



九龍建業有限公司  
KOWLOON DEVELOPMENT COMPANY LIMITED

Stock Code 股份代號: 34

# Environmental, Social and Governance Report 2020





# CONTENTS

<b>INTRODUCTION</b>	<b>2</b>
• Business Review	2
• Reporting Standard, Principle, Period and Scope	3
• Stakeholder Engagement	5
• Materiality Assessment	6
• Contact Details	7
<b>WORDS TO STAKEHOLDERS</b>	<b>8</b>
<b>BUILDING WITH QUALITY</b>	<b>9</b>
• Building with Sustainability	9
• Building with Environmental Stewardship	14
<b>STANDING WITH COMMUNITY</b>	<b>22</b>
• Standing with Staff Members	22
• Standing with Local Community	31
<b>LOOKING FORWARD</b>	<b>34</b>
<b>PERFORMANCE TABLE</b>	<b>35</b>

# INTRODUCTION

## Business Review

Kowloon Development Company Limited (the "Company" or "KDC") (Stock Code: 34) was established on 24 January 1961 and was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 4 July 1995. The Group (throughout the report, the term "Group" refers to the Company and its subsidiaries unless otherwise stated) has been aiming to transit itself into a developer of properties with the finest quality. The Group is principally engaged in property development, property investment and property management in Hong Kong and Mainland China. It is also engaged in financial investments and investment holding.

In the preparation of this Environmental, Social and Governance ("ESG") Report (the "Report"), the board of directors of the Company (the "Board") has been engaged in the Report's preparation to review the ESG-related topics and disclosures. During the year under review, the Group was not aware of any material non-compliance with any local laws and regulations with regard to environment, labour and anti-corruption in all our operational activities. In recognition of the Board's and senior management's dedication to drive environmental and social stewardship inside and out, the Group has been promoting sustainability through its value chain.



## INTRODUCTION

### Reporting Standard, Principle, Period and Scope

The Report is prepared in accordance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “ESG Reporting Guide”). The Company has adhered to the Reporting Principles set out in the ESG Reporting Guide to define the report structure and content, including:



Information regarding the Group’s Corporate Governance is addressed more in depth in the Company’s Annual Report 2020.

## INTRODUCTION

The Report covers the Group's ESG performance, activities and highlights from 1 January 2020 to 31 December 2020 (the "Reporting Year") including the following major business operations:



Due to the short ownership period, Easy Living Consultant Limited ("Easy Living"), a subsidiary of KDC principally engaged in the provision of building surveying, property management and guarding services, has been excluded from the reporting scope this year. The Group is enhancing Easy Living's data collection system and plans to expand its reporting scope by including Easy Living in future ESG reports.

## INTRODUCTION

### Stakeholder Engagement

Recognising the key role of stakeholders in the sustainable development journey, the Group places high regards on the stakeholders' feedback and opinion to steer its management approach on relevant sustainability issues. To maintain transparent communication with stakeholders, the Group has established whistleblowing channels as foundation of its corporate governance and stakeholder engagement. In order to facilitate communication with different stakeholders, the Group has established a range of communication channels to understand their expectations on the Group's long-term development.



## Materiality Assessment

The Group has conducted stakeholder engagement exercises with the aim to collect the views of stakeholders on the importance of various sustainability issues to KDC’s sustainable business development. The Group has engaged an independent consultant to carry out several internal and external ESG surveys since 2017, where the materiality assessment only counted the data from the last three years. The 3-year cycle of materiality assessment has surveyed different stakeholders including employees, management, vendors, contractors, subcontractors, service providers and tenants. During the Reporting Year, the Group invited employees and management to participate in the stakeholder survey. A total of 263 responses were received in the past 3 years. Based on the results of the surveys, the following materiality matrix was compiled to identify the material ESG topics to the Group:

### ● Environmental Aspect

- A** Compliance with relevant environmental laws and regulations

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- B** Climate change and greenhouse gas emissions

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- C** Air pollutant emissions

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- D** Resources consumption

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- E** Wastewater discharge and management

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- F** General waste management

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- G** Hazardous waste management

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- H** Use of material

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- I** Noise pollution and management

Materiality Matrix



### ● Social Aspect

- |   |                                  |
|---|----------------------------------|
| <b>J</b> Compliance with relevant social laws and regulations | <b>M</b> Supply chain management |
| <b>K</b> Employment practices                                 | <b>N</b> Procurement practices   |
| <b>L</b> Occupational health and safety                       | <b>O</b> Ethics and integrity    |
|   | <b>P</b> Community investment    |

## INTRODUCTION

The following environmental and social topics have been identified by stakeholders as the top material topics to the Group's long-term business development:

### Environmental Aspect



- ① Hazardous waste management
- ② Compliance with relevant environmental laws and regulations
- ③ Air pollutant emissions

### Social Aspect



- ① Ethic and integrity
- ② Compliance with relevant social laws and regulations
- ③ Occupational health and safety

With regard to the stakeholders' concern on the material topics, the management approach, key performance indicators and relevant data of the material topics are disclosed in the Report. Based on a holistic understanding of stakeholders' perspective, the Board reviews the current plans and strategies for the material ESG topics. The Group is committed to enhancing the management approach on the material topics and integrating sustainability elements into its business, as well as envisages to develop a more comprehensive sustainability framework.

## Contact Details

We welcome any comments or suggestions from our stakeholders. If you have any comments, please contact:

### Kowloon Development Company Limited

23rd Floor, Pioneer Centre,  
750 Nathan Road,  
Kowloon, Hong Kong

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# WORDS TO STAKEHOLDERS

## Dear Stakeholders,


I am pleased to present the Company's ESG Report 2020. 2020 was a challenging year with the outbreak of the coronavirus disease 2019 ("COVID-19"). However, the Company did not hesitate to continue the journey of bringing sustainability into our operations and properties. The Report presents our spirit in enhancing the ESG performances, bringing together the stakeholders, and achieving a sound environmental and social stewardship of the Company for a greener community.

The Board has overall responsibility for the oversight and decision making of the Company's ESG. Under the leadership of the Board, relevant departments and business units play an important role to ensure the smooth practice of the ESG, from policy development to action plan implementation. The integrative management framework also enables the Group to identify risks and opportunities, which helps enhancing the Company's risk management and ESG management. In preparation for the new updates from the ESG Reporting Guide, and commitment to combat climate change, the Group has adopted the Climate Change Policy.

Moreover, the Company engages our stakeholders proactively. Since 2017, the Company has appointed consultant to conduct surveys and identified the material ESG topics to the Group. By integrating the stakeholders' opinions comprehensively, the Board reviews the current plans and strategies for the material ESG topics.

With our dedication to provide quality properties and services, we have been recognised as developer, main contractor, and property management of the "Five Stars Residency for the Year 2020 – 63 Pokfulam", and KDE's director, Mr Mang Ka Wing Terence, has been awarded the "Man of the Year 2020" by the Hong Kong Professional Building Inspection Academy ("BIA"). Moreover, 63 Pokfulam and KDE have also been awarded the "Quality Building of the Year 2020" and "Quality Contractor of the Year 2020" respectively by BIA.

