



Moving on from the Source

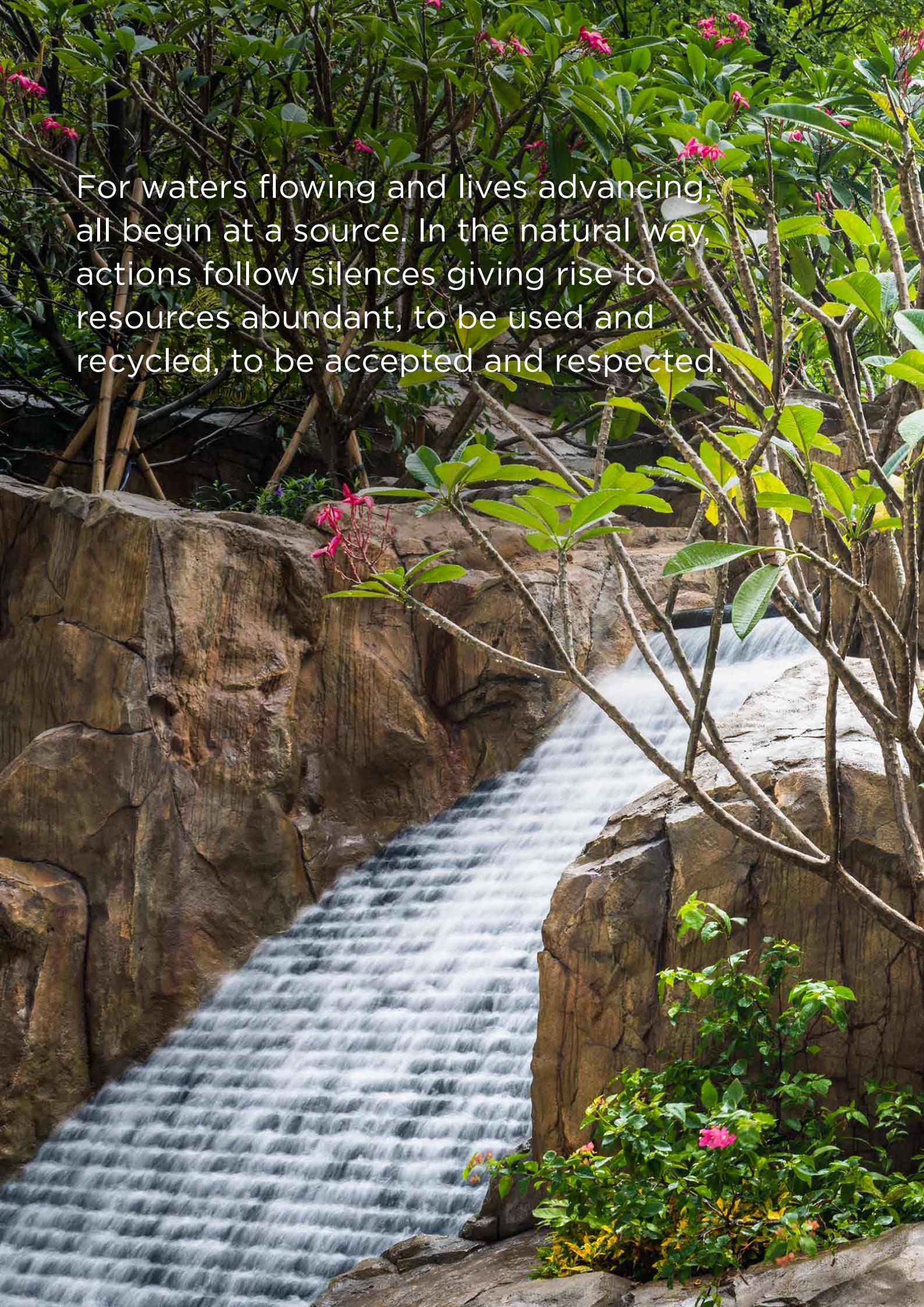
SUSTAINABILITY REPORT 2017



KERRY PROPERTIES LIMITED
嘉里建設有限公司

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

For waters flowing and lives advancing,
all begin at a source. In the natural way,
actions follow silences giving rise to
resources abundant, to be used and
recycled, to be accepted and respected.



