a significant impact on our operations
B6.3	Description of practices relating to observing and protecting intellectual property rights	OUR OPERATION	24-41	
B6.4	Description of quality assurance process and recall procedures	OUR OPERATION	24-41	We did not consider that recall procedures are material to our operations
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	OUR OPERATION	24-41	
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	OUR OPERATION	24-41	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases		-	In 2018, there were no concluded legal cases of corruption brought against the Group or its employees
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	OUR OPERATION	24-41	

Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
Community				
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	OUR COMMUNITY	84-100	
B8.1	Focus areas of contribution	OUR COMMUNITY	84-100	
B8.2	Resources contributed to the focus area	OUR COMMUNITY	84-100	

GRI CONTENT INDEX

GRI Standards Disclosure	Chapter	Page No.	Remarks
General Disclosures			
GRI 102: General Disclosures 2016			
Organisational profile			
102-1	Name of the organisation	COVER PAGE	
102-2	Activities, brands, products, and services	ABOUT THIS REPORT, OUR BUSINESS	2-4, 15-16 In 2018, there were no banned products and services in any market
102-3	Location of headquarters	ABOUT THIS REPORT	2-4
102-4	Location of operations	ABOUT THIS REPORT, OUR BUSINESS	2-4, 15-16
102-5	Ownership and legal form	ABOUT THIS REPORT, OUR BUSINESS	2-4, 15-16
102-6	Markets served	ABOUT THIS REPORT, STAKEHOLDER ENGAGEMENT	2-4, 17-23
102-7	Scale of the organisation	ABOUT THIS REPORT, OUR BUSINESS, OUR TEAM, PERFORMANCE DATA SUMMARY	2-4, 15-16, 42-59, 101-110 Annual Report 2018 – Financial Data (p4)
102-8	Information on employees and other workers	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110 In 2018, all of our construction work and certain cleaning and shuttle bus service were performed by workers who were not employees. There were no significant variations in the numbers of employees reported
102-9	Supply chain	OUR OPERATON	24-41
102-10	Significant changes to the organisation and its supply chain		There were no significant changes in 2018
102-11	Precautionary Principle or approach	SUSTAINABILITY STRATEGY	6-14 Annual Report 2018 – Risk Management and Internal Control Report (p80-82)
102-12	External initiatives		Annual Report 2018 – Awards and Citations (p56-64)
102-13	Memberships of associations		Annual Report 2018 – Our Team (p50)
Strategy			
102-14	Statement from senior decision-maker	MESSAGE FROM THE SUSTAINABILITY STEERING COMMITTEE	5
Ethics and integrity			
102-16	Values, principles, standards and norms of behaviour	SUSTAINABILITY STRATEGY	6-14
Governance			
102-18	Governance structure	SUSTAINABILITY STRATEGY	6-14 Annual Report 2018 – Corporate Governance Report (p65-74)

GRI Standards Disclosure	Chapter	Page No.	Remarks	
Stakeholder engagement				
102-40	List of stakeholder groups	STAKEHOLDER ENGAGEMENT	17-23	
102-41	Collective bargaining agreements		There are no formal collective bargaining agreements in place within the Group	
102-42	Identifying and selecting stakeholders	STAKEHOLDER ENGAGEMENT	17-23	
102-43	Approach to stakeholder engagement	STAKEHOLDER ENGAGEMENT	17-23	
102-44	Key topics and concerns raised	STAKEHOLDER ENGAGEMENT	17-23	
Reporting practice				
102-45	Entities included in the consolidated financial statements	ABOUT THIS REPORT, OUR BUSINESS	2-4, 15-16	Annual Report 2018 – Particulars of Properties Held (p37-47)
102-46	Defining report content and topic boundaries	ABOUT THIS REPORT, STAKEHOLDER ENGAGEMENT	2-4, 17-23	
102-47	List of material topics	STAKEHOLDER ENGAGEMENT	17-23	
102-48	Restatements of information	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
102-49	Changes in reporting	ABOUT THIS REPORT, STAKEHOLDER ENGAGEMENT	2-4, 17-23	
102-50	Reporting period	ABOUT THIS REPORT	2-4	
102-51	Date of most recent report			Sustainability Report 2017 was published on 28 Jun 2018
102-52	Reporting cycle			Our sustainability reports are published on an annual basis
102-53	Contact point for questions regarding the report	ABOUT THIS REPORT	2-4	
102-54	Claims of reporting in accordance with GRI Standards	ABOUT THIS REPORT	2-4	
102-55	GRI Content Index	GRI CONTENT INDEX	116-125	
102-56	External assurance	ABOUT THIS REPORT, INDEPENDENT ASSURANCE OPINION STATEMENT	2-4, 126-128	