Most importantly, I would like to express my appreciation towards our enthusiastic and professional management team and staff members for their efforts and endless support on our sustainability journey. In face of the global pandemic, the Company will stay close with our stakeholders, to achieve a healthy and sustainable community for everyone.



**Lai Ka Fai**

*Executive Director*

Hong Kong, 5 July 2021



# BUILDING WITH QUALITY

Adhering to the principles of sustainable development, the Group has implemented a number of approaches to enhance the sustainability performance of its buildings. The Group is dedicated to developing sustainable buildings that encourage environmental awareness and meet the needs of the society.

## Building with Sustainability

The Group is committed to the integration of sustainability throughout its entire supply chain. From supplier selection to quality assurance, the Group embeds the concept of quality and sustainability into each product development stage.

### **Overseeing Supply Chain**

The Group believes the supply chain is a crucial factor in ensuring the quality of our buildings and services. The Group seeks to maintain close relationship with business partners in the supply chain, including the contractors for construction works and suppliers of building materials.

To this end, the Group conducts qualification assessments to ensure the reliability and quality of suppliers' products and services, which include evaluating suppliers' level of experience and financial standing. When selecting vendors, contractors and subcontractors, the Group considers their adoption of international management system, such as ISO 9001 Quality Management System, ISO14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. The Group requires all suppliers and contractors to comply with applicable local laws and regulations related to quality control, employment and labour practices, occupational health and safety, as well as environmental control. In pursuance for continuous improvement, the Group has formulated a sustainable procurement policy to incorporate environmental and social considerations into our supply chain management practices.



## BUILDING WITH QUALITY

## Providing Quality Products and Services

The Group prides itself in delivering properties of exceptional quality and standard. This is ensured through the conduct of a quality assurance system covering the construction process from end to end. With reference to international standards, the Group has formulated a Quality Operation Manual (the "Manual") that provides guidelines and procedures for contractors and employees to observe during all stages of construction projects. The Manual is divided into three parts: (1) quality work procedure; (2) quality assurance manual; and (3) safety manual.



### Prior to construction

According to the Manual, each project team shall prepare a project planning handbook and organise pre-construction meetings to ensure the status is optimal for the commencement of construction works.



### During construction

Through conducting regular site audits and inspections, the Quality Assurance ("QA") team is responsible for evaluating the effectiveness and workers' adherence to the stipulated procedures. With close collaboration, the construction team conducts sample check on site before the commencement of each critical construction stage to ensure the site status is ready for work, while the project teams arrange routine quality assurance meetings and safety meetings with relevant parties, including the QA team, contractors, and safety supervisors, to report and discuss on-site issues and mitigation measures.



### Post construction

During this stage, the Electrical and Mechanical ("E&M") team performs a series of technical checks to examine the building E&M equipment and facilities, such as Heating, Ventilation, and Air Conditioning (HVAC) system. The E&M team is responsible for ensuring the equipment and facilities comply with contract requirements and safety standards. To further ensure building quality has met the predetermined standards and any identified defects have been rectified, before handover, the QA team utilises an internal rating system to conduct unit assessment.



### Handover

According to the unit assessment and customer satisfaction survey result, the Handover team provides improvement recommendations regarding the building quality, and amends the Manual and the Group's standards to maintain and enhance the quality of future development projects.



### Engagement

After the handover, the Group establishes active engagement programmes and continues to maintain communication with tenants and owners. The Group conducts yearly customer surveys to evaluate their needs, concerns, suggestions and satisfaction on building and management services. In the Reporting Year, thirteen properties under management have taken the survey with satisfactory results. Based on the results and feedback, the Group implements initiatives to ensure occupants' needs and interests are met, which help to improve brand reputation.



In the Reporting Year, the Group was not aware of any material non-compliance with the relevant laws and regulations relating to health and safety, advertising and labelling in the products and services provided by the Group.

## BUILDING WITH QUALITY

The Group has received various awards in recognition of our excellent services and building quality in the Reporting Year, including multiple awards by the BIA Award for 2020 and the Kowloon West Best Security Services Award 2020 as follows:

## Hong Kong Professional Building Inspection Academy Award for 2020



## Corporate/Staff Award

## Awarded Company/Staff

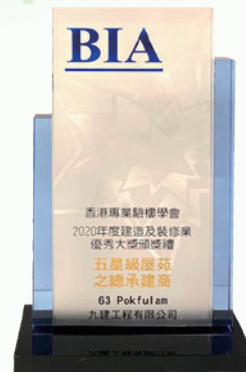
Developer of the Five Stars Residency for the Year 2020 – 63 Pokfulam

KDC



Main Contractor of the Five Stars Residency for the Year 2020 – 63 Pokfulam

KDE



Property Management of the Five Stars Residency for the Year 2020 – 63 Pokfulam

Country House



BUILDING WITH QUALITY



Hong Kong Professional Building Inspection Academy Award for 2020

Corporate/Staff Award	Awarded Company/Staff		
<p><b>Quality Building of the Year 2020 – 63 Pokfulam</b></p>	<p>KDC</p>		
<p><b>Quality Contractor of the Year 2020 – 63 Pokfulam</b></p>	<p>KDE</p>		
<p><b>Man of the Year 2020</b></p>	<p>Mr Mang Ka Wing, Terence</p>		

## BUILDING WITH QUALITY

## Kowloon West Best Security Services Award 2020



Property/Staff Award	Awarded Property/Staff
Honourable Managed Property Award	Pioneer Centre
Outstanding Managed Public Carpark Award	Pioneer Centre Carpark
Outstanding Managed Property Award	Gardenia
Outstanding Managed Property Award	MacPherson Place
Honourable Managed Property Award	Padek Palace
Best Managed Public Carpark Award	Padek Palace Carpark
Outstanding Managed Property Award	Upper East
Outstanding Managed Public Carpark Award	Upper East Carpark
Outstanding Managed Property Award	Upper West
Outstanding Security Personnel Award	Mr Hung Hoi Man
Best Security Personnel Award	Mr Leung Kin Ming

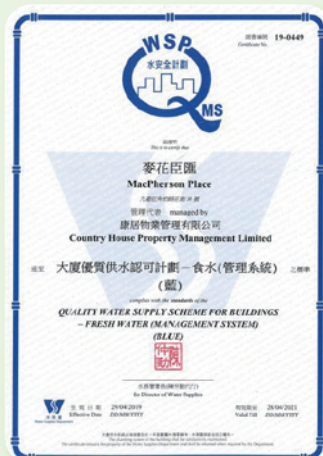
The Group places great importance on feedback from building occupants, especially the tenants. Country House implements a standardised complaint handling mechanism to record, resolve and review complaint cases and suggestions. For each complaint case, the corresponding department follows the mechanism protocol to handle the case professionally and suggest improvement plan to prevent similar occasions.

In acknowledgement of the collective efforts in advancing our property management, the Pioneer Centre, MacPherson Place and Upper West have attained a "Gold" and two "Blue" grades respectively through participation in the Water Supplies Department ("WSD")'s "Quality Water Supply Scheme for Buildings – Fresh Water (Management System)" in the Reporting Year.