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ABOUT THIS REPORT

About the Company

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

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

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



Reporting Period and Scope

This report covers the Group's sustainability performance for the financial year from 1 January 2017 to 31 December 2017. It includes the sustainability performance of our operations in Hong Kong³ and key properties in the Mainland⁴ including six mixed-use projects and four selected properties. Compared with our previous report published in June 2017, which covered our operations in Hong Kong and five mixed-use projects in the Mainland, we have expanded the reporting scope this year to include a mixed-use project, Shenyang Kerry Centre and four selected properties in the Mainland. For details, please refer to the following map and table.

In addition, this report includes environmental key performance indicators ("KPIs") of operations in Hong Kong and four mixed-use projects in the Mainland (same scope as last year), whereas baseline data collection has been undertaken in other properties for future reporting.

While this report does not cover some of our properties in the Mainland and properties in Macau and overseas, it is on our agenda to extend the scope of the report in the future.

GFA under management (million square feet)	
Hong Kong	10.83
Jing An Kerry Centre, Shanghai	3.98*
Kerry Parkside, Shanghai	2.26
Beijing Kerry Centre	1.79
Shenzhen Kerry Plaza	2.15*
Hangzhou Kerry Centre	2.68*
Shenyang Kerry Centre	4.19
Kerry Everbright City Phase III — Enterprise Centre, Shanghai	1.56
Shanghai Central Residences Phase II	0.75
Shenzhen Kerry Centre	0.84
Habitat Phase I, Qinhuangdao	2.06*

¹ The Group is a property investment, development and management company headquartered in Hong Kong.

² As at 31 December 2017, the Group held a portfolio comprising properties under development, completed investment properties, hotel properties and properties held for sale, in the Mainland, Hong Kong, Macau and overseas.

³ The scope of reported Hong Kong operations includes: a) properties under development; b) completed investment properties; and c) properties held for sale. Hotel properties are excluded.

⁴ The scope of reported properties in the Mainland excludes: a) properties under development; and b) hotel properties.

* Includes non-accountable GFA, if any, such as basement, underground car parks and floors serving mechanical purposes.

Reporting Standards

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

Data Preparation

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

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

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

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

Reporting Principles

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

PRINCIPLE	WHAT IT MEANS	THE GROUP'S RESPONSE
Stakeholder Inclusiveness	The report should include views and expectations among its stakeholders.	Stakeholder engagement is conducted for identifying direct inputs from stakeholders. The outcome of the stakeholder engagement processes is consistent with the material topics included in the report.
Sustainability Context	The report should examine performance with reference to broader sustainable development considerations and goals.	Discussions of material sustainability issues are supplemented with the Group's long-term strategy, risks, opportunities and goals whenever feasible.
Materiality	The report should cover aspects that reflect significant economic, environmental and social impact or substantively influence the assessments and decisions of stakeholders.	Material sustainability issues are identified through stakeholder engagement, in which the Group's business nature, operational practices and locations have also been taken into account.
Completeness	The report should sufficiently cover the chosen material aspects, taking care not to leave out any aspects that are significant to stakeholders.	All aspects in the SEHK's ESG Guide are covered in this report.
Accuracy	The report should present information that is sufficiently accurate and detailed for stakeholders to evaluate the organisation's performance.	A rigorous due diligence process is conducted to ensure quality and veracity of information disclosed.
Balance	The report should present a balanced picture of each of these issues in an objective manner, be they positive or negative, to ensure a comprehensive picture of performance is reasonably reflected.	The report identifies and elaborates both the achievements and the challenges faced by the Group. Quantitative information is also disclosed to allow a transparent comparison of trends.

ABOUT THIS REPORT

PRINCIPLE	WHAT IT MEANS	THE GROUP'S RESPONSE
Clarity	The report should present the information clearly in a manner that is reasonably understandable and accessible to stakeholders.	The report is written in a manner that is comprehensible to stakeholders who have a reasonable understanding of the Group and its activities.
Comparability and Consistency	The report should present information on a consistent basis so that stakeholders can analyse and evaluate changes in performance over time. Any changes in methodologies should be explained.	The Group has compared current and past KPIs and information on different aspects in order to facilitate year-on-year comparisons of its performance.
Reliability	The report should be presented in a manner enabling the stakeholders to have the confidence to check the veracity of its information against the applied reporting principles.	The information contained in the report is clearly presented with no intention to be misleading or deceptive. The sustainability report has obtained external assurance.
Timeliness	The report should report information which is recent and relative to the reporting period. Regularity of reporting provides stakeholders with timely information, enabling them to make informed decisions.	The information in the report clearly indicates the time period to which it relates, providing stakeholders with consolidated disclosure of economic, environmental and social impacts.
Quantitative	The report should disclose KPIs in quantitative terms.	Information is presented with quantitative measures whenever feasible.

