



九龍建業有限公司

KOWLOON DEVELOPMENT COMPANY LIMITED

Stock Code 股份代號: 34

2022

***Environmental, Social and
Governance Report***





CONTENTS

Introduction	2
• Business Review	2
• Reporting Standard, Principle, Period and Scope	3
• Governance Structure	4
• Stakeholder Engagement	5
• Materiality Assessment	7
• Contact Details	10
Board Statement	11
For Our Health – Protecting Our Communities during the Pandemic	13
• Prevention Measures for Employees and Other Stakeholders	13
For Our Customer – Providing Quality Products and Services	17
For Our Business Partner – Building Sustainability with Suppliers	25
For Our Environment – Managing Environmental Impacts	26
• Climate Change Resilience	26
• Energy Consumption and Greenhouse Gas Emissions	28
• Noise Control	33
• Managing Waste	33
• Optimising Water Consumption	38
• Environmental Charters/Awards	39
For Our People – Promoting Decent Employment and Diversity	42
• Employment Practices	42
• Anti-corruption	45
• Protection of Data Privacy	46
• Development and Training	46
• Employee Health and Well-being	50
For Our Communities – Supporting Local Communities	51
ESG Award	56
Looking Forward	57
Performance Table	58

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 this Environmental, Social and Governance (“ESG”) Report (the “Report”), the term “Group” refers to the Company and its subsidiaries unless otherwise stated) 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. Besides expanding the existing landbank in an opportunistic manner and building out the present portfolio, the Group is focusing on building a strong brand as a thoughtful developer producing quality products.

In the preparation of the Report, the board of directors of the Company (the “Board”) has reviewed and approved the contents 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 into its operations and working together with its stakeholders to enhance quality and health of life for everyone.

Reporting Standard, Principle, Period and Scope

The Report is prepared in accordance with the Environmental, Social and Governance 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 adopted the fundamental reporting principles of the ESG Reporting Guide, including:



Materiality

The Group conducts stakeholder engagement exercises and materiality assessment regularly to identify the material ESG-related issues to the business operations. For details, please refer to the section of “Materiality Assessment”.



Quantitative

To demonstrate our ESG impact, the Group monitors and records environmental and social performance data. For details, please refer to the section of “Performance Table”.



Consistency

Whenever deemed material, the Report adopts the consistent standards, tools, assumptions and/or source of conversion factors used, as well as explanations of any inconsistencies to last report.



Balance

The Report presents an unbiased representation of our ESG management approach and performance. It avoids selections, omissions or presentation formats that may inappropriately influence a decision or judgement by the report reader.

Information regarding the Group’s Corporate Governance is addressed more in depth in the Company’s Annual Report 2022.

INTRODUCTION

The Report covers the Group's ESG performance, activities and highlights from 1 January 2022 to 31 December 2022 (the "Reporting Year") including the following major business operations:



Easy Living has been included in the reporting scope since the Reporting Year. As such, to facilitate comparability with the previous reporting year, key performance indicator ("KPI") data of the Reporting Year has been disclosed separately by a total including Easy Living, as well as by a total excluding Easy Living.

Governance Structure

The Board has overall responsibility for the oversight and decision making of the Company's ESG matters, including policies, measures, performance and risks. We committed to incorporating ESG considerations and to maintain a good governance that promotes sustainability development. Under the leadership of the Board, relevant departments and business units play an important role to ensure the smooth adoption of ESG practice, from policy development to action plan implementation. The Board is in charge of strategising and implementing ESG action plans which include discussing and reviewing target setting, opportunities, performance and risks.

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.

Stakeholder Groups	Communication Channels
Shareholders and Investors	<ul style="list-style-type: none"> Shareholders' meetings Financial reports, announcements and circulars Company website Company enquiry e-mail, facsimile and phone number
Local Communities and Non-Governmental Organisations ("NGOs")	<ul style="list-style-type: none"> Volunteer activities Corporate sponsorships and donations
Media	<ul style="list-style-type: none"> Company website Financial reports, announcements and circulars Interview with media for launching new properties Show flat opening and introduction
Suppliers, Contractors/Subcontractors and Service Providers	<ul style="list-style-type: none"> Project collaborations Company website Training and briefing talk to KDE's subcontractors before entrance of construction sites Site visit External ESG survey Know Your Client (KYC) review
Business Partners	<ul style="list-style-type: none"> Project collaborations Company website
Government and Regulators	<ul style="list-style-type: none"> Seminars for staff Financial reports, announcements and circulars

INTRODUCTION

Stakeholder Groups	Communication Channels
Customers, Tenants and Residents	<ul style="list-style-type: none"> • Customer satisfaction survey • Opinion box • Enquiry hotline • Visit of show flat and introduction by our salesperson • The Owners' Committee meetings • The Incorporated Owners' meetings • Clubhouse activities • Company website • External ESG survey
Potential Candidates and Employees	<ul style="list-style-type: none"> • Career opportunities on company website • Internal referral programme • Recruitment events and career talks
Employees of the Group	<ul style="list-style-type: none"> • Staff orientation • Employee notice board • Meeting and performance appraisal with staff • Internal ESG survey • PolyConnect (Intranet of the Group) • Company website • Seminars/workshops • Staff activities • Memos to employees • Staff opinion box

Materiality Assessment

The Group has conducted stakeholder engagement exercises with the aim to identify material environmental and social topics along our value chain and understand the expectations of our stakeholders.

Methodology of Materiality Assessment

Identification of Material ESG Topics

Based on industry research and peer benchmarking, the independent consultant identified a broad range of sustainability issues related to the Group's environmental and social impacts and performance, and prepared a questionnaire for our stakeholders.

Ranking of ESG Topics

Stakeholders assessed and prioritised the importance of ESG topics in relation to the Group's businesses and stakeholders.

Validation and Review

After analysing stakeholder survey result, the Board reviewed and determined the scope, topic boundaries and completeness of the prioritised material ESG topics. In the Report, the management approach, KPIs and relevant data of the material topics are disclosed. For future reports, the Group will perform a regular review of the material topics by collecting stakeholder feedback and ensuring the topics align with our sustainability strategy.



INTRODUCTION

An external stakeholder survey for the Group was conducted in September 2022. The Group invited a group of its external stakeholders – tenants, to provide their views on the importance of various environmental and social issues to the Group’s long-term business development. Based on the 2022 survey result, the external stakeholders have identified the most important topics to the Group’s long-term development as below:

	Material ESG Topics	Materiality
Environmental Aspect	Noise pollution and management	High
	Hazardous waste management	High
	Compliance with relevant environmental laws and regulations	High
	Air pollutant emissions (e.g. NOx and SOx)	High
	Water supply quality control	High
	Identification and mitigation of physical climate risks	High
	Fitting-out and maintenance waste handling	High
	General waste management	High
	Climate change and greenhouse gas emissions	High
	Indoor air quality control	High
	Wastewater discharge and management	Medium
	Use of renewable resources	Medium
	Identification and mitigation of transition climate risks	Low
	Sustainable building elements	Low
	Efficient use of resource	Low
	Efficient use of material	Low

INTRODUCTION

	Material ESG Topics	Materiality
Social Aspect	Customer privacy	High
	Business ethics and integrity	High
	Occupational health and safety	High
	Compliance with relevant social laws and regulations	High
	Contractor/subcontractor quality	High
	Employment related issues	Medium
	Criteria for selecting vendor/supplier/contractor/service provider	Medium
	Vendor/supplier quality	Medium
	Diversity and equal opportunities	Medium
	Proper channels for gathering stakeholders' feedback and comment	Medium
	Service provider quality	Medium
	Procurement practices	Low
	Whistleblowing policy for employees, clients and other stakeholders	Low
	Community involvement	Low

INTRODUCTION

Top important issues to the Group's long-term business development

Environmental Aspect

Noise pollution and management
Compliance with relevant environmental laws and regulations
Air pollutants emissions

Social Aspect

Customer privacy
Business ethics and integrity
Occupational health and safety

Remark: Hazardous waste management was not regarded as a material topic as there is no material hazardous waste generation in the Group's operation during the Reporting Year.

Based on a holistic understanding of stakeholders' perspective, the Board reviews the management approach 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:

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Facsimile : (852) 2789 1370
E-mail : enquiry@kdc.com.hk

BOARD STATEMENT

Dear Stakeholders,

I am delighted to present the Company's ESG Report 2022. While providing high-quality goods and services and keeping in mind the ongoing pandemic, we strive to ensure the well-being of our employees, clients, and local communities. The Report outlines our initiatives to enhance the quality and health of life for all by collaborating with our stakeholders.

The health, safety, and well-being of our stakeholders and the communities we serve are always given top priority at KDC. We have handled the Coronavirus Disease 2019 ("COVID-19") pandemic by cooperating with stakeholders as one team. We have taken a number of precautions to support our stakeholders and the communities to reduce the risk of infection.

We believe that incorporating the principle of sustainable development into our operations is the key to long-term growth and benefiting our stakeholders. ESG matters are ultimately under the Board's decision-making and purview responsibilities. The Board will continue to assess actual performance against the ESG-related targets. During the Reporting Year, KDC has been awarded the InnoESG Prize, which aims to recognise the corporations that are transforming the world with sustainable measures. It acknowledges our hard work and contributions towards sustainable development. With the Group's commitments, we are confident that we can continue to take a step forward and create a more sustainable future for our society and environment.

During the Reporting Year, while expanding all business segments, we are also actively identifying risks and opportunities in relation to sustainable development, as well as striving to enhance our performance in terms of ESG. One of our managed properties, namely Upper East, in Hung Hom has achieved several awards such as Energywise Certificate – Excellent Level, Wastewise Certificate – Good Level, and the Commendation Scheme on Source Separation of Domestic Waste – Certificate of Merit. To take action to combat climate change, the Government of the Hong Kong Special Administrative Region has introduced the Feed-in Tariff ("FiT") Scheme to encourage the private sector to participate in small-scale distributed renewable energy ("RE") generation by installing RE systems at their own premises. The Group then joined the scheme and installed solar photovoltaic ("PV") system on the rooftop of one of our managed properties. We will further study the feasibility of investing in RE for other properties to reduce carbon emissions.