## Pioneer Centre



## MacPherson Place



## Upper West



## Building with Environmental Stewardship

The Group is dedicated to minimising the environmental impacts across its operations with the commitment to developing sustainable properties and operations. On construction sites, the Group carries out environmental control measures such as effluent treatment as well as light, air and noise pollution reduction, and resource consumption optimisation. The Group embeds the values of environmental stewardship into daily routine and raises stakeholders' awareness on conservation.

## Climate Change Resilience

The Group recognises the potential risk of climate change to its operation, and hence takes into consideration of future planning, with the formulation of respective mitigation and adaptation measures. For instance, the Group has adopted a new policy on climate change, with the implementation of several mitigation plans and initiatives to enhance energy efficiency and reduce emission across the managed properties.

The Group has regarded typhoon and flooding as the potential physical climate risks that could have significant impact to its business. Appropriate measures will be implemented by the Group to mitigate the possible impacts brought by the extreme weather. For instance, the group would send advance alerts and preventive guidance to property management and construction teams prior to the approach of typhoons or rainstorms. Other precautionary measures during the extreme weather were as follows:

- Secured and fastened the works, bamboo scaffolding, working platforms and temporary structures;
- Fastened all loose materials or moved them to a protected area;
- Inspected the pumping system and removed any blockages to drainage outlets and channels;
- Piled up sandbags at the entrance;
- Demobilised mobile cranes;
- Displayed a typhoon signal sign in a conspicuous place of the buildings;
- Pasted protective materials to glass windows and glass doors; and
- Reminded tenants to shut the windows and locked the doors securely.

The Group will also pay attention to the latest updates of climate change-related regulations, such as the new ESG requirements of the Stock Exchange, as potential transition climate risks to the Group.

## BUILDING WITH QUALITY

The Group has adopted its first “Climate Change Policy”, which sets out the overall governance approach to manage climate change risks and formulate strategies to mitigate the impact of climate change on its operations. This includes establishing strategies to:

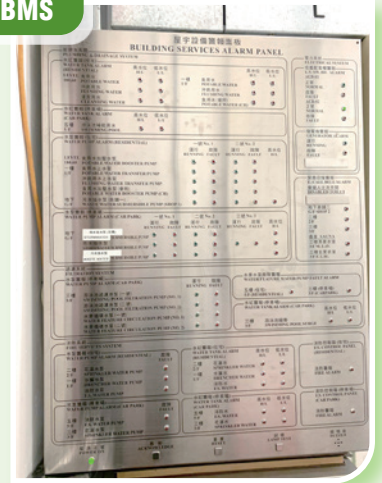
- reduce carbon footprint by enhancing energy efficiency and reducing energy use;
- increase the use of renewable energy;
- conduct climate risk assessment during supplier’s selection; and
- assess physical and transition climate risk on business operations of the properties.

The Group will constantly review the policy and continue to improve its measures and disclosures.

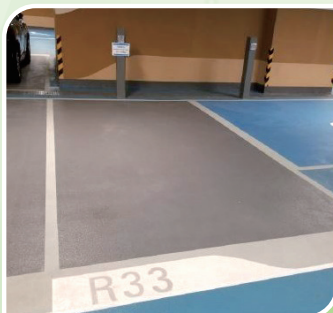
## Energy Consumption and Greenhouse Gas Emissions

The primary source of the Group’s carbon footprint is its energy consumption and subsequent greenhouse gas (“GHG”) emissions. To reduce emissions and improve energy efficiency, ten properties under Country House’s management has integrated an automatic Building Management System (BMS) to monitor and analyse the performance of various building systems, including the chiller plants, primary air handling unit (PAU) system, water leakage detector and PM2.5 sensors.

### BMS



### EV charger



In addition, several buildings under Country House’s management have installed EV chargers for electric cars at the carpark. The Group has also been replacing the existing conventional lighting fixtures by light emitting diode (“LED”) lighting fixtures in the buildings under management. During the Reporting Year, there were a total of 660 and 1,370 conventional lighting fixtures replaced by the LED lighting fixtures at Pioneer Centre Shopping Arcade and KDC’s headquarters respectively. The replacement has enhanced the operational efficiency by 52% and 82% respectively, and is expected to save an approximate total of 225,000 kWh and HK\$300,000 of electricity charge per year.



## BUILDING WITH QUALITY

Energy Consumption in Hong Kong <sup>(Note 1)</sup>

	Unit	2020	2019
Total electricity consumption <sup>(Note 2)</sup>	kWh	16,126,870	14,293,271
	Gigajoules ("GJ") <sup>(Note 3)</sup>	58,057	51,456
Total fuel consumption <sup>(Note 4)</sup>	Diesel, Litres ("L") <sup>(Note 5)</sup>	248,180	68,353
	Diesel, GJ	9,826	2,705
	Petrol, L	9,036	12,378
	Petrol, GJ	309	423
Total energy consumption	GJ	68,192	54,584
Total energy intensity	GJ/Total floor area (m <sup>2</sup> ) <sup>(Note 6)</sup>	0.27	0.21

Note 1: The 2020 data consists of the headquarters in the Pioneer Centre, thirteen other property management premises, two construction sites and four retail shops. The 2019 data consists of the headquarters in the Pioneer Centre, twelve other property management premises, four construction sites and two retail shops.

Note 2: As Country House's property management service at One East Coast and the retail business at Upper East were both commenced since the last quarter of 2019, the year-round electricity consumption data in 2020 contributed to the increase in total electricity consumption during the Reporting Year.

Note 3: 1 kWh = 0.0036 GJ.

Note 4: Fuel consumption is inclusive of construction machinery and company-owned mobile vehicles, conversion rates for diesel used for construction, diesel used for mobile vehicles and petrol used for mobile vehicles are 39.6 Megajoules ("MJ")/L, 38.6 MJ/L and 34.2 MJ/L respectively.

Note 5: The increase of diesel consumption in 2020 was contributed by the intensive construction stage of the Tseung Kwan O project.

Note 6: Total floor area represents the sum of (i) gross floor area ("GFA") of the properties under management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.

Energy Consumption in Mainland China <sup>(Note 1)</sup>

	Unit	2020	2019
Total electricity consumption	kWh	675,192	762,094
	GJ	2,431	2,744
Total fuel consumption <sup>(Note 2)</sup>	Petrol, L	22,700	26,295
	Petrol, GJ	776	899
Total energy consumption	GJ	3,207	3,643
Total energy intensity	GJ/GFA (m <sup>2</sup> ) <sup>(Note 3)</sup>	0.56	0.63

Note 1: Data is inclusive of two offices in Shenyang and one office in Wuxi.

Note 2: Fuel consumption is inclusive of company-owned mobile vehicles.

Note 3: The denominator represents the total GFA of Shenyang and Wuxi offices.