GRI CONTENT INDEX

Material Issues

GRI Standards Disclosure	Chapter	Page No.	Remarks
Topic-specific standards			
GRI 200 Series: Economic Topics			
GRI 202: Market Presence 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR TEAM	42-59
103-3	Evaluation of the management approach		
202-2	Percentage of senior management at significant locations of operation that are hired from the local community	PERFORMANCE DATA SUMMARY	101-110 Hong Kong and the Mainland are considered as significant locations of our operations
GRI 205: Anti-corruption 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR OPERATION	24-41
103-3	Evaluation of the management approach		
205-3	Confirmed incidents of corruption and actions taken	OUR OPERATION	24-41
GRI 206: Anti-competitive Behavior 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR OPERATION	24-41
103-3	Evaluation of the management approach		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	OUR OPERATION	24-41

GRI Standards Disclosure	Chapter	Page No.	Remarks
GRI 300 Series: Environmental Topics			
GRI 306: Effluents and Waste 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR PROPERTIES	60-83
103-3	Evaluation of the management approach		
306-2	Waste by type and disposal method	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110
GRI 400 Series: Social Topics			
GRI 401: Employment 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR TEAM	42-59
103-3	Evaluation of the management approach		
401-1	New employee hires and employee turnover	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110
401-3	Parental leave	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110
GRI 402: Labour/Management Relations 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR TEAM	42-59
103-3	Evaluation of the management approach		
402-1	Minimum notice periods regarding operational changes		Minimum notice periods can be found in employment contracts

GRI CONTENT INDEX

GRI Standards Disclosure	Chapter	Page No.	Remarks	
GRI 403: Occupational Health and Safety 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR TEAM	42-59	
103-3	Evaluation of the management approach			
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101-110	We are in the process of developing a more robust tracking system to collect comprehensive data on worker injury
GRI 404: Training and Education 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR TEAM	42-59	
103-3	Evaluation of the management approach			
404-1	Average hours of training per year per employee	PERFORMANCE DATA SUMMARY	101-110	
404-3	Percentage of employees receiving regular performance and career development reviews	OUR TEAM	42-59	All employees received regular performance and career development reviews
GRI 405: Diversity and Equal Opportunity 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR TEAM	42-59	
103-3	Evaluation of the management approach			
405-2	Ratio of basic salary and remuneration of women to men	OUR TEAM, PERFORMANCE DATA SUMMARY	42-59, 101	Hong Kong and the Mainland are considered as significant locations of our operations

GRI Standards Disclosure	Chapter	Page No.	Remarks
GRI 406: Non-discrimination 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR TEAM	42-59
103-3	Evaluation of the management approach		
406-1	Incidents of discrimination and corrective actions taken		No discrimination case was reported in the reporting year
GRI 408: Child Labour 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR TEAM	42-59
103-3	Evaluation of the management approach		
408-1	Operations and suppliers at significant risk for incidents of child labour	OUR TEAM	42-59 We are in the process of developing a more robust risk assessment system
GRI 409: Forced or Compulsory Labour 2016			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR TEAM	42-59
103-3	Evaluation of the management approach		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	OUR TEAM	42-59 We are in the process of developing a more robust risk assessment system

GRI CONTENT INDEX

GRI Standards Disclosure	Chapter	Page No.	Remarks	
GRI 410: Security Practices 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR OPERATION	42-59	
103-3	Evaluation of the management approach			
410-1	Security personnel trained in human rights policies or procedures			No security personnel received training in human rights in the reporting year as we are in the process of developing relevant guidelines. Training requirements are yet to be applied to third-party organizations providing security personnel
GRI 413: Local Communities 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR COMMUNITY	84-100	
103-3	Evaluation of the management approach			
413-1	Operations with local community engagement, impact assessments, and development programs	OUR COMMUNITY	84-100	
GRI 416: Customer Health and Safety 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR OPERATION	24-41	
103-3	Evaluation of the management approach			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	OUR OPERATION	24-41	There were no non-compliance cases concerning the health and safety impacts of products and services during the reporting year