BOARD STATEMENT

With our dedication to provide quality property management services, Country House has been awarded as “PM Pioneer” by the Property Management Services Authority, while the public housing estates managed by Easy Living have complied with the requirements of the integrated management system standards including ISO 9001:2015 Quality Management System (QMS), ISO 14001:2015 Environmental Management System (EMS), ISO 10002:2018 Customer Satisfaction Management System (CSMS) and ISO 45001:2018 Occupational Health and Safety Management System (OH&S).

To demonstrate our commitment to reduce the environmental impacts of our residential building and improve environmental quality and user satisfaction, our recent residential development project, namely Manor Hill, in Tseung Kwan O has achieved BEAM Plus New Buildings (V1.2) – Provisional Bronze rating. In addition, Manor Hill has been integrated with “All-Electric Home” design concept in order to cope with climate change and reduce carbon emission.

To reward the society, KDC is supporting Lok Sin Tong Social Housing Scheme “LST Housing” in the Western District. Driven by the Housing Bureau with funding, the Group procured to provide twenty housing units for LST Housing so as to benefit more underprivileged families.

Most significantly, I would like to express my appreciation towards our motivated and professional management team and workforce for their contributions and unending support throughout our sustainability journey. Each individual’s resourcefulness and perseverance enabled us to go above and beyond for all of our stakeholders. I am so pleased of what our colleagues have accomplished, and I am confident that their tenacity and zeal will propel us forward in our pursuit of sustainable development.



Lai Ka Fai

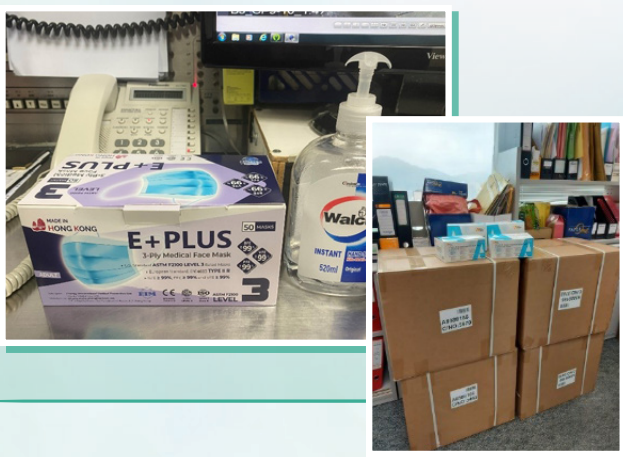
Executive Director

Hong Kong, 25 April 2023

FOR OUR HEALTH - PROTECTING OUR COMMUNITIES DURING THE PANDEMIC

The employees and other stakeholders' health and safety always rank first among the concerns and responsibilities of the Group. The Group continues to take a series of measures to safeguard the health and safety of employees and stakeholders during the pandemic. The following measures have been put in place:

Prevention Measures for Employees and Other Stakeholders



The Group provided pandemic prevention supplies such as hand sanitisers, gloves and face masks to frontline staff. Since mid of March 2022, rapid antigen test kits for COVID-19 were provided to employees who were asked to test every morning before returning to the office.



All employees, subcontractors' workers and visitors were required to measure their body temperature before entering offices, property management premises and construction sites. For office and construction sites visitors, they were required to fill in and submit a health declaration form as well.



FOR OUR HEALTH - PROTECTING OUR COMMUNITIES DURING THE PANDEMIC



The Group disinfected the offices, property management premises and construction sites frequently with 1:99 diluted household bleach.

For some of our property management premises, antibacterial coating was applied at the common areas of the estate, including lift lobby, floor corridor, refuse room, clubhouse, etc.



The Group installed air purifiers in most of the property management premises to ensure the indoor air quality and protect the health of the customers, tenants and residents.



FOR OUR HEALTH - PROTECTING OUR COMMUNITIES DURING THE PANDEMIC



The Group provided cleaning and disinfecting services for the public area in property management premises regularly.



The property management office adopted pandemic prevention measures for the use of gym room, including that the residents are required to register and take body temperature before entering the gym room; residents must wear face mask while using the facilities; a limited number of users are permitted to use the gym room at any time; and the cleaning staff disinfects the facilities regularly. In addition, disinfection products and paper towels are provided in the gym room.



FOR OUR HEALTH - PROTECTING OUR COMMUNITIES DURING THE PANDEMIC

The Group adopted special working arrangements, such as work from home or remote work, under the following circumstances: employees' resided building has confirmed case; the living area is restricted; or the employees' close contact is under mandatory quarantine. Employees had to work in two teams shifting in office and from home to reduce infection opportunities during the peak of the fifth wave of COVID-19. With our sincere appreciation to all of our colleagues' hard work and dedication, we provided free lunch for colleagues who worked in the headquarters for seven weeks (14 March 2022 to 29 April 2022) in order to reduce the risk of infection from eating out during the peak of the pandemic. Besides the regular prevention measures implemented in offices, property management premises and construction sites, we also contributed to safeguarding our operation and the communities when the pandemic situation worsened. Our Wuxi office implemented strict measures in accordance with the requirements of the local government and subdistrict office, including conducting rapid antigen testing for each construction workers every day, which minimised the risks of the pandemic and guaranteed the orderly progress of our construction and operation to the greatest extent. Furthermore, employees in our Wuxi office participated in the voluntary activities of combating pandemic in the community, and received a commendation accordingly. Moreover, one of the public housing estates managed by Easy Living, namely Cheung Ching Estate, was awarded "守護家園抗疫英雄大獎" by the China Merchants Foundation.



FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES

The Group prides itself on 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 our dedication to provide quality properties and services, KDE has established an Integrated Management System including a quality management system with reference to the requirements of ISO 9001:2015 (QMS). A set of construction guidelines and procedure handbooks is developed to provide guidelines and procedures for contractors and employees to effectively implement the quality management system during all stages of construction projects.

Stage of Construction	Procedures
Prior to construction	To illustrate the overall planning and methodology for undertaking construction works, the construction team is required to prepare a project planning handbook according to the Site Operation Manual, and organise pre-construction meetings to ensure the construction site is in an optimal state before construction.
During construction	To review the overall status of the project from a quality, time, cost, and safety perspective, as well as to discuss on-site issues and mitigation measures, the construction manager schedules routine construction progress meetings with relevant parties, including the project manager and consultants. A site walk is conducted by the project coordinators and quality assurance staff in order to identify quality risks associated with all construction items and to conduct quality checks throughout the construction process. During progress monitoring and reporting, the quality assurance staff witnesses and records any quality non-conformances and communicates with the construction manager on rectification and preventive measures. Furthermore, material quality is tested on-site and meets the consultants' and statutory requirements.
Post construction	An Electrical and Mechanical ("E&M") team will conduct a series of technical checks to examine the building's E&M equipment and facilities, including Heating, Ventilation, and Air Conditioning (HVAC). To further ensure that building quality meets established standards and identified deficiencies have been addressed, quality assurance staff assesses units using an internal rating system prior to handover.

After the construction stage, KDE will hand over the properties to Country House, which will be responsible for the handover and engagement process. To ensure that the property quality and service quality meet the expectations of the owners, Country House develops and follows a series of standard handover and engagement procedures.

FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES

Stage of Service	Procedures
<p>Handover</p>	<p>To ensure the satisfaction of the quality of service in the handover process, Country House establishes a set of guidelines and work processes and provides training to ensure that responsible personnel are familiar with the handover procedures.</p> <p>Once Country House’s handover team has taken over the property, we will perform a pre-inspection to ensure the finish meets handover standards. After inspection, the defect report will be sent to KDE for further rectification. Once all rectification works are completed, the property will be accepted by our handover team.</p> <p>After the handover of the properties to property owners, they can use the mobile application to submit the defect form. Then our handover team will follow-up the defects with KDE. If the defect is addressed by KDE and accepted by our handover team, owner will be informed to conduct acceptance check of rectification items.</p> <p>To provide warranty on the quality of the properties, a six-month defects liability period will be provided to the owners for defect follow up works.</p> <p>Finally, Country House conducts a satisfaction survey with the owners to collect their comments for further improvement.</p>
<p>Engagement</p>	<p>After the handover, Country House sets up active engagement programmes and continues in communication with tenants and owners. Country House regularly conducts customer surveys to assess needs, concerns, suggestions and satisfaction with its building and management services. Based on the survey results and feedback, Country House will implement initiatives to ensure tenants’ and residents’ needs and interests are met, which will help to improve the brand’s reputation.</p>

During the Reporting Year, there was no convicted cases related to the building works of KDE. Beyond that, 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.

Easy Living has been awarded ISO 9001:2015 (QMS) and ISO 14001:2015 (EMS) regarding the provision of property management services and cleansing services for all properties under the management and control of the Hong Kong Housing Authority and managed by Easy Living under contract for the Hong Kong Housing Authority sites.

FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES

The Group places great importance on feedback from tenants and residents. Country House and Easy Living implement standardised complaint handling procedures to ensure written requests or complaints to be addressed in a timely manner. Formal review is undertaken for each complaint we received and improvement plan is provided to prevent similar occasions. In the Reporting Year, there were no substantiated complaints received relating to products and services.

Furthermore, Country House has been awarded as “PM Pioneer” by the Property Management Services Authority in recognition of its active support for the property management industry licensing regime and driving by action the development of the property management industry in Hong Kong towards enhanced quality and professionalism.

Meanwhile, some of the properties managed by Country House and Easy Living have received various awards in recognition of our excellent services.



FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES

Kowloon West Best Security Services Awards for 2021 received on 29 September 2022



Country House



Pioneer Centre
Honorable Managed Property Award



Pioneer Centre Carpark
Outstanding Managed Public Carpark
Award



MacPherson Place
Outstanding Managed Property Award



Gardenia
Outstanding Managed Property Award



Upper West
Star Managed Property Award



Upper East
Outstanding Managed Property Award

FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES



Upper East Carpark
Outstanding Managed Public Carpark
Award



Padek Palace
Honorable Managed Property Award



Padek Palace
Outstanding Managed Public Carpark
Award



Hung Hoi Man
Best Security Personnel

FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES

**Kowloon East Best Security Services Awards 2021 – 2022
received on 8 December 2022**



Country House



One East Coast
The High Quality Security Services Award

One East Coast
The Excellent Performance Security Guard
👤 Moo Sern Jen, Victor
👤 Wong Kai Yip, Dominic

Easy Living



Yau Lai Estate
The High Quality Security Services Award

Yau Lai Estate
The Excellent Performance Security Guard
👤 Chan Miu Sim
👤 Lu Xiao Ling
👤 Tso Pui Ha
👤 Wong Lau Chow
👤 Zhang Hai Ying
👤 Zhao Yu Xia

Shun Lee Estate
The Excellent Performance Security Guard
👤 Cheung Cheung Kwai
👤 He De Gui
👤 Lee Fook Hung
👤 Mak Chi Hin
👤 Wan Muk Kan

FOR OUR CUSTOMER –
PROVIDING QUALITY PRODUCTS AND SERVICES



NTS Best Security Personnel Awards 2021 – 2022
received on 1 November 2022

Easy Living

Cheung Ching Estate

The Outstanding Award (Residential)

👤 Fung Yin Fong

👤 Lam Pak Suet

The Excellent Award (Residential)

👤 Pang Kwai Chen

Cheung Hang Estate

The Outstanding Award (Residential)

👤 Suen Yau Hop

👤 Wang Bao Huan

The Excellent Award (Residential)

👤 Chan Kin Chau

👤 Luk Lai Fan, Rosa

👤 Tsui So Lam

Shek Mun Estate

The Outstanding Award (Residential)

👤 Lee King Leung

👤 Li Chau Yee

👤 Lui Shui Foon

👤 Woo Pui Gee

The Excellent Award (Residential)

👤 Chiu Kam Chuen

👤 Leung Sau Lin

👤 Wong Sau Yuk



The Estate Management Services Contractors Awards 2022
received on 22 March 2023

Easy Living

Cheung Ching Estate

Best Public Rental Housing Estate (Property Services) – Large Estate: Bronze Award

Shek Mun Estate

Best Property Management Staff (Security): Merit Award

👤 Lee King Leung

FOR OUR CUSTOMER – PROVIDING QUALITY PRODUCTS AND SERVICES



In acknowledgement of the collective efforts in advancing property management, Pioneer Centre and MacPherson Place (Tower 1A and 1B) have attained a “Gold” grade and a “Blue” grade respectively through participation in the Water Supplies Department (“WSD”)’s “Quality Water Supply Scheme for Buildings – Fresh Water (Management System)” in the Reporting Year.



**Country House
Pioneer Centre**



**Country House
MacPherson Place
(Tower 1A and 1B)**

Due to the Group’s business nature, product recall is not relevant to the Group’s operation. In addition, intellectual property rights are not material to the Group’s operation. Therefore, these two issues are not disclosed in the Report.

FOR OUR BUSINESS PARTNER – BUILDING SUSTAINABILITY WITH SUPPLIERS

To deliver sterling properties and services to its customers, the Group not only strictly demands itself in property construction and management, but expands its standards for sustainability from its own operations to those of our supply chain partners.

Sustainability is the Group’s core principle throughout the entire supply chain. The Group actively cooperates with high-quality and responsible contractors for construction works and suppliers of building materials. We evaluate suppliers and tenderers’ environmental and social responsibility during the supplier engagement and tender process in each product development stage. The Procurement Policy sets out the criteria of partner selection during procurement regarding their sustainability performance. The policy encourages our partners to incorporate sustainability into their operations and products, which lowers the risks of adverse impacts from the supply chain to our products, services and reputation.

The Group assesses the reliability and quality of the products and services provided by the suppliers by looking at their level of experience and financial standing. Priority will be given to the contractors and subcontractors that are aligned with international management system standards during supplier selection. Such standards include ISO 9001 (QMS), ISO 14001 (EMS) and ISO 45001 (OH&S). All our suppliers, contractors and subcontractors are required 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.

Number of Suppliers, Contractors, Subcontractors and Service Providers			
By Region	2022		2021
	Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Hong Kong	629	536	616
Mainland China	97	97	158

FOR OUR ENVIRONMENT –

MANAGING ENVIRONMENTAL IMPACTS

The Group strives to minimise its environmental impacts across operations with the commitment to establish sustainable properties and operations, reflecting the need to safeguard the environment for current and future generations. For our construction business, KDE makes reference to the requirements of the ISO 14001:2015 (EMS) Standard; while for the property management under contract for the Hong Kong Housing Authority sites, Easy Living has implemented ISO 14001:2015 (EMS) in the Reporting Year. We advocate for ethical business practices in our interactions with stakeholders and run our operations responsibly. In each of the locations where we conduct business, we make it a priority not only to adhere to all applicable environmental rules and regulations but also to go above and beyond them by implementing best practices that will both lessen our negative environmental impacts and increase climate resilience.

For our property development business in Wuxi and Shenyang, the Group has complied with the relevant environmental standards and regulations of the People's Republic of China, such as the Integrated Emission Standard of Air Pollutants, Discharge Standard of Pollutants for Municipal Wastewater Treatment Plant and Noise Limits for Construction Site in the Reporting Year.

Climate Change Resilience

The Group is aware of 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 will keep improving its policy on climate change, with the implementation of several mitigation plans and initiatives related to enhancing energy efficiency and reducing emission across the properties under our management.

The Group has adopted its first Climate Change Policy since 2020, which outlines the overall governance strategy to manage climate change risks and develop tactics to lessen the impact of climate change on its operations. It also entails formulating plans to:

- reduce carbon footprint by enhancing energy efficiency and reducing energy use;
- 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 update its measures and disclosures.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Extreme weather and climate change put our employees, facilities and operations at risk. Typhoons and flooding are therefore considered by the Group to be possible physical climate hazards that could have a major impact on its business. The Group will put in place the necessary measures to lessen any potential effects of the extreme weather. For instance, the Group would send alerts in advance to list all potential scenarios of the impacted buildings and recommend relevant actions to be made. 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 and residents to shut the windows and lock the doors securely.



The Group will also take notice of 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.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Energy Consumption and Greenhouse Gas Emissions

Energy use and related greenhouse gas (“GHG”) emissions make up the majority of the Group’s carbon footprint. We pledged to combat climate change by voluntarily reducing the GHG emissions and energy usage that are under our control.

Our Targets	Actual Progress
<p>1. By the end of 2023, all residential properties under Country House’s management in Hong Kong will increase investment in energy-efficient equipment, such as partially installing energy-efficient lighting instead of conventional lighting for all the residential properties.</p>	<p>By the end of the Reporting Year, all of our residential properties under Country House’s management have partially installed energy-efficient lighting instead of conventional lighting.</p>
<p>2. We will encourage the offices and buildings under our management to sign up for the Energywi\$e Certificate programme, which was established by the Government of the Hong Kong Special Administrative Region, in order to lower energy consumption and increase awareness of energy conservation. By the end of 2023, we hope to be a part of the programme for at least eight of our managed properties.</p>	<p>By the end of the Reporting Year, two of our managed properties have obtained the Energywi\$e Certificate. Six additional properties have already signed up for the programme. Certificates are expected to be obtained in the forthcoming year after completion of energy audit.</p>

In order to reduce our carbon footprint, the Group has adopted a series of energy management measures in the following aspects:

Energywi\$e Certificate Scheme

The Energywi\$e Certificate is one of the certificates of the Hong Kong Green Organisation Certification (“HKGOC”) scheme, which is led by the Environmental Campaign Committee alongside the Environmental Protection Department (“EPD”) and in conjunction with a number of other organisations. Organisations applying the certificate are required to demonstrate their commitment to and efforts in environmental protection through energy conservation. Participants are required to demonstrate their compliance with the related requirements according to the level of certificate.

The Group encourages the Energywi\$e Certificate programme enrolment at its offices and properties managed by Country House in an effort to reduce energy use and increase energy efficiency. The highest level Energywi\$e Certificate – Excellent Level was given to Upper East and Energywi\$e Certificate – Good Level was given to Pioneer Centre which we managed during the Reporting Year.



FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Energy Efficient Appliances and Controls

Several buildings managed by Country House have incorporated timer and motion sensor controls for lighting equipment at typical floor, car park, and other public spaces to reduce electricity consumption. After regular business hours, lifts and escalators in the buildings under our management are either partially closed or automatically switched to standby mode. In order to facilitate electric vehicle (“EV”) charging, we also installed EV chargers in some of our parking lots. In addition, Gardenia which is managed by Country House, joined the FiT Scheme launched by CLP Power Hong Kong Limited (“CLP”) and installed a solar PV system on the rooftop for generating renewable energy during the Reporting Year. Solar is a clean and renewable source of energy, which can help to reduce the GHG emission and electricity costs.

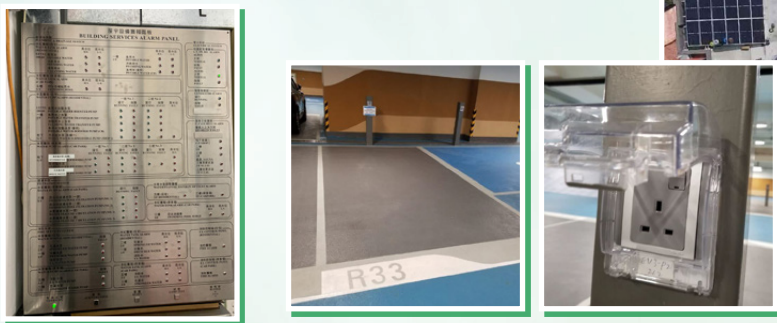
Most properties under Country House’s management have integrated an automatic Building Management System (BMS) to monitor and analyse the performance of various building systems, including the chiller plants, primary air handling unit (PAU) system, water leakage detector and PM2.5 sensors.

In order to cope with climate change and reduce carbon emission, the Group has cooperated with CLP to develop its new residential development project, namely Manor Hill, in Tseung Kwan O to become the first “All-Electric Home” property with more than 1,500 flat units in Hong Kong. In order to promote energy efficiency and low carbon living, the entire property and the flat units adopt “All-Electric Home” design concept by using energy efficient electrical appliances such as cooking stove and water heater. CLP also installed a smart meter for the flat unit to enable the residents to view power consumption data via mobile application. Besides, all parking spaces in the carpark are also equipped with EV chargers.