## BUILDING WITH QUALITY

GHG Emissions within the Group <sup>(Notes 1 & 2)</sup>

	Unit	2020	2019
Direct GHG emissions (Scope 1) <sup>(Note 3)</sup>	Tonnes CO <sub>2</sub> equivalent ("tCO <sub>2</sub> e")	735	284
Energy indirect GHG emissions (Scope 2) <sup>(Note 3)</sup>	tCO <sub>2</sub> e	7,094	8,258
Total GHG emissions <sup>(Note 4)</sup>	tCO <sub>2</sub> e	7,829	8,542
Total GHG emissions intensity	tCO <sub>2</sub> e/Total floor area (m <sup>2</sup> ) <sup>(Note 5)</sup>	0.030	0.032

Note 1: Calculation standards and methodologies for carbon emissions are as follows:

- (a) Methodologies of data collection, calculation and reporting are referenced to "How to prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs" available in the website of Hong Kong Exchanges and Clearing Limited;
- (b) Emission factors for Hong Kong based operations are referenced to the respective sustainability reports of the local power companies;
- (c) Methodologies for calculating emissions in Mainland China are referenced to "Emission Factors for purchased electricity in Mainland China" available in the website of Ministry of Ecology and Environment of the People's Republic of China.

Note 2: The emission of air pollutants, such as particulate matters, nitrogen oxides and sulphur dioxides, is insignificant to the Group. Therefore, relevant figures are not disclosed.

Note 3: Scope 1 GHG emissions refer to direct emissions of GHG resulting from the business operations as described under the ESG reporting scope, which include (i) vehicular transportation and (ii) construction machinery usage; Scope 2 GHG emissions refer to energy indirect GHG emissions resulting from the generation of the electricity purchased by the business operations as described under the ESG reporting scope.

Note 4: The decrease of total GHG emission was mainly contributed by the reduction of emission factor of electricity purchased from power company in Hong Kong during the Reporting Year.

Note 5: Total floor area represents the sum of (i) GFA of the properties under management in Hong Kong, (ii) the estimated construction floor area of the construction projects in Hong Kong and (iii) the total GFA of Shenyang and Wuxi offices in the respective years.

## Managing Waste

Achieving sound waste stewardship is essential to promote environmental consciousness and responsible consumer pattern. As such, the Group is dedicated to implementing sustainable waste management for our offices, construction sites, and the properties under management. Due to the business nature, hazardous waste and packaging material are not material to the Group's operation. Waste management measures include:



### Office Operations

The Group has installed recycling facilities in the office to promote recycling among the employees. The headquarters in Hong Kong has posted the posters from the Environmental Protection Department (“EPD”), to educate employees about proper recycling methods.

### Construction Business

The Group recognises the significant impact of construction and demolition waste, including wastewater. Although these wastes are mostly generated by contractors, the Group has formulated guidelines for contractors to dispose waste in compliance with laws and regulations, and conduct recycling if practical. The Group has also set up temporary drainage and water treatment systems to prevent water contamination.



## BUILDING WITH QUALITY



## Property Management Business

For domestic waste, the Group has introduced recycling facilities for take-away containers, plastic bottles, paper, glasses, computers and communication products, red pockets, hanger and clothing items in most of the properties under management. Country House has also participated in various recycling programmes organised by government bodies and NGOs, such as "Peach Blossom Tree Recycle" after Chinese New Year by the EPD, "Waste Electrical and Electronic Equipment Recycling Scheme" by the EPD and "Used Clothes Recycling" by Friends of the Earth.

Waste Discharged for Hong Kong Construction Projects <sup>(Notes 1 & 2)</sup>

	Unit	2020	2019
Construction and demolition waste disposed to landfill	Tonnes	5,598	3,492
Construction and demolition waste recycled	Tonnes	586	29,060
Total construction and demolition waste	Tonnes	6,184	32,552
Total construction and demolition waste intensity	Tonnes/Floor area (m <sup>2</sup> ) <sup>(Note 3)</sup>	0.38	0.88

Note 1: The 2020 construction and demolition waste figures included the waste generated by the subcontractors in the two construction sites in Hong Kong, while 2019's figures included waste generated in four construction sites in Hong Kong. In 2019, the construction and demolition waste was mainly generated from the foundation, as well as excavation and lateral support ("ELS") stage in the Tseung Kwan O project. As the ELS stage was already completed by the end of 2019, the construction and demolition waste decreased significantly in 2020.

Note 2: Office and property management waste data is not available for disclosure as the Group currently does not have an established mechanism for gathering the statistics of all the waste figures at its headquarters, offices and property management premises in Hong Kong and Mainland China.

Note 3: Floor area represents the estimated construction floor area of the construction projects in Hong Kong in the respective years.

## Optimising Water Resources

Although water consumption is not a material issue due to the Group's business nature, the Group still strives to foster the enhancement of water efficiency. For the properties under management, the Group monitors and analyses the water consumption to avoid any abnormal usage. In addition, to prevent water leakage and ensure water quality, Country House performs routine maintenance on plumbing and flushing system.

On top of domestic water use, construction activities consist of the major portion of the Group's water usage. Thus, the Group requires contractors and subcontractors to recycle and reuse water on-site as much as possible. The Group will continue its effort in minimising wastage and improving water efficiency at the construction sites and the properties under management.

In the Reporting Year, the Group was not aware of any material non-compliance with the applicable and relevant environmental laws, regulations and requirements in its business operations in Hong Kong and Mainland China.



### Water Consumption in Hong Kong <sup>(Notes 1 & 2)</sup>

	Unit	2020	2019
Water consumed	m <sup>3</sup>	83,770	92,437
Water intensity	m <sup>3</sup> /Total floor area (m <sup>2</sup> ) <sup>(Note 3)</sup>	0.33	0.35

Note 1: Water consumption data in the offices in Mainland China is not material to the Group. Moreover, water cost/consumption of the property development projects in Mainland China is paid/monitored by the main contractors. Therefore, the relevant figures are not disclosed.

Note 2: The Group sourced its water from the WSD and has no issue in sourcing water.

Note 3: Total floor area represents the sum of (i) GFA of the properties under management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.

## Environmental Charters/Awards



### WWF-Hong Kong Corporate Pearl Member

In support of sustainability and conservation, the Group is actively cooperating with different organisations and has been a corporate member of WWF-Hong Kong since 2007 to support their work in conservation and educational programmes.

**BUILDING WITH QUALITY**

**Charter on External Lighting – Platinum Award 2020**

The Group has signed up for the “Charter on External Lighting” launched by the Environment Bureau and received Platinum Award to reduce light pollution and energy consumption.



**Earth Hour**

The Group has continuously supported the "Earth Hour" event organised by WWF-Hong Kong. Several properties under Country House’s management, such as Pioneer Centre, Cadogan, La Maison Du Nord, MacPherson Place, Mount East, Padek Palace, Upper West, South Coast, Upper East and One East Coast, switched off the non-essential electric lights for one hour on 28 March 2020 to promote energy conservation and sustainable living.

**Energy Saving Charter 2020**

The Group continues to fulfil its pledge towards energy reduction in the common areas and 23F of Pioneer Centre by becoming a signatory of Environment Bureau’s Energy Saving Charter 2020.



**Peak Demand Management Programme**

The programme encourages business customers of local power companies to reduce electricity consumption during peak demand hours by offering rebates. Country House has participated in the programme in the Reporting Year to reduce overall electricity charges.

# STANDING WITH COMMUNITY

KDC understands the close relationship between business operations and community well-being. The Group is committed to adding sustainability value to its surrounding communities.

## Standing with Staff Members

KDC regards its employees as a cornerstone of its sustainable development. The Group is dedicated to creating a harmonious and safe working environment to enable its employees to thrive in the workplace.