New Reporting Features



In accordance with
GRI Standards:
Core option



Economic impacts
presented with a
value creation model



Expanded
reporting scope



Echoed with United
Nations Sustainability
Development Goals
("SDGs")



Report assurance



Animated flipbook

Report Assurance

The report is externally assured to validate the accuracy and reliability of its content. British Standards Institution ("BSI") was engaged to provide independent limited assurance of this report in accordance with GRI Standards: Core option and ESG Guide issued by SEHK. The assurance, including the scope of work and conclusions, can be found in the Independent Limited Assurance Statement on pages 103 to 105.

Feedback Mechanism

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

LETTER FROM THE MANAGEMENT

It was a well run journey in our endeavours, it is timely to reflect on how it all began.

From the outset we have reframed our operation in a manner that conserves and best utilises resources, serves and gives back to the community and provides a better living environment through the properties we develop, believing that generations to come may inherit a better future.

The tide of greener changes had progressively rippled through the Group's operations riding on the strength of the willing collaboration of all our teams and stakeholders. It shows that when we as a like-minded community put our heads and hearts together, great strides can be made.

We do this by building relationships with our stakeholders, both internal and external, engaging them on an ongoing basis to listen to and understand their views. Shared value is created as we walk hand in hand with our residents, tenants, contractors and suppliers through various programmes and initiatives, such as Green Home Tips, and an enquiry hotline setup for the Group's green procurement policy. Together, we contribute towards a more sustainable future.

It is reassuring to see the positive change being brought about through this stakeholder engagement as a growing awareness and knowledge of sustainability permeates across all levels and sectors. My thanks to those who take the lead by educating others, and to our maturing, well-structured Sustainability Committee and sub-committees, whose regular meetings have provided good opportunities for in-depth discussions on existing and emerging sustainability issues and the development of new sustainability-related strategies.

To guide our decisions and actions in sustainability, we have developed and brought into force policy statements in five main areas. These statements cover the Group's operations in Hong Kong and the Mainland unless otherwise stated and elaborated in the respective sections. A chart is also carried in the chapter "Our Sustainability Strategy" to outline the governance structure of the policy statements.

Always aspiring to excellence, the Group's 2017 sustainability report achieved an even higher benchmark than our 2016 report, referencing different reporting guidelines to align with international best practices. This report has been prepared in accordance with the GRI Standards: Core option and the ESG Guide by SEHK, with reference to GRI G4 Construction and Real Estate Sector Disclosures.

These efforts have been acknowledged externally with the company winning "Asia's Best First Time Sustainability Report" in the Asia Sustainability Reporting Awards 2017. This accolade demonstrates a promising start on our shared sustainability journey, but it's only the beginning.

Together, our journey towards sustainability will continue on ever higher grounds.

Ho Shut Kan, Steven

Chief Executive Officer

Chairman of the Sustainability Steering Committee

28 June 2018

OUR SUSTAINABILITY STRATEGY



Sustainability Policy Statement

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

Sustainability Principles

The Group's sustainability policy statement provides us with a unique set of guiding principles focusing on three areas when it comes to sustainability decisions and goal-settings.

We aim to:

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



In our operations, we are committed to:

- Achieving sustainability goals aiming to bring positive impacts to the society and the environment
- Encouraging our business partners, including suppliers and contractors, to be socially and environmentally responsible
- Giving back to the community, so that the living conditions of the community may be enhanced
- Creating value for all our stakeholders, communicated through engaging dialogues
- Improving our performance consistently through innovation, vigilance and reviews

The Group is committed to taking a precautionary approach with respect to environmental challenges. To observe the precautionary principle, environmental risks are taken into account in the Group's business planning.



Moving Forward on *Sustainability Strategy*

We are forging ahead with our sustainability mission and strategies under the three primary principles of bringing benefits to the planet and people while achieving prosperity. In 2017, the Steering Committee deliberated on the United Nations SDGs with a view to exploring how we could make a positive contribution to these goals by embedding them in our pursuits for corporate sustainability and business excellence.

Sustainability Governance

To capitalise on the exciting business opportunities brought forth by sustainable development and mitigate any sustainability risks, a Sustainability Steering Committee, chaired by the Chief Executive Officer ("CEO") and with senior management executives as its members, was established in 2016. The role of this Committee is to discuss, set forth and steer the Group's sustainability agenda with the assistance of an independent sustainability consultant.