Solar PV System



Building Management System (BMS)



EV Chargers



All-Electric Home

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Energy Consumption in Hong Kong ^(Note 1)				
	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Total electricity consumption	kWh	33,952,383	16,578,193	16,482,530
	Gigajoules (“GJ”) ^(Note 2)	122,229	59,681	59,337
Total fuel consumption ^(Note 3)	Diesel, Litres (“L”) ^(Note 4)	29,350	6,360	226,686
	Diesel, GJ	1,160	250	8,975
	Petrol, L	11,098	11,098	14,503
	Petrol, GJ	380	380	496
Total energy consumption	GJ	123,769	60,311	68,808
Total energy intensity	GJ/Total floor area (m ²) ^(Note 5)	0.10	0.24	0.26

Note 1: The 2022 data consists of the headquarters in the Pioneer Centre, office of Easy Living, forty-two other property management premises (excluding Easy Living: fourteen), one construction site and five retail shops. The 2021 data consists of the headquarters in the Pioneer Centre, thirteen other property management premises, one construction site and five retail shops.

Note 2: 1 kWh = 0.0036 GJ, which is referenced to the Energy Statistics Manual from the International Energy Agency (Annex 3 Units and Conversion Equivalents).

Note 3: 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 4: Diesel consumption in the construction site significantly decreased in 2022 mainly due to the main construction works almost reached the completion stage during 2022.

Note 5: Total floor area represents the sum of (i) gross floor area (“GFA”) of the properties under our management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Energy Consumption in Mainland China ^(Note 1)				
	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Total electricity consumption ^(Note 2)	kWh	653,817	653,817	829,481
	GJ	2,354	2,354	2,986
Total fuel consumption ^(Note 3)	Petrol, L	19,023	19,023	21,128
	Petrol, GJ	651	651	723
Total energy consumption	GJ	3,005	3,005	3,709
Total energy intensity	GJ/GFA (m ²) ^(Note 4)	0.50	0.50	0.64

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

Note 2: Due to COVID-19 pandemic, the operation of offices and sales offices in Shenyang was affected by the local government's lockdown policy for a certain period and the scale of operation had been controlled by the Group within 2022, which contributed to the significant decrease in electricity consumption during the Reporting Year.

Note 3: Fuel consumption is inclusive of company-owned mobile vehicles.

Note 4: The denominator represents the GFA of Shenyang and Wuxi offices.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

GHG Emissions of the Group (Notes 1 & 2)				
	Unit	2022		2021
		Total	Total	Total
		(Excluding	(Excluding	(Excluding
		Total	Easy Living)	Easy Living)
Direct GHG emissions (Scope 1) (Note 3)	Tonnes CO ₂ equivalent ("tCO ₂ e")	157	97	690
Energy indirect GHG emissions (Scope 2) (Note 3)	tCO ₂ e	14,978	7,446	7,612
Total GHG emissions	tCO ₂ e	15,135	7,543	8,302
Total GHG emissions intensity	tCO ₂ e/Total floor area (m ²) (Note 4)	0.01	0.03	0.03

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 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 CLP and HK Electric Investments and HK Electric Investments Limited; and
- (c) Methodologies for calculating emissions in Mainland China are referenced to the "Regional Baseline Grid Emissions Factor for Emission Reduction Projects in China" issued by 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 oxides, 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: Total floor area represents the sum of (i) GFA of the properties under our management in Hong Kong, (ii) the estimated construction floor area of the construction projects in Hong Kong and (iii) the GFA of Shenyang and Wuxi offices in the respective years.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Noise Control

In noise pollution and management aspect, during the construction process, KDE strictly follows its Procedure Handbook on noise pollution control. Relevant licences, including Construction Noise Permit, Quality Powered Mechanical Equipment Registry with the EPD, and Noise Emission Label are obtained to comply with relevant laws and regulations. We identify potential construction noise issues and set up noise monitoring stations during the commencement of the projects. Meanwhile, principles and procedures of mitigation measures, corrective and preventive actions regarding noise control are explicitly stated in the Procedure Handbook for our employees to follow. In addition, we have established a company-wise Noise Control Management System to guide the management of projects in respect of controlling noise from the execution of the works.

Managing Waste

Waste stewardship is an important part of our environmental management process and responsible consumption promotion. The Group is dedicated to implementing sustainable waste management practices for our offices, construction sites, retail shops and property management premises. As demonstrated in the Environmental Plan, KDE establishes and implements effective and efficient environmental protection procedures in order to eliminate the potential environmental impacts, as well as minimise nuisance to the public arising from execution of the construction works. A Waste Management Policy is included in the Environmental Plan to reduce waste production and enhance waste recycling.

KDE Waste Management Policy

- To provide adequate and appropriate resources to implement waste management measures
- To comply with environmental laws and other applicable regulations
- To set environmental targets to minimise and reduce waste
- To conserve natural resources
- To minimise pollution by reducing waste, maximising reuse and recycling of materials
- To communicate the policy to all KDE employees and concerning parties
- To take action to improve environmental performance



FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Property Management Business

For domestic waste, the Group has introduced recycling facilities for take-away containers, plastic bottles, paper, glasses, food, computers and communication products, red pockets, mooncake boxes, hangers and clothing items in most of our managed properties. Country House has also participated in various recycling programmes organised by government bodies and NGOs, such as:



- “Peach Blossom Trees Recycling Programme” after Chinese New Year by the EPD;
- “Waste Electrical and Electronic Equipment Recycling Scheme” by the EPD;
- “Used Clothes Recycling Programme” by Friends of the Earth (HK);
- “Contact Lenses Plastic Case Recycling Programme” by Green Sense;
- “Glass Container Recycling Charter” by the EPD;
- “Red Pocket Recycling Programme” by Greeners Action;
- “Food Recycling Programme” by St. James Settlement;
- “Computer & Communication Products Recycling Programme” by the EPD;
- “Rechargeable Battery Recycling Programme” by the EPD;
- “Green@Tai Kok Tsui” by the EPD;
- “CNY Pot Plant Recycle Programme 2022” by Environmental Association; and
- “Fluorescent Lamp Recycling Programme” by the EPD.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS



Retail Business



To minimise the negative impact to environment, our retail shops use biodegradable plastic packaging bags instead of traditional plastic bags.



Due to the Group's business nature, it did not generate any hazardous waste during the Reporting Year and packaging material is not material to the Group's operation.

Waste Discharged for Hong Kong Construction Projects ^(Notes 1 & 2)

	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Construction and demolition waste disposed to landfill	Tonnes	1,155	1,155	7,512
Construction and demolition waste recycled	Tonnes	318	318	987
Total construction and demolition waste	Tonnes	1,473	1,473	8,499
Total construction and demolition waste intensity	Tonnes/Floor area (m ²) ^(Note 3)	0.12	0.12	0.36

Note 1: The construction and demolition waste figures for both 2021 and 2022 included the waste generated by the subcontractors working in one construction site in Hong Kong. The significant decrease in construction and demolition waste was mainly due to the main construction works almost reached the completion stage during 2022.

Note 2: Office and property management waste figures are not available for disclosure as the Group currently does not have an established mechanism for gathering the statistics of all the waste data 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.

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

Optimising Water Consumption

The Group strives to improve water efficiency and has set water efficiency targets to work towards this goal.

Our Targets	Actual Progress
For the new residential buildings under our development, we will install flow controllers in the water faucets and plumbing fixtures of the restrooms in the communal areas. We will check water pipes for all of the properties under the management of Country House on a monthly basis, and rectify leakage promptly.	Our new residential development project, namely Manor Hill, in Tseung Kwan O has achieved the target during the Reporting Year. Water pipes of all the properties under the management of Country House are checked on a monthly basis and leakages are rectified promptly.

Water Consumption in Hong Kong ^(Notes 1 & 2)				
	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Water consumed	m ³	110,956	69,317	85,003
Water intensity	m ³ /Total floor area (m ²) ^(Note 3)	0.09	0.28	0.32

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 our management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.

The Group has implemented several mitigation measures and water reduction initiatives. Regarding domestic water consumption, water consumption at our managed properties is monitored and analysed. In addition, Country House conducts routine maintenance on the plumbing and flushing system to prevent water leakage and ensure water quality.

Since construction activities account for a major portion of the Group's water usage, contractors and subcontractors are required to recycle and reuse water on-site as much as possible. The Group will continue looking for opportunities to minimise wastage and improve water efficiency at construction sites and our managed properties.

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

FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS

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.



Charter on External Lighting

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



Earth Hour 2022

The Group has continuously supported the “Earth Hour” event organised by WWF-Hong Kong. All properties under Country House’s management switched off the non-essential electric lights for one hour on 26 March 2022 to promote energy conservation and sustainable living.



FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS



Energy Saving Charter 2022

The Group continues to fulfil its pledge towards energy reduction in common areas and 23rd Floor of the Pioneer Centre by becoming a signatory of EEB's Energy Saving Charter 2022.

Green Event Pledge

Upper East, one of the properties under Country House's management, has participated in the EPD's "Green Event Pledge" and committed to making reference to the EPD's "A Waste Reduction Guidebook for Large Scale Event Organisers" when organising, co-organising, sponsoring or providing services to events, so as to enhance the environmental performance of the events, and to encourage other relevant organisations to follow suit.



Commendation Scheme on Source Separation of Domestic Waste

To encourage more people to separate their waste for recycling, the properties under Country House's management have participated in the "Commendation Scheme on Source Separation of Domestic Waste" by the EPD to minimise the amount of waste requiring disposal. Upper East and MacPherson Place received Certificates of Merit for the scheme.



FOR OUR ENVIRONMENT – MANAGING ENVIRONMENTAL IMPACTS



Green Collect

To enhance the current recyclable collection services at housing estates to further facilitate residents in practising waste reduction at source and resource recovery, the EPD has launched by phase a one-stop reliable recycling service called “Green Collect”, for housing estates in 9 districts. Sau Mau Ping South Estate, one of the public housing estates under Easy Living’s management, received Award of Excellent Performance for the scheme.



hereby certifies that 特此證明

Proposed Residential Development at
1-3 Shek Kok Road, Tseung Kwan O Area B5,
Tseung Kwan O, N.T.
建議發展住宅地段第121號
將軍澳的鑽石角路1-3號建議住宅項目

1-3 Shek Kok Road, Tseung Kwan O Area B5, Tseung Kwan O, New Territories, Hong Kong
將軍澳區鑽石角路1-3號建議住宅項目

has achieved Provisional Bronze rating under BEAM Plus V1.2
獲頒發建築新建築 (1.2版) 暫定銅級



18 February 2021

BEAM Plus New Buildings (V1.2) – Provisional Bronze Rating



The Group’s recent residential development, namely Manor Hill, in Tseung Kwan O has achieved BEAM Plus New Buildings (V1.2) – Provisional Bronze rating for its efforts on promoting green construction, improving the utilisation efficiency of operating resources, ensuring the coordination and synergy between business and ecology, and reducing the negative impact of operations on the environment.