### Employment Practices

In effort to build a harmonious working relationship, the Group advocates a discrimination-free workplace. In this regard, the Group has instituted relevant employment policies based on the principles of integrity, equality and fairness. The policies prohibit all forms of discrimination or harassment, regardless of gender, religion, race, family status, disability or age, during the processes of recruitment, promotion, internal transfer and resignation. During the Reporting Year, the Group was not aware of any material non-compliance regarding discrimination laws and regulations such as Sex Discrimination Ordinance and Disability Discrimination Ordinance in Hong Kong and the Law of the People's Republic of China on the Protection of Rights and Interests of Women.

In addition to discrimination and harassment, the employment of child, forced or other illegal forms of labour is strictly forbidden. The Human Resources Department is responsible for the verification of candidates and new joiners' identification documents before official appointment. During the Reporting Year, the Group was not aware of any material non-compliance regarding labour laws and regulations such as Employment Ordinance in Hong Kong and Law of the People's Republic of China on the Protection of Minors.



## STANDING WITH COMMUNITY

The Group also places high emphasis on employees' welfare to enhance their productivity and loyalty. In view of this, the Group has corresponding policies, measures and activities to perpetuate a close-knit culture. The Group offers competitive remuneration package and fringe benefits to employees. For instance, employees can buy insurance and order food and cakes with staff discount, as well as to enjoy parking privilege in the weekdays. To further boost the staff's sense of belonging, the Group ceaselessly strengthens internal communication and team bonding through news sharing via the "PolyConnect" portal and organisation of staff activities. During the Reporting Year, the Group has organised the following staff activities to reinforce staff connectedness and collaboration:

### National Day and Mid-Autumn Festival Celebration in Wuxi



### Christmas Activity in Wuxi



### Christmas Lucky Draw in Hong Kong





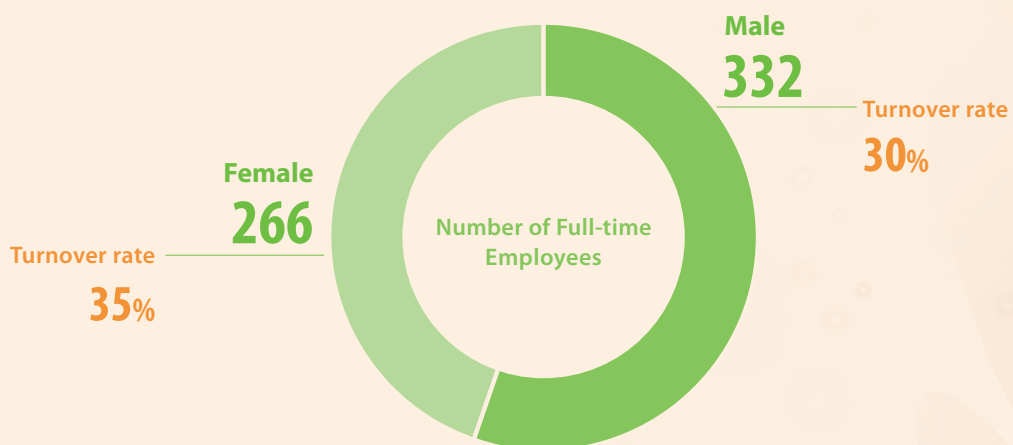
## STANDING WITH COMMUNITY

To demonstrate commitment to employee-oriented human resource management, KDC has become the signatory of the Good Employer Charter 2020 of the Labour Department during the Reporting Year.



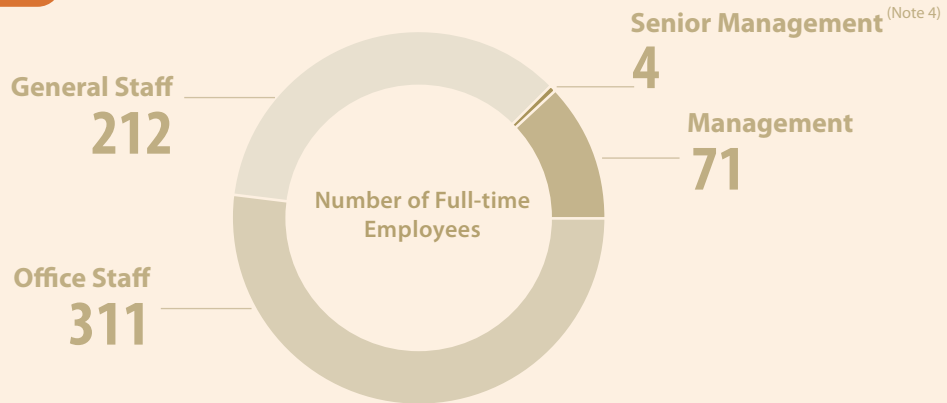
As at the end of the Reporting Year, the total number of full-time employees under the ESG reporting scope in Hong Kong and Mainland China was 598, while there were 23 part-time <sup>(Note 1)</sup> staff. During the Reporting Year, the total turnover rate of full-time employees was 32%. The breakdown of the Group's workforce as at 31 December 2020 and turnover rate <sup>(Note 2)</sup> by different categories are listed as follows:

## By Gender

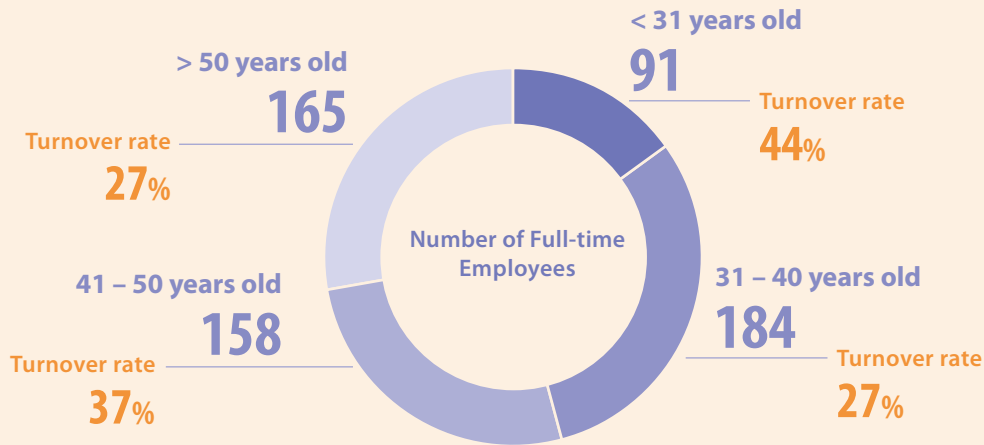


## STANDING WITH COMMUNITY

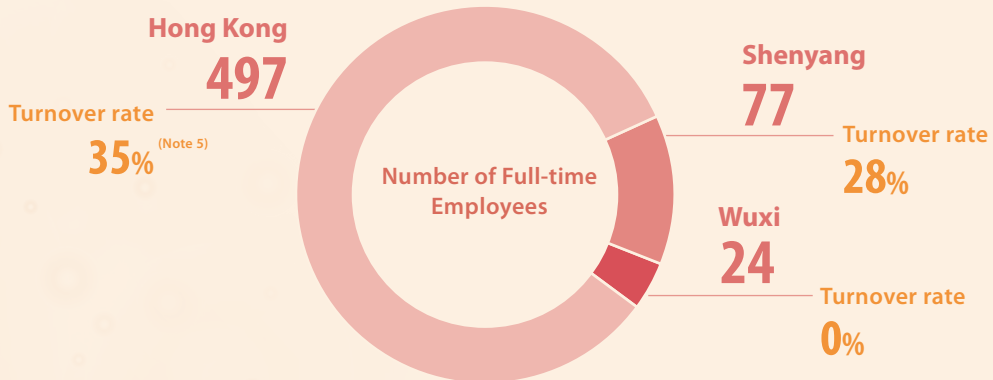
### By Employee Category



### By Age Group



### By Geographical Location



Note 1: Part-time employee is one who is under a contract of service to work less than 5 days or 30 hours a week.