Regular steering committee and sub-committee meetings have provided good opportunities for in-depth discussions on existing and emerging sustainability issues and the development of new sustainability-related strategies.



Highlights of 2017

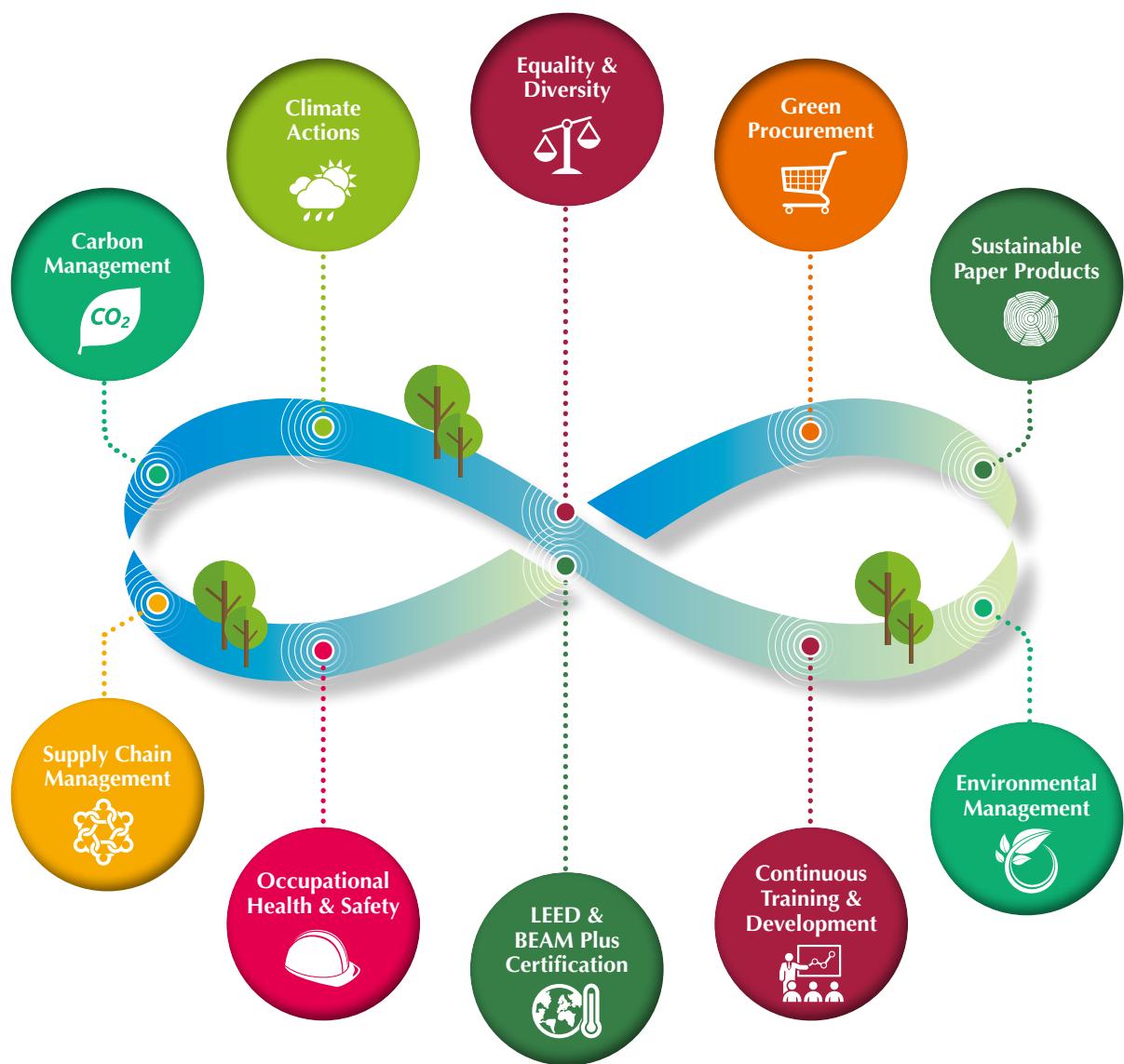
Since its inception, our Sustainability Steering Committee has led on reviewing our existing corporate sustainability standing and preparing for change making. A set of policy statements have been developed by the committee, especially on sustainability as well as on corporate safety and health. These help to communicate our vision on sustainability and to engage with internal and external stakeholders. They also support the implementation of our established policies and guidelines. Under the leadership of the committee, we pledge to continue substantiating our sustainability strategy, while taking up further actions to accomplish our goals.