Hong Kong Green Organisation Certification

Upper East, one of the properties under Country House’s management, was recognised as Hong Kong Green Organisation due to the demonstrated achievements in waste and energy management.



FOR OUR PEOPLE –

PROMOTING DECENT EMPLOYMENT AND DIVERSITY

KDC regards its employees as a cornerstone of its sustainable development. The Group is committed to securing employee rights, fostering employee capacity building, and creating a harmonious and safe working environment.

Employment Practices

The Group takes a series of measures for anti-discrimination in the workplace. In accordance with applicable local employment laws, the Group has established relevant employment policies based on the principles of integrity, equality and fairness. In terms of recruitment, promotion, internal transfer and resignation, we adopt a merit-based approach to assess employees and each employee is given equal access to opportunities irrespective of gender, religion, race, family status, disability or age. During the Reporting Year, the Group was not aware of any material non-compliance regarding discrimination laws and regulations such as the 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.

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

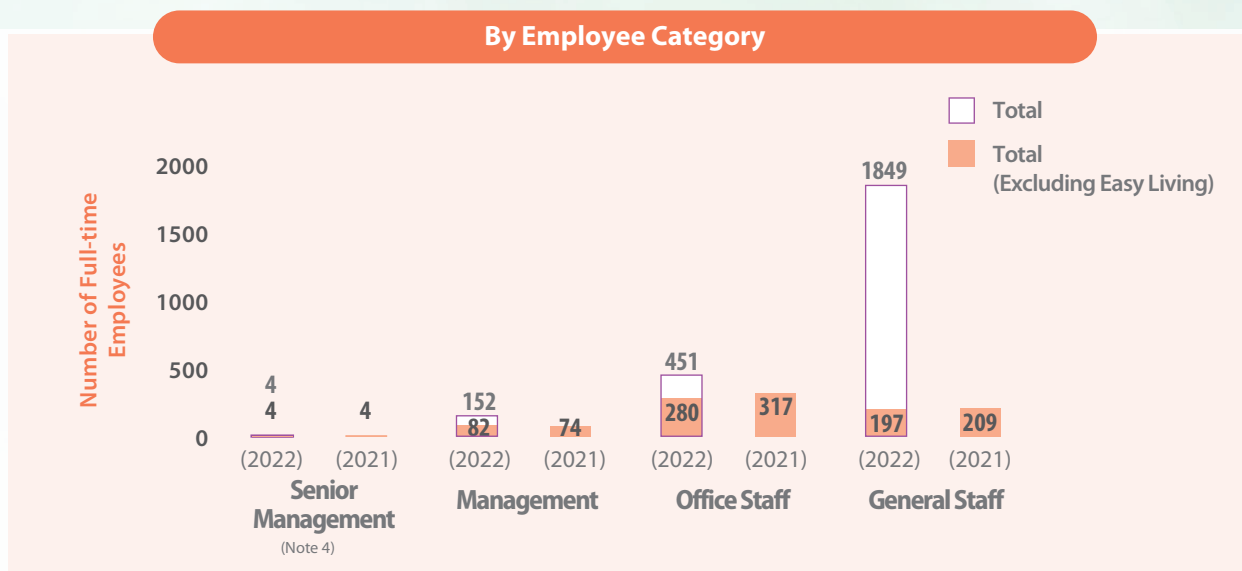
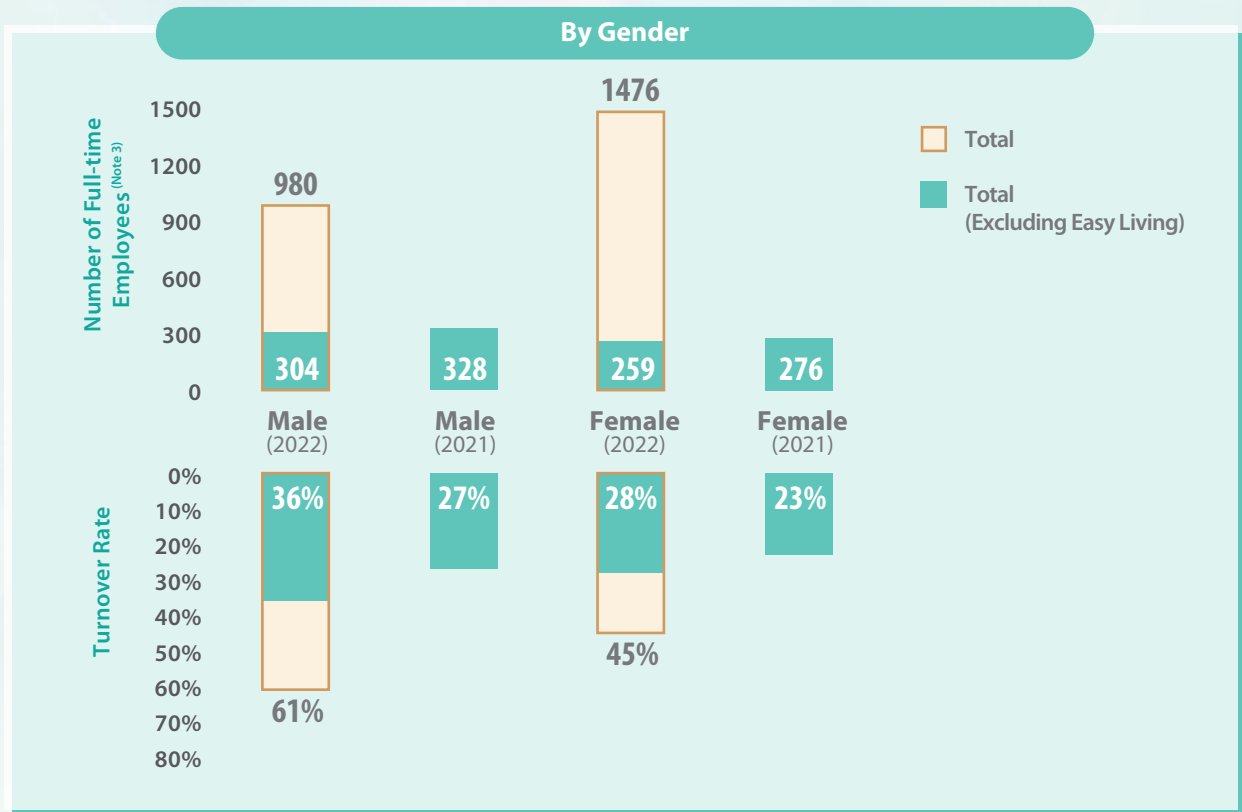
The Group regards the welfare of each employee as the key to promoting employees' productivity and loyalty. In view of this, the Group has been stipulating policies, measures and activities to perpetuate a close-knit culture. The Group offers competitive remuneration packages and fringe benefits to employees. For instance, employees can buy insurance and order food and beverages with staff discount, as well as to enjoy parking privilege on 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 organising staff activities. During the Reporting Year, the Group has arranged various staff activities to reinforce staff connectedness and collaboration.