Note 2: The turnover headcount and turnover rate applies to full-time employee only. The calculation of turnover rate is shown as below:

$$\text{Turnover rate} = L / E * 100\%$$

L = Number of employees leaving employment during the Reporting Year

E = (Number of employees at the beginning of the Reporting Year + Number of employees at the end of the Reporting Year)/2

Note 3: The disclosed number of employees in the Report only covers the business operations as described under the ESG reporting scope. Hence, the disclosed number of employees in the Report is different from that in the Company's Annual Report 2020.

Note 4: Senior management of the Group is the Executive Directors of the Company.

Note 5: The staff turnover rate of 35% was mainly attributable to our Hong Kong property management and construction businesses which normally have higher turnover headcount due to its business nature and keen demand for staff in the construction market respectively, while the completion of major construction projects also contributed to high staff turnover.

## STANDING WITH COMMUNITY

## Anti-corruption

With commitment to business integrity, the Group has established a stringent corporate governance framework. Under the framework, the Group has stipulated guidelines in its Code of Conduct for employees to prevent misconduct such as bribery, extortion, fraud and money laundering. Employees are required to declare any conflict of interest or acceptance of advantages in any forms when they are performing their job duties. To raise the awareness of employees, the Group also provides anti-corruption training regularly and delivers an anti-corruption video broadcast during the orientation for new joiners. Anti-corruption materials are also provided by the Group to the directors on a regular basis.

Striving to prevent, deter and eradicate unethical behaviours, the Group has initiated a whistleblowing channel for stakeholders including but not limited to employees and suppliers. They are encouraged to report any suspicious business practice or impropriety via the channel. The Group shall conduct investigation on any reported cases and inform corresponding authorities where necessary. During the Reporting Year, the Group was not aware of any material non-compliance regarding anti-corruption laws and regulations such as Prevention of Bribery Ordinance in Hong Kong and Criminal Law of the People's Republic of China.

## Data Protection

The Group is dedicated to performing business integrity and responsibility, where protecting stakeholders' confidential data and private information are the top priorities. Employees are required to ensure the contents of the outgoing correspondence are appropriate and only sent to the intended recipients and shred the confidential documents after use. According to the Code of Conduct, employees are required to collect merely necessary personal data while ensuring that only authorised personnel would have access to the data. With the enthusiastic response from staff in the preceding year, the Group has continued to arrange Security Awareness Training in the Reporting Year. Throughout the training, interactive discussion between the instructor and employees has effectively raised the awareness of our employees on data protection and latest information security threats as well as equipped them with the knowledge to combat these threats.

### Cybersecurity training



## STANDING WITH COMMUNITY

### Health and well-being

The Group always places its employees' health and safety as first priority. On top of compliance to occupational safety laws and regulations, the Group has implemented a number of safety policies, procedures and measures to effectively safeguard its team.

With regard to the nature of the construction industry, the occupational safety risk levels are relatively high at construction sites. Thus, the Group has been relentlessly placing effort on the enhancement of safety measures and safety awareness. During the Reporting Year, the Group has reviewed its Health and Safety Policy for the construction business to solidify its commitment to occupational health, safety and welfare of all employees. As stated in the Policy, all employees and contractors are required to follow the statutory requirement to maintain a safe working environment. The Policy will be reviewed at least annually or when necessary.

In effort to achieve the target, the Group's Site Safety Committee (the "Committee") monitors the health and safety performance across all construction sites. The Committee is responsible for formulating Accident Improvement Plans to mitigate the incidence of safety hazards. The Committee also reviews the operation procedures and occupational safety management system regularly. It is mandatory for all site workers and subcontractors to follow the operation procedures. Additionally, the Group requires all new employees and subcontractors to undergo site safety training to promote safety awareness.



During the Reporting Year, the Group has provided safety training to

**27 employees and 1,970 subcontractors' workers.**



Safety audits are conducted periodically to ensure the procedures and safety measures are well-implemented so as to assess the safety level in the construction sites. The Group has achieved satisfactory results in the audit, demonstrating that a safety management system is in place in the construction sites.

On the other hand, the Group also attaches high importance on the health and safety of office and property management staff members. The Group strives to preserve a pleasant working environment to office-based staff and property management staff by setting regular cleaning procedure to maintain the indoor environmental quality. In addition, the Group also provides training regarding health and safety topics to the property management teams.

As a result of the effective occupational safety management system for regular monitoring, the Group was not aware of any material non-compliance regarding labour laws and regulations such as Occupational Safety and Health Ordinance in Hong Kong during the Reporting Year. There were no work-related fatalities in each of the past three years including the Reporting Year and 269 lost days due to three work injury cases in the Reporting Year was recorded.

STANDING WITH COMMUNITY

COVID-19 Prevention Measures

Amid the outbreak of COVID-19, KDC has implemented cautious measures to control the spread of disease to safeguard the community. The following measures have been put in place:



Office

- Require all employees and visitors to wear face masks and measure body temperature when entering the office
- Disinfect the office frequently with 1:99 diluted household bleach
- Provide epidemic prevention supplies such as hand sanitisers and face masks, gloves and personal protective equipment to frontline staff
- Install plastic shields at the reception to minimise the risk of contagion



Property management premises

- Provide infection control training to employees
- Post a notice reminding residents to ensure the toilet or kitchen's U-shaped water trap is filled with water
- Adopt special working arrangement under the following circumstances: employees' home building block has confirmed case; the living area is blocked; or the employees' close contact has to quarantine



## STANDING WITH COMMUNITY



### Construction sites

- Disinfect the construction sites regularly with 1:99 diluted household bleach
- Require all employees and workers to wear face masks and measure body temperature when entering the construction sites
- Provide hand sanitisers at the construction sites office and entrances

## Training and Development

Believing employees' growth is the key to long-term business development, the Group is dedicated to offering training programmes to support employees' development. In addition to internal training, the Group provides subsidies and study leave to encourage its staff member to pursue further education relevant to their position and duties.

With consideration of its diverse business nature, the Group has delivered specialised training to employees according to their interest and role needs. During the Reporting Year, the Group has offered the training topics including but not limited to:

### Property Management



- Property Security
- Infection Control
- Emergency Response
- Building Management System

### Property Development



- On-site Training
- Quality Assurance
- Infection Control

### Information Technology



- Cyber Security Awareness

STANDING WITH COMMUNITY



In recognition of the Group’s achievement in manpower training and development, the Group has attained the “Manpower Developer” status of the “ERB Manpower Developer Award Scheme” issued by the Employees Retraining Board (ERB).