GRI Standards Disclosure		Chapter	Page No.	Remarks
GRI 417: Marketing and Labelling 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR OPERATION	21-41	
103-3	Evaluation of the management approach			
417-2	Incidents of non-compliance concerning product and service information and labelling	OUR OPERATION	21-41	There were no non-compliance cases concerning the products and service information and labelling during the reporting year.
417-3	Incidents of non-compliance concerning marketing communications	OUR OPERATION	21-41	There were no non-compliance cases concerning marketing communications during the reporting year.
G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	OUR PROPERTIES	60-83	Annual Report 2018 – Awards and Citations (p54-64)
GRI 418: Customer Privacy 2016				
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23	
103-2	The management approach and its components	OUR OPERATION	24-41	
103-3	Evaluation of the management approach			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	OUR OPERATION	24-41	There were no substantial complaints concerning breaches of customer privacy and losses of customer data during the reporting year

GRI CONTENT INDEX

GRI Standards Disclosure	Chapter	Page No.	Remarks
Topics not covered by GRI Standards			
Quality Management and After-sales Service (In relation to ESG Guide-Product Responsibility)			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR OPERATION	24-41
103-3	Evaluation of the management approach		
Protection of Intellectual Property Rights (In relation to ESG Guide-Product Responsibility)			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR OPERATION	24-41
103-3	Evaluation of the management approach		
Management of Transport Impacts during Construction (In relation to GRI G4 CRE-Transport)			
103-1	Explanation of the material topic and its boundary	STAKEHOLDER ENGAGEMENT	17-23
103-2	The management approach and its components	OUR PROPERTIES	60-83
103-3	Evaluation of the management approach		

Additional Disclosure

GRI Standards Disclosure		Chapter	Page No.	Remarks
Topic-specific standards				
GRI 302: Energy 2016				
103-2	The management approach and its components	OUR PROPERTIES	60-83	
103-3	Evaluation of the management approach			
302-1	Energy consumption within the organisation	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
302-3	Energy intensity	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
GRI 303: Water 2016				
103-2	The management approach and its components	OUR PROPERTIES	60-83	
103-3	Evaluation of the management approach			
303-1	Water withdrawal by source	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	In 2018, the water consumed by our operations mainly came from municipal supplies in various regions where we operate. Disclosure on the breakdown of water withdrawn by source (e.g. surface water, ground water, etc.) is not applicable to our operations
GRI 305: Emissions 2016				
103-2	The management approach and its components	OUR PROPERTIES	60-83	
103-3	Evaluation of the management approach			
305-1	Direct (Scope 1) GHG emissions	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	With external consultant's recommendation, 2011 and 2015 were chosen as the base year for Hong Kong and the Mainland respectively when the Company started systematic review of its carbon performance several years ago
305-2	Energy indirect (Scope 2) GHG emissions	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
305-3	Other indirect (Scope 3) GHG emissions	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
305-4	GHG emissions intensity	OUR PROPERTIES, PERFORMANCE DATA SUMMARY	60-83, 101-110	
GRI 307: Environmental Compliance 2016				
103-2	The management approach and its components	OUR PROPERTIES	60-83	
103-3	Evaluation of the management approach			
307-1	Non-compliance with environmental laws and regulations	OUR PROPERTIES	60-83	In 2018, we were not subject to significant fines or non-monetary sanctions for non-compliance with such laws or regulations

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No.: **SRA-HK 712729**

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Kerry Properties Limited Sustainability Report 2018

The British Standards Institution is independent of Kerry Properties Limited, and its subsidiaries (hereafter referred to as “KPL” collectively in this statement), and has no financial interest in the operation of KPL other than for the assessment and assurance of KPL Sustainability Report 2018 (“Report”).

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

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

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

Scope

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

1. The assurance covers the whole Report, and focuses on systems and activities of KPL in Hong Kong and mainland China, which include property development, investment, management and leasing in residential, shopping malls, office towers and apartments, during the period from 1st January 2018 to 31st December 2018. The Report is prepared in accordance with the Core Option of GRI Sustainability Reporting Standards (“GRI Standards”) and in accordance with the Hong Kong Stock Exchange’s (“HKEx”) Environmental, Social and Governance Reporting Guide (“ESG Guide”).
2. Type 1 Moderate Level of Assurance evaluates the nature and extent of KPL’s adherence to three reporting principles: Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the Report has been evaluated.

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

Opinion Statement

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

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

Methodology

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

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

Conclusions

A detailed review against the principles of Inclusivity, Materiality and Responsiveness and the HKEx ESG Guide, and in accordance with GRI Standards is set out below:

Inclusivity

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

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

Materiality

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

Responsiveness

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

INDEPENDENT ASSURANCE OPINION STATEMENT

GRI Standards Reporting

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

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

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

HKEx ESG Guide Reporting

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

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

Assurance Level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:



Mr. Wilfred Chan

Head of Operations, BSI Asia Pacific
Hong Kong
21st June 2019

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