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

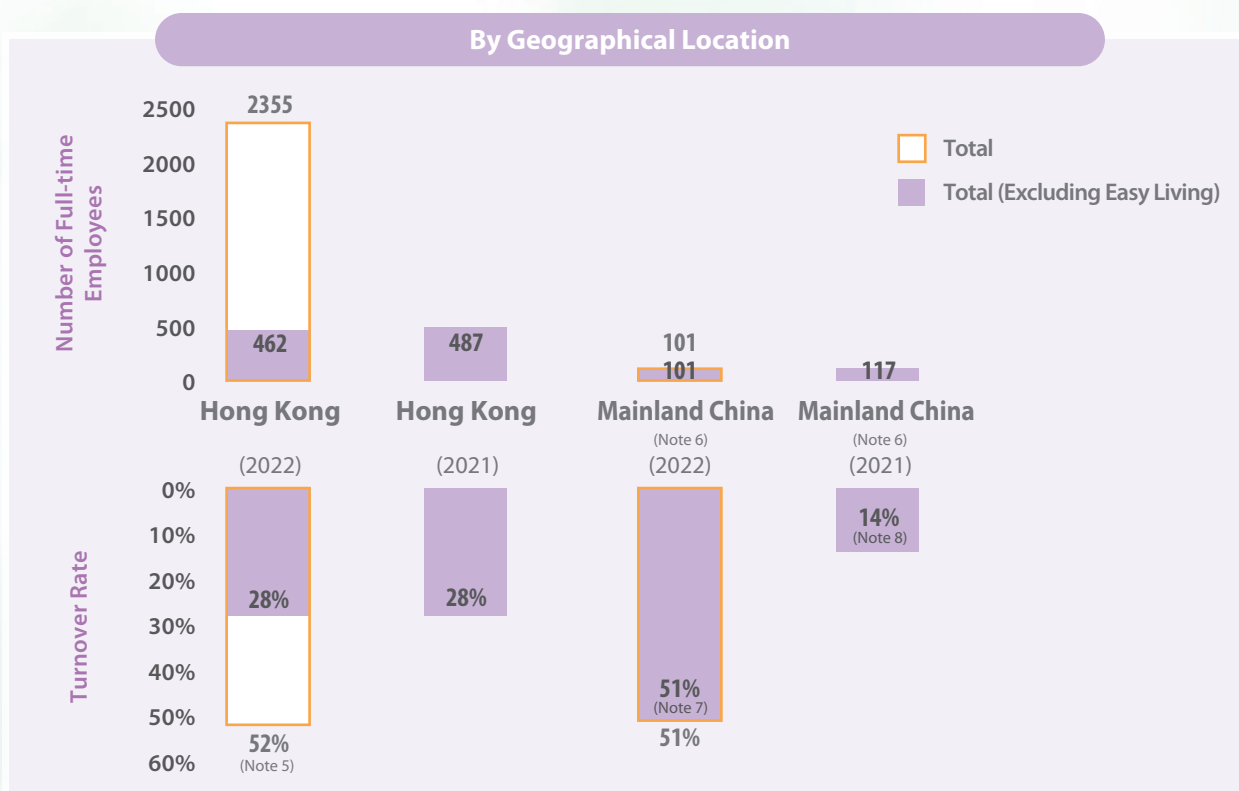
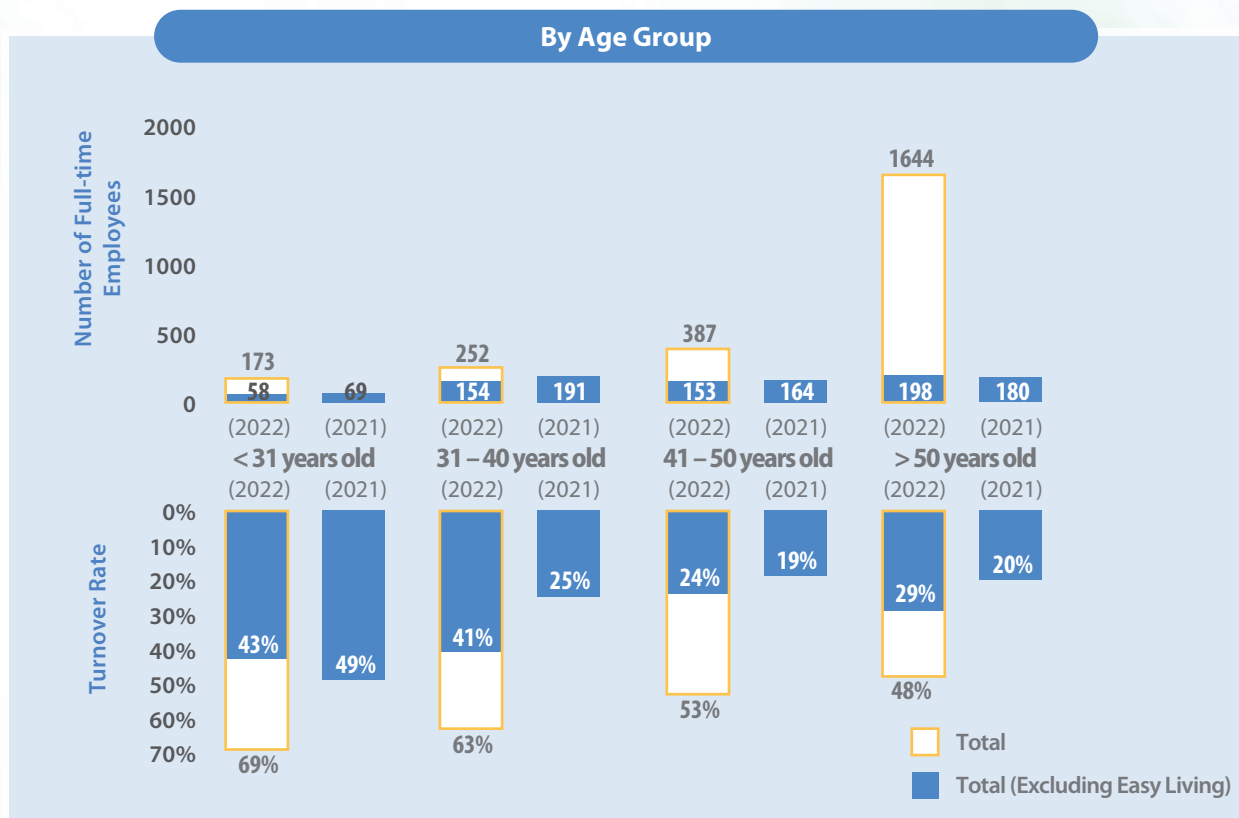


FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

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 2,456 (excluding Easy Living: 563), while there were 23 (excluding Easy Living: 23) part-time employees ^(Note 1). During the Reporting Year, the total turnover rate of full-time employees was 52% (excluding Easy Living: 33%). Below is a breakdown of the Group's workforce as at 31 December 2022 and turnover rate ^(Note 2) by gender, age group and geographical location:



FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY



FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

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 apply to full-time employee who has passed his/her probation period 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 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 2022.

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

Note 5: Some management contracts for properties and public housing estates managed by Easy Living were ended during the Reporting Year, therefore the relevant staff's departure contributed to the increase in overall turnover rate of the Group.

Note 6: Shenyang and Wuxi offices are combined as Mainland China.

Note 7: The increase in turnover rate was mainly due to the trimming of manpower in Mainland China during the Reporting Year.

Note 8: The turnover rates of Shenyang and Wuxi offices in 2021 were re-calculated to show the turnover rate of Mainland China as a whole.

Anti-corruption

With a commitment to business integrity, the Group has established a stringent corporate governance framework. Under the framework, the Code of Conduct has been established to provide guidelines for employees to prevent misconduct such as bribery, extortion, fraud and money laundering. The Group has also adopted the policy on Prevention of Bribery Ordinance during the Reporting Year to provide sufficient guidance to its employees. In circumstances such as dealing with conflict of interest or acceptance of advantages in any form when they are performing their job duties, the guidelines act as powerful tools and criteria to instruct employees to conduct business integrity. To strengthen employees' anti-corruption awareness and professional ethics, the Group has also conducted approximately 124.5 hours of anti-corruption training and played an anti-corruption video broadcast for all newly joined employees and shared anti-corruption training materials to the directors of the Company in the Reporting Year.

To further prevent, deter and eradicate unethical behaviours, the Group has established a whistleblowing channel for stakeholders including but not limited to employees and suppliers. The stakeholders are encouraged to report any suspected business misconduct, malpractice or impropriety via the whistleblowing channel. The case nature and personnel involved will be recorded for further investigation and informing 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 the Prevention of Bribery Ordinance in Hong Kong and the Criminal Law of the People's Republic of China.

FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

Protection of Data Privacy

The protection of stakeholders' confidential data and private information is one of the most essential duties of the Group as it values data privacy in performing business integrity and responsibility. The Code of Conduct clearly sets out regulations and guidelines on how to properly collect customers' personal data. Employees are required to ensure confidential data are handled by designated employees to avoid unauthorised access, leakage or use of such data.

Development and Training

Employee development is highly valued by the Group as it plays an important role in maintaining business momentum and lays the foundation for long-term development. Therefore, the Group offers internal training programmes on various topics and provides subsidies to encourage employees to take external courses.

Apart from regular training, the Group has also provided special training courses that correspond to employees' interests and roles. During the Reporting Year, our employees have attended the training topics including but not limited to:

Business Nature	Training Topics
Property Management	<ul style="list-style-type: none"> – Health and Safety – Customer Services – Property Security – Infection Control – Rodent Prevention and Control – Emergency Response – Building Management System – Effluent Discharge – Personal Data and Privacy – Anti-corruption
Property Development	<ul style="list-style-type: none"> – On-site Training – Quality Assurance – Infection Control

FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

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

Throughout the Reporting Year,
our employees have received an average of

4.82 hours

(excluding Easy Living: 1.69 hours) of training,

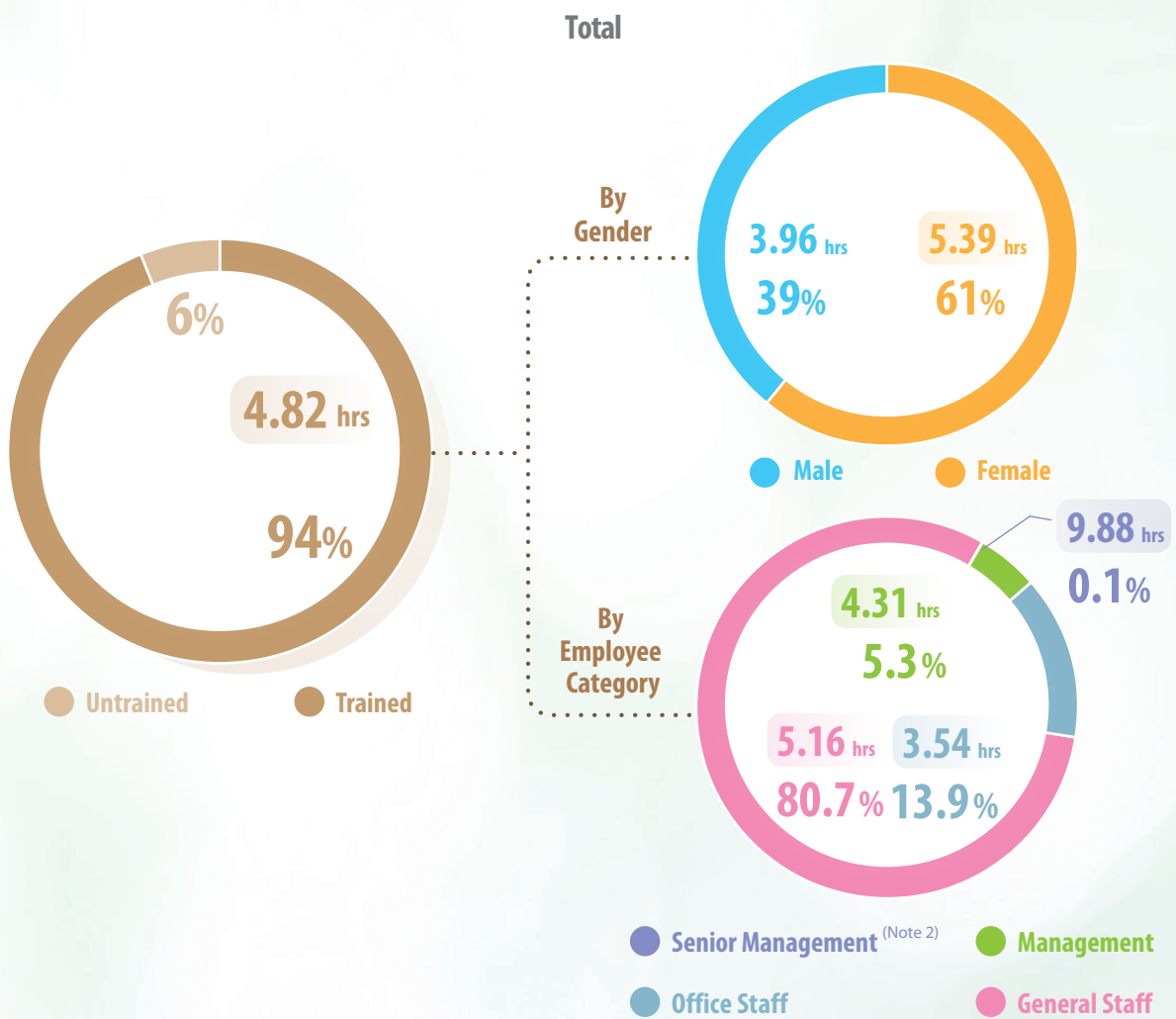
where **94%** (excluding Easy Living: 71%)
of employees were trained.



FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

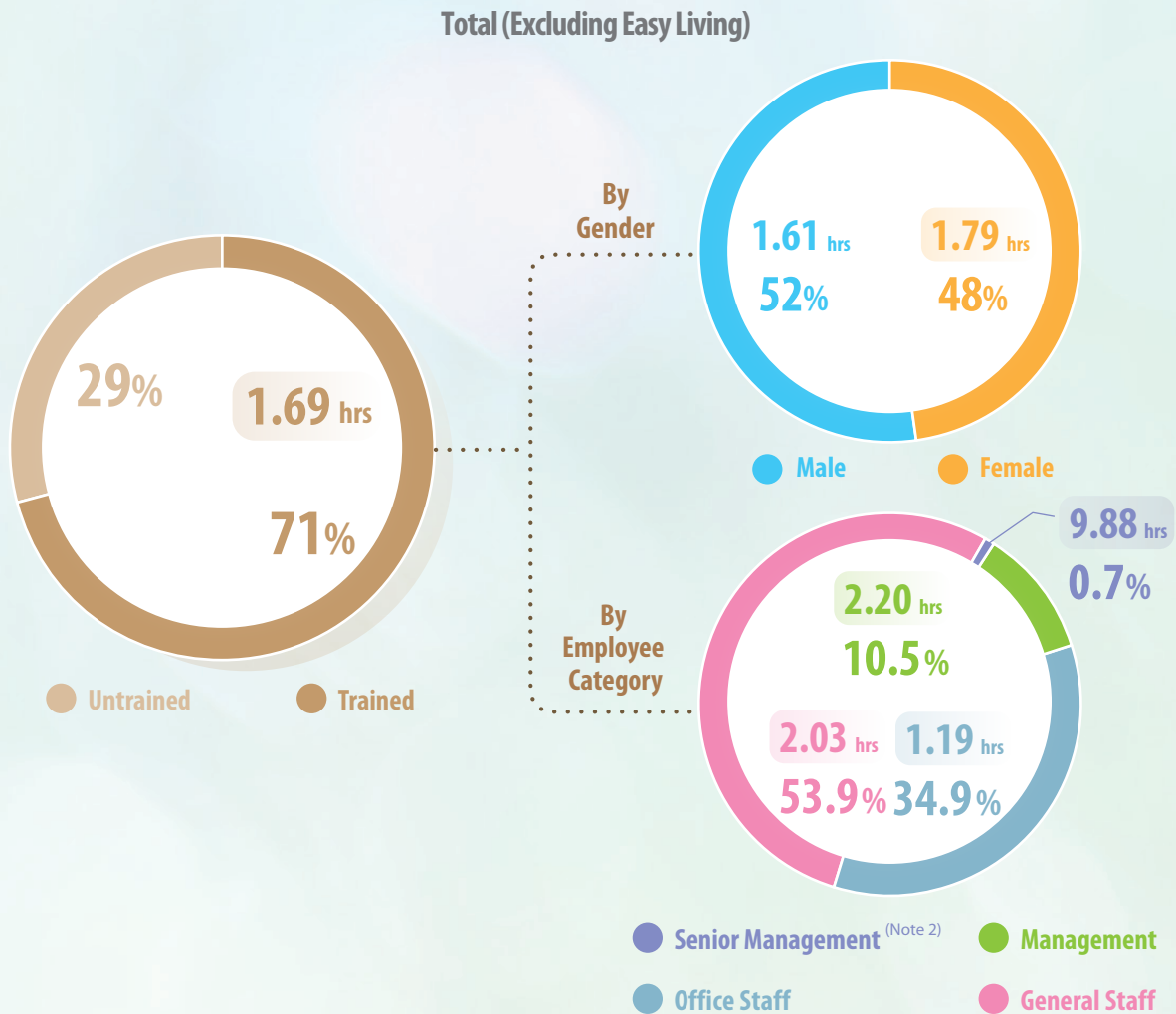
Below is a breakdown of the Group's average training hours and percentage of employees trained by gender and employee category:

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



FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

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



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

Average training hours for employees in relevant categories = $TH(x)/E(x)$

$TH(x)$ = Total number of training hours for employees in the specified category

$E(x)$ = Average number of employees in the specified category at the beginning and the end of the Reporting Year

Percentage of employees trained = $T(x)/T * 100\%$

$T(x)$ = Employees in the specified category, x, who took part in training

T = Employees who took part in training

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

FOR OUR PEOPLE – PROMOTING DECENT EMPLOYMENT AND DIVERSITY

Employee Health and Well-being

Employees' health and safety is the top priority of the Group. Aiming to minimise potential occupational health and safety hazards, the Group has implemented a range of safety policies, procedures and measures.

KDE makes reference to the requirements of the ISO 45001:2018 (OH&S) that go beyond statutory requirements to effectively manage and reduce the risks associated with the construction site's operations. As stated in the Health and Safety Policy for the construction business, all employees and contractors are required to comply with the statutory requirements to minimise potential occupational hazards. KDE continues to solidify its commitment to occupational health, safety and welfare of all employees, and will review the policy at least annually or when necessary.

Given a relatively higher risk of workplace safety hazards at construction sites, KDE pays particular attention to employees working on construction sites by establishing robust management and control procedures. Striving to provide a safe working environment for employees, KDE sets up the Site Safety Committee (the "Committee") to monitor the health and safety performance across all construction sites. The Committee develops the Accident Improvement Plans to mitigate the incidence of safety hazards. It is also responsible for reviewing the operation procedures and occupational safety management system regularly. All site workers and subcontractors are required to follow the operation procedures. Moreover, all new employees and subcontractors are required to undergo site safety training to promote safety awareness. During the Reporting Year, the Group has provided safety training to 13 employees and 1,128 subcontractors' workers. Safety audits are conducted periodically to ensure the safety management systems and safety measures are well-implemented to meet 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.

In terms of the office and property management staff, the Group also takes a series of measures to ensure health and safety. The Group has performed regular cleaning and maintenance of indoor air quality to protect both office-based staff and property management staff. Furthermore, the Group also arranges relevant health and safety training for the property management teams. Easy Living has also implemented ISO 45001:2018 (OH&S) in their property management under contract for the Housing Authority sites.

As a result of the effective safety management system for regular monitoring, the Group was not aware of any material non-compliance regarding safety and health laws and regulations such as Occupational Safety and Health Ordinance in Hong Kong during the Reporting Year. There were no work-related fatalities for our employees in each of the past three years including the Reporting Year and 3,194 (excluding Easy Living: 584) lost days due to 53 (excluding Easy Living: 5) work injury cases in the Reporting Year were recorded.

FOR OUR COMMUNITIES – SUPPORTING LOCAL COMMUNITIES

In addition to KDC's own community, the Group places a significant emphasis on local community care. This is reflected in our ongoing support and contribution to a variety of community events and charitable activities, particularly in light of the poor economy and COVID-19 pandemic.



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 2022

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



FOR OUR COMMUNITIES – SUPPORTING LOCAL COMMUNITIES



Love Teeth Day 2022/2023



“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”.



Skip Lunch Day 2022

The Group joined the Skip Lunch Day 2022, which aims to help and bring hope to the less fortunate by donating lunch fees to The Community Chest. All donations received were allocated to support the “Services for Street Sleepers, Residents in Cage Homes and Cubicles”.



Mooncake Workshop & Donation



The Group sponsored the mooncake workshop organised by Delightful Integrated Vocational Rehabilitation Services Centre under St. James’ Settlement. All mooncake gift boxes were donated to several charity organisations for supporting rehabilitation.



FOR OUR COMMUNITIES – SUPPORTING LOCAL COMMUNITIES



Flag Day 2022

The Group has participated in WWF-Hong Kong's Flag Day 2022 on 18 June 2022, which aims to promote the message of nature conservation. The donations were allocated to protect the precious wetland habitats.



New Territories Walk for Millions 2022



The Group has participated in The Community Chest New Territories Walk for Millions 2022 at the Cross Bay Link, Tseung Kwan O on 20 November 2022. The fund raised through the Walk programme was designated to support 24 member agencies in providing “Family and Child Welfare Services”.



Anti-pandemic Volunteer Service

Our staff of Wuxi office have joined the volunteer service for nucleic acid testing and vaccination in the Reporting Year to help those in need in the pandemic.



FOR OUR COMMUNITIES – SUPPORTING LOCAL COMMUNITIES



Chinese New Year Visiting Event and Spring Festival Couplets Writing Workshop



Our Wuxi office's staff have visited the empty-nest elderly during the Chinese New Year to send them gifts. Besides, the staff have organised spring festival couplets writing workshop for kids to celebrate the Chinese New Year.



Apart from the above community investment activities, KDC supports the Lok Sin Tong Social Housing Scheme “LST Housing” in the Western District. It aims to provide social housing units with affordable rent and family supporting services for low-income families who are waiting for Public Rental Housing and living in dismal conditions. During the Reporting Year, driven by the Housing Bureau with funding, the Group has already procured to provide twenty housing units with lease term for 2 years for LST Housing. To demonstrate our continuous support to the community, forty housing units will further be available for LST Housing in the middle of 2023.



FOR OUR COMMUNITIES – SUPPORTING LOCAL COMMUNITIES

Besides, the Group has donated HK\$170,450 in Hong Kong and RMB30,000 in Mainland China to several non-profit organisations to promote ecological conservation and assist those in need. In support of the underprivileged, the Group has donated food to a charitable food bank during the Reporting Year. As a testament to their effort on social involvement, each of KDC, KDE, Country House and Easy Living have been recognised as “Caring Company” for the fourteenth, fourth, thirteenth and seventh consecutive years respectively. Furthermore, three employees are being nominated as Caring Ambassadors, who actively support and participate in community activities organised by Country House.



KDC –
Caring Company



KDE –
Caring Company



Country House –
Caring Company



Easy Living –
Caring Company



Jody Kwok –
Caring Ambassador



Angela Kwong –
Caring Ambassador



Yau Siu Har –
Caring Ambassador

Country House has received the “Social Enterprise Supporter Award 2022” under the Social Enterprise Supporter Award Scheme established by Fullness Social Enterprises Society (FSES), which strives to encourage collaborations between social enterprises and corporations/ organisations in achieving Corporate Social Responsibilities and Corporate Shared Value.