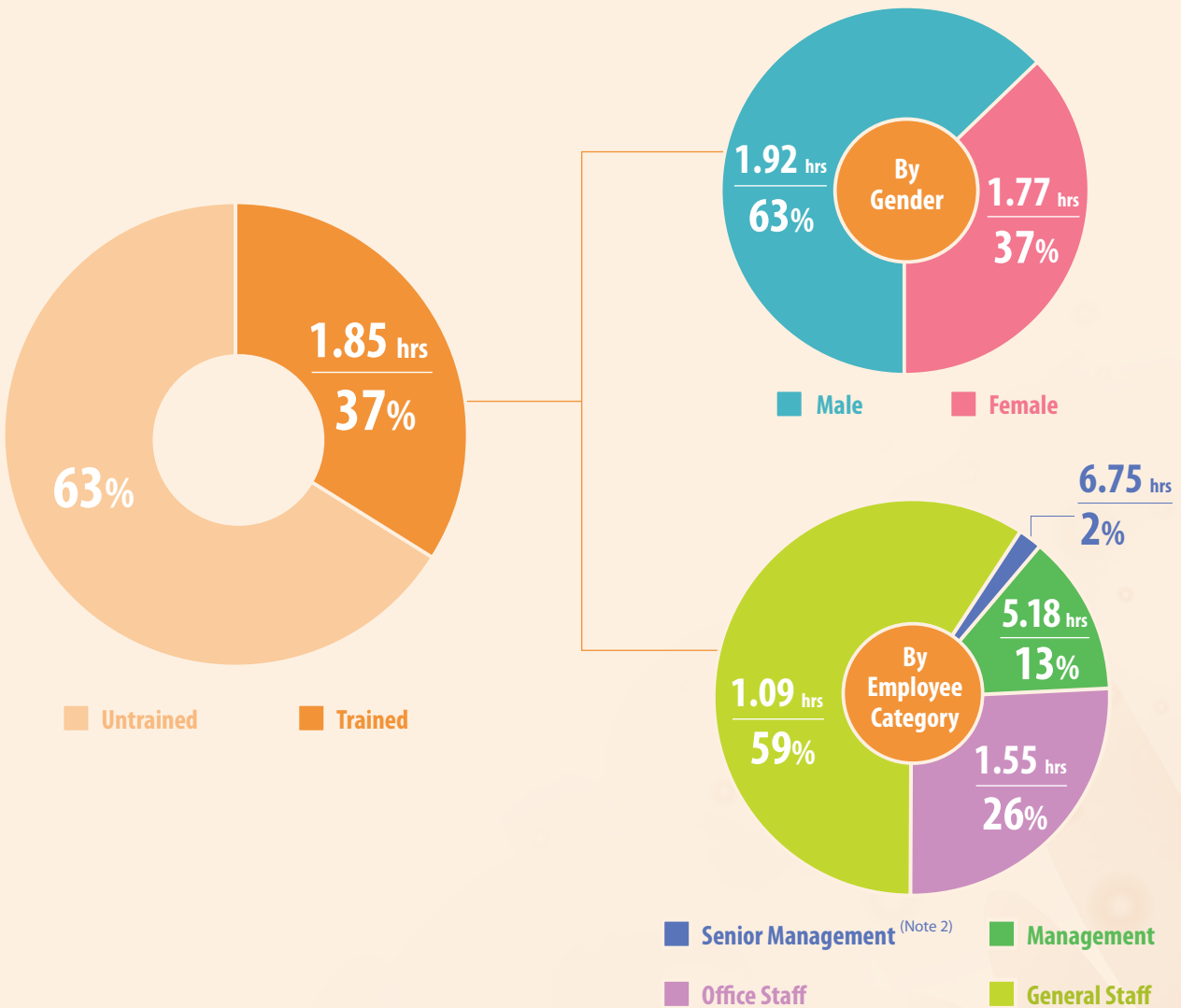


During the Reporting Year, the Group has provided an average of

**1.85 hours** of training to its employees, where **37%** of employees was trained.

Below is a breakdown of the Group’s average training hours and percentage of employees trained by gender and employee category:

Average Training Hours and Percentage of Employees Trained (Note 1)



Note 1: The calculations of average training hours and percentage of employee trained are according to the ESG Reporting Guide under the quantitative and consistency principles.

Note 2: Senior management of the Group is the Executive Directors of the Company.

## STANDING WITH COMMUNITY

### Standing with Local Community

In addition to KDC's own community, the Group holds local community care in high regard. The Group has been supporting and contributing to the society through participating and organising charity activities, especially under the poor economy and COVID-19 pandemic.

#### Community Activities



#### Charity Cookies

The Group partnered with Madam Hong's Bakery (established by Ngai Shing Workshop of Fu Hong Society) and organised the annual charity cookies fundraising. All proceeds were contributed to Fu Hong Society for their operation.

#### Dress Casual Day 2020

In support of The Community Chest, the Group has donated the same amount of funds raised by employees during the Dress Casual Day Campaign.



#### SECOND LIFE 舊鞋回收計劃

全數轉贈給泰國山區貧民

SUPERGA

#### Second Life shoes recycling programme

The Group supported the recycling campaign initiated by Superga. Employees donated pairs of second-hand sneakers that were thoroughly disinfected by the Chu Kong Plan. All the sneakers collected were donated to the underprivileged in rural Thailand regions.



STANDING WITH COMMUNITY



Community Activities



Skip Lunch Day 2020

The Group joined the Skip Lunch Day 2020, which aims to help and bring hope to the less fortunate by donating their lunch fees to The Community Chest. All donations received were allocated to support the “Services for Street Sleepers, Residents in Cage Homes and Cubicles”.

Love Teeth Day 2020/2021

“Love Teeth Day” launched by The Community Chest aims to arouse public awareness on dental care and oral health whilst raising funds for the needy. The donations were allocated to support “Oral Health Services for the Needy” provided by the Chest’s social welfare member agencies.



Construction Industry Caring Campaign



The Group participated in the volunteering activity “Caring Campaign – Fight against Novel Coronavirus” organised by the Construction Industry Council. Our employees helped to prepare caring pack for the elderlies working in the construction industry, which helped them to get through the challenging time under the COVID-19 pandemic.

STANDING WITH COMMUNITY



Apart from the above community investment activities, the Group has donated

**HK\$ 90,740** in Hong Kong and **RMB 40,000** in Wuxi

to several non-profit organisations to promote ecological conservation and assist those in need.

In addition, in support of the underprivileged, the Group has donated hand sanitisers to a charitable institution and foods to a charitable food bank during the Reporting Year. As an evidence of its effort on social involvement, KDC, Country House and KDE have been recognised as a “Caring Company” for the twelfth, eleventh and second consecutive years respectively.

KDC – Caring Company



Country House – Caring Company



KDE – Caring Company



# LOOKING FORWARD

As a responsible property developer in Hong Kong, KDC is standing with our stakeholders in the face of the global pandemic. Looking forward, the Group will carry on the sustainable development of our operation and properties, and extend our effort to create a healthier, more sustainable future.