OUR SUSTAINABILITY STRATEGY

Sustainability Roadmap

We have been working with our sustainability consultant to identify improvement areas. In 2016, we launched our first five-year sustainability roadmap. The formulation of this roadmap is a crucial step for the Group to take full advantage of its sustainability journey. Through a step-by-step process, this roadmap not only provides a clear and comprehensive picture on the Group's sustainability strategy, but also prioritises improvement actions and optimises resource deployment.

Five-Year Sustainability Roadmap

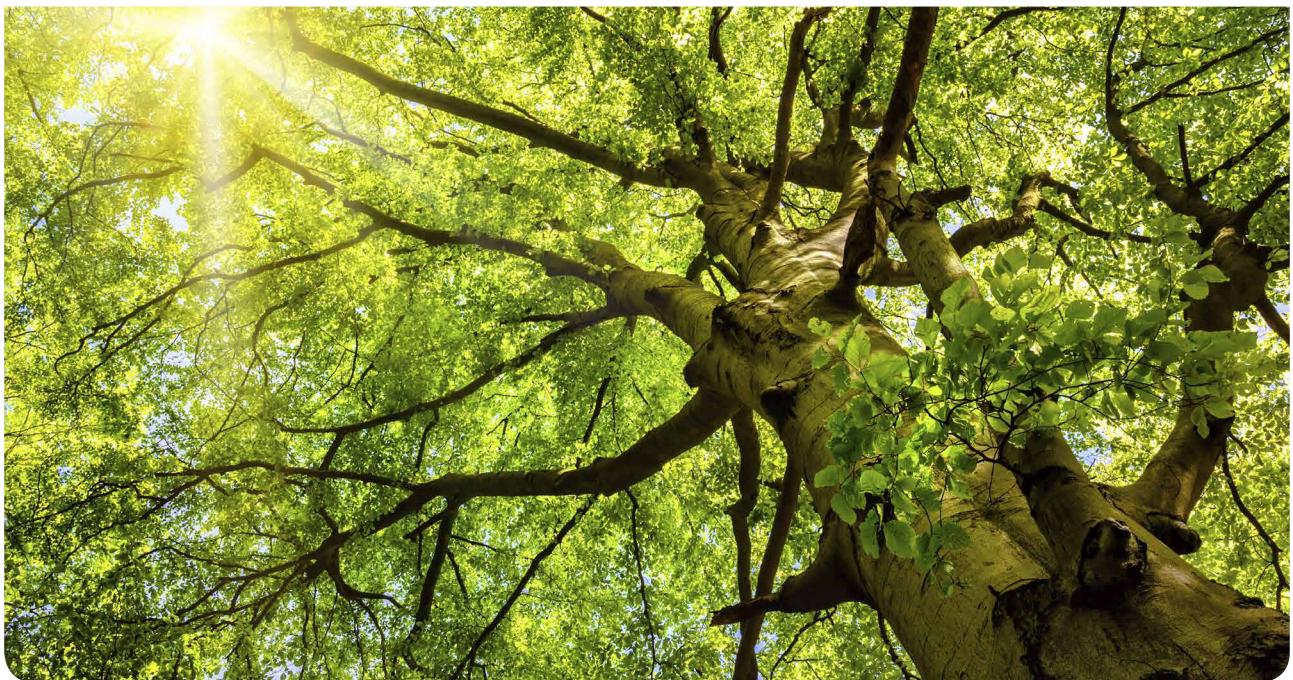


In 2017, we made progress in planning and implementing measures for different aspects of the roadmap. In Hong Kong, our latest projects have attained the Provisional Silver Rating of the BEAM Plus New Buildings. We have extended the scope of the Green Procurement Manual to the property development business and included 16 additional commonly purchased items in the manual. In the Mainland, our property management company and four projects under its management in Shanghai and Shenzhen have obtained OHSAS 18001 certification.

Deepening Our Approach to Sustainability

Through engagement with internal and external stakeholders, we are gradually working towards the set targets. To ensure our ability to put the five-year sustainability roadmap into action while embracing changes ahead, we will continue our practices to build a future-fit and truly sustainable city with strong leadership support and widespread engagement with multiple stakeholders along the value chain.