ESG AWARD

The Group has won InnoESG Prize 2022 in recognition of our contribution to creating a more sustainable future during the year. The accolade was awarded to recognise three key success factors of sustainable future: impact on society and planet, influence of stakeholders on sustainability and innovation in solutions.



LOOKING FORWARD

Throughout the pandemic's challenges, the Group has stood by and fully engaged our stakeholders. Moving forward, the Group will continue to transmit our values to society while promoting the long-term sustainable development of our operations and properties.

To ensure continuous improvement in sustainable development, the Group will continue to set practical targets, review actual progress regularly, and adjust our plan as needed.

PERFORMANCE TABLE

ENVIRONMENTAL PERFORMANCE DATA

Indicator	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Energy Consumption in Hong Kong ^(Note 1)				
Total electricity consumption	kWh	33,952,383	16,578,193	16,482,530
	GJ ^(Note 2)	122,229	59,681	59,337
Total fuel consumption ^(Note 3)	Diesel, L ^(Note 4)	29,350	6,360	226,686
	Diesel, GJ	1,160	250	8,975
	Petrol, L	11,098	11,098	14,503
	Petrol, GJ	380	380	496
Total energy consumption	GJ	123,769	60,311	68,808
Total energy intensity	GJ/Total floor area (m ²) ^(Note 5)	0.10	0.24	0.26
Energy Consumption in Mainland China ^(Note 6)				
Total electricity consumption ^(Note 7)	kWh	653,817	653,817	829,481
	GJ	2,354	2,354	2,986
Total fuel consumption ^(Note 8)	Petrol, L	19,023	19,023	21,128
	Petrol, GJ	651	651	723
Total energy consumption	GJ	3,005	3,005	3,709
Total energy intensity	GJ/GFA (m ²) ^(Note 9)	0.50	0.50	0.64

PERFORMANCE TABLE

Indicator	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
GHG Emissions of the Group (Notes 10 & 11)				
Direct GHG emissions (Scope 1) (Note 12)	tCO ₂ e	157	97	690
Energy indirect GHG emissions (Scope 2) (Note 12)	tCO ₂ e	14,978	7,446	7,612
Total GHG emissions	tCO ₂ e	15,135	7,543	8,302
Total GHG emissions intensity	tCO ₂ e/Total floor area (m ²) (Note 13)	0.01	0.03	0.03
Waste Discharged for Hong Kong Construction Projects (Notes 14 & 15)				
Construction and demolition waste disposed to landfill	Tonnes	1,155	1,155	7,512
Construction and demolition waste recycled	Tonnes	318	318	987
Total construction and demolition waste	Tonnes	1,473	1,473	8,499
Total construction and demolition waste intensity	Tonnes/Floor area (m ²) (Note 16)	0.12	0.12	0.36
Water Consumption in Hong Kong (Notes 17 & 18)				
Water consumed	m ³	110,956	69,317	85,003
Water intensity	m ³ /Total floor area (m ²) (Note 19)	0.09	0.28	0.32

PERFORMANCE TABLE

Note 1: The 2022 data consists of the headquarters in the Pioneer Centre, office of Easy Living, forty-two other property management premises (excluding Easy Living: fourteen), one construction site and five retail shops. The 2021 data consists of the headquarters in the Pioneer Centre, thirteen other property management premises, one construction site and five retail shops.

Note 2: 1 kWh = 0.0036 GJ, which is referenced to the Energy Statistics Manual from the International Energy Agency (Annex 3 Units and Conversion Equivalents).

Note 3: 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 4: Diesel consumption in the construction site significantly decreased in 2022 mainly due to the main construction works almost reached the completion stage during 2022.

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

Note 6: Data is inclusive of two offices in Shenyang and one office in Wuxi.

Note 7: Due to COVID-19 pandemic, the operation of offices and sales offices in Shenyang was affected by the local government's lockdown policy for a certain period and the scale of operation had been controlled by the Group within 2022, which contributed to the significant decrease in electricity consumption during the Reporting Year.

Note 8: Fuel consumption is inclusive of company-owned mobile vehicles.

Note 9: The denominator represents the 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 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 CLP and HK Electric Investments and HK Electric Investments Limited; and
- (c) Methodologies for calculating emissions in Mainland China are referenced to the "Regional Baseline Grid Emissions Factor for Emission Reduction Projects in China" issued by Ministry of Ecology and Environment of the People's Republic of China.

PERFORMANCE TABLE

- Note 11: The emission of air pollutants, such as particulate matters, nitrogen oxides and sulphur oxides, 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: Total floor area represents the sum of (i) GFA of the properties under our management in Hong Kong, (ii) the estimated construction floor area of the construction projects in Hong Kong and (iii) the GFA of Shenyang and Wuxi offices in the respective years.
- Note 14: The construction and demolition waste figures for both 2021 and 2022 included the waste generated by the subcontractors working in one construction site in Hong Kong. The significant decrease in construction and demolition waste was mainly due to the main construction works almost reached the completion stage during 2022.
- Note 15: Office and property management waste figures are not available for disclosure as the Group currently does not have an established mechanism for gathering the statistics of all the waste data at its headquarters, offices and property management premises in Hong Kong and Mainland China.
- Note 16: Floor area represents the estimated construction floor area of the construction projects in Hong Kong in the respective years.
- Note 17: 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 18: The Group sourced its water from the WSD and has no issue in sourcing water.
- Note 19: Total floor area represents the sum of (i) GFA of the properties under our management and (ii) the estimated construction floor area of the construction projects in Hong Kong in the respective years.

PERFORMANCE TABLE

SOCIAL PERFORMANCE DATA

Indicator	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Number of full-time employees ^(Note 1)				
Overall	Persons	2,456	563	604
By Gender				
Male	Persons	980	304	328
Female	Persons	1,476	259	276
By Employment Category				
Senior Management ^(Note 2)	Persons	4	4	4
Management	Persons	152	82	74
Office Staff	Persons	451	280	317
General Staff	Persons	1,849	197	209
By Age Group				
< 31 years old	Persons	173	58	69
31 – 40 years old	Persons	252	154	191
41 – 50 years old	Persons	387	153	164
> 50 years old	Persons	1,644	198	180
By Geographical Region				
Hong Kong	Persons	2,355	462	487
Mainland China	Persons	101	101	117
By Employment Type				
Full time	Persons	2,456	563	604
Part time ^(Note 3)	Persons	23	23	17

PERFORMANCE TABLE

Indicator	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Turnover Rate ^(Note 4)				
Overall	%	52	33	25
By Gender				
Male	%	61	36	27
Female	%	45	28	23
By Age Group				
< 31 years old	%	69	43	49
31 – 40 years old	%	63	41	25
41 – 50 years old	%	53	24	19
> 50 years old	%	48	29	20
By Geographical Region				
Hong Kong	%	52 ^(Note 5)	28	28
Mainland China ^(Note 6)	%	51	51 ^(Note 7)	14 ^(Note 8)
Average Training Hours ^(Note 9)				
Total average training hours	Hours	4.82	1.69	1.01
By Gender				
Male	Hours	3.96	1.61	1.28
Female	Hours	5.39	1.79	0.68
By Employee Category				
Senior Management ^(Note 2)	Hours	9.88	9.88	9.88
Management	Hours	4.31	2.20	0.50
Office Staff	Hours	3.54	1.19	0.38
General Staff	Hours	5.16	2.03	1.97

PERFORMANCE TABLE

Indicator	Unit	2022		2021
		Total	Total (Excluding Easy Living)	Total (Excluding Easy Living)
Percentage of Employees Trained ^(Note 9)				
Overall	%	94	71	51
By Gender				
Male	%	39	52	60
Female	%	61	48	40
By Employee Category ^(Note 10)				
Senior Management ^(Note 2)	%	0.1	0.7	1.3
Management	%	5.3	10.5	4.5
Office Staff	%	13.9	34.9	34.9
General Staff	%	80.7	53.9	59.3
Health and Safety				
Work-related fatalities	Cases	0	0	0
Lost days due to work injury	Days	3,194	584	154
Number of Suppliers, Contractors, Subcontractors and Service Providers (By Region)				
Hong Kong	Number	629	536	616
Mainland China	Number	97	97	158
Anti-corruption				
Anti-corruption training hours	Hours	124.5	124.5	101
Number of concluded legal cases regarding corrupt practices	Cases	0	0	0

PERFORMANCE TABLE

- Note 1: The disclosed number of employees in the Report only covers the business operations 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 2022.
- Note 2: Senior management of the Group is the Executive Directors of the Company.
- Note 3: Part-time employee is one who is under a contract of service to work less than 5 days or 30 hours a week.
- Note 4: The turnover headcount and turnover rate apply to full-time employee who has passed his/her probation period only. The calculation of turnover rate is shown as below:
Turnover rate = $L/E * 100\%$
 $L = \text{Number of employees leaving employment during the Reporting Year}$
 $E = (\text{Number of employees at the beginning of the Reporting Year} + \text{Number of employees at the end of the Reporting Year})/2$
- Note 5: Some management contracts for properties and public housing estates managed by Easy Living were ended during the Reporting Year, therefore the relevant staff's departure contributed to the increase in overall turnover rate of the Group.
- Note 6: Shenyang and Wuxi offices are combined as Mainland China.
- Note 7: The increase in turnover rate was mainly due to the trimming of manpower in Mainland China during the Reporting Year.
- Note 8: The turnover rates of Shenyang and Wuxi offices in 2021 were re-calculated to show the turnover rate of Mainland China as a whole.
- Note 9: The calculations of average training hours and percentage of employees trained are according to the ESG Reporting Guide under the quantitative and consistency principles.
Average training hours for employees in relevant categories = $TH(x)/E(x)$
 $TH(x) = \text{Total number of training hours for employees in the specified category}$
 $E(x) = \text{Average number of employees in the specified category at the beginning and the end of the Reporting Year}$
Percentage of employees trained = $T(x)/T * 100\%$
 $T(x) = \text{Employees in the specified category, } x, \text{ who took part in training}$
 $T = \text{Employees who took part in training}$
- Note 10: The percentage of employees trained in 2021 was restated and rounded to one decimal place to align with the presentation format of the Reporting Year.