# PERFORMANCE TABLE

Indicator	Unit	2020	2019
<b>Energy Consumption in Hong Kong</b> <sup>(Note 1)</sup>			
Total electricity consumption <sup>(Note 2)</sup>	kWh	<b>16,126,870</b>	<b>14,293,271</b>
	GJ <sup>(Note 3)</sup>	<b>58,057</b>	<b>51,456</b>
Total fuel consumption <sup>(Note 4)</sup>	Diesel, L <sup>(Note 5)</sup>	<b>248,180</b>	<b>68,353</b>
	Diesel, GJ	<b>9,826</b>	<b>2,705</b>
	Petrol, L	<b>9,036</b>	<b>12,378</b>
	Petrol, GJ	<b>309</b>	<b>423</b>
Total energy consumption	GJ	<b>68,192</b>	<b>54,584</b>
Total energy intensity	GJ/Total floor area (m <sup>2</sup> ) <sup>(Note 6)</sup>	<b>0.27</b>	<b>0.21</b>
<b>Energy Consumption in Mainland China</b> <sup>(Note 7)</sup>			
Total electricity consumption	kWh	<b>675,192</b>	<b>762,094</b>
	GJ	<b>2,431</b>	<b>2,744</b>
Total fuel consumption <sup>(Note 8)</sup>	Petrol, L	<b>22,700</b>	<b>26,295</b>
	Petrol, GJ	<b>776</b>	<b>899</b>
Total energy consumption	GJ	<b>3,207</b>	<b>3,643</b>
Total energy intensity	GJ/GFA (m <sup>2</sup> ) <sup>(Note 9)</sup>	<b>0.56</b>	<b>0.63</b>
<b>GHG Emissions within the Group</b> <sup>(Notes 10 &amp; 11)</sup>			
Direct GHG emissions (Scope 1) <sup>(Note 12)</sup>	tCO <sub>2</sub> e	<b>735</b>	<b>284</b>
Energy indirect GHG emissions (Scope 2) <sup>(Note 12)</sup>	tCO <sub>2</sub> e	<b>7,094</b>	<b>8,258</b>
Total GHG emissions <sup>(Note 13)</sup>	tCO <sub>2</sub> e	<b>7,829</b>	<b>8,542</b>
Total GHG emissions intensity	tCO <sub>2</sub> e/Total floor area (m <sup>2</sup> ) <sup>(Note 14)</sup>	<b>0.030</b>	<b>0.032</b>
<b>Waste Discharged for Hong Kong Construction Projects</b> <sup>(Notes 15 &amp; 16)</sup>			
Construction and demolition waste disposed to landfill	Tonnes	<b>5,598</b>	<b>3,492</b>
Construction and demolition waste recycled	Tonnes	<b>586</b>	<b>29,060</b>
Total construction and demolition waste	Tonnes	<b>6,184</b>	<b>32,552</b>
Total construction and demolition waste intensity	Tonnes/Floor area (m <sup>2</sup> ) <sup>(Note 17)</sup>	<b>0.38</b>	<b>0.88</b>
<b>Water Consumption in Hong Kong</b> <sup>(Notes 18 &amp; 19)</sup>			
Water consumed	m <sup>3</sup>	<b>83,770</b>	<b>92,437</b>
Water intensity	m <sup>3</sup> /Total floor area (m <sup>2</sup> ) <sup>(Note 20)</sup>	<b>0.33</b>	<b>0.35</b>

Note 1: The 2020 data consists of the headquarters in the Pioneer Centre, thirteen other property management premises, two construction sites and four retail shops. The 2019 data consists of the headquarters in the Pioneer Centre, twelve other property management premises, four construction sites and two retail shops.

Note 2: As Country House's property management service at One East Coast and the retail business at Upper East were both commenced since the last quarter of 2019, the year-round electricity consumption data in 2020 contributed to the increase in total electricity consumption during the Reporting Year.

## PERFORMANCE TABLE

- Note 3: 1 kWh = 0.0036 GJ.
- Note 4: Fuel consumption is inclusive of construction machinery and company-owned mobile vehicles, conversion rates for diesel used for construction, diesel used for mobile vehicles and petrol used for mobile vehicles are 39.6 MJ/L, 38.6 MJ/L and 34.2 MJ/L respectively.
- Note 5: The increase of diesel consumption in 2020 was contributed by the intensive construction stage of the Tseung Kwan O project.
- Note 6: Total floor area represents the sum of (i) GFA of the properties under management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.
- Note 7: Data is inclusive of two offices in Shenyang and one office in Wuxi.
- Note 8: Fuel consumption is inclusive of company-owned mobile vehicles.
- Note 9: The denominator represents the total GFA of Shenyang and Wuxi offices.
- Note 10: Calculation standards and methodologies for carbon emissions are as follows:
- (a) Methodologies of data collection, calculation and reporting are referenced to "How to prepare an ESG Report, Appendix 2: Reporting Guidance on Environmental KPIs" available in the website of Hong Kong Exchanges and Clearing Limited;
  - (b) Emission factors for Hong Kong based operations are referenced to the respective sustainability reports of the local power companies;
  - (c) Methodologies for calculating emissions in Mainland China are referenced to "Emission Factors for purchased electricity in Mainland China" available in the website of Ministry of Ecology and Environment of the People's Republic of China.
- Note 11: The emission of air pollutants, such as particulate matters, nitrogen oxides and sulphur dioxides, is insignificant to the Group. Therefore, relevant figures are not disclosed.
- Note 12: Scope 1 GHG emissions refer to direct emissions of GHG resulting from the business operations as described under the ESG reporting scope, which include (i) vehicular transportation and (ii) construction machinery usage; Scope 2 GHG emissions refer to energy indirect GHG emissions resulting from the generation of the electricity purchased by the business operations as described under the ESG reporting scope.
- Note 13: The decrease of total GHG emission was mainly contributed by the reduction of emission factor of electricity purchased from power company in Hong Kong during the Reporting Year.
- Note 14: Total floor area represents the sum of (i) GFA of the properties under management in Hong Kong, (ii) the estimated construction floor area of the construction projects in Hong Kong and (iii) the total GFA of Shenyang and Wuxi offices in the respective years.
- Note 15: The 2020 construction and demolition waste figures included the waste generated by the subcontractors in the two construction sites in Hong Kong, while 2019's figures included waste generated in four construction sites in Hong Kong. In 2019, the construction and demolition waste was mainly generated from the foundation, as well as excavation and lateral support ("ELS") stage in the Tseung Kwan O project. As the ELS stage was already completed by the end of 2019, the construction and demolition waste decreased significantly in 2020.
- Note 16: Office and property management waste data is not available for disclosure as the Group currently does not have an established mechanism for gathering the statistics of all the waste figures at its headquarters, offices and property management premises in Hong Kong and Mainland China.
- Note 17: Floor area represents the estimated construction floor area of the construction projects in Hong Kong in the respective years.
- Note 18: Water consumption data in the offices in Mainland China is not material to the Group. Moreover, water cost/consumption of the property development projects in Mainland China is paid/monitored by the main contractors. Therefore, the relevant figures are not disclosed.
- Note 19: The Group sourced its water from the WSD and has no issue in sourcing water.
- Note 20: Total floor area represents the sum of (i) GFA of the properties under management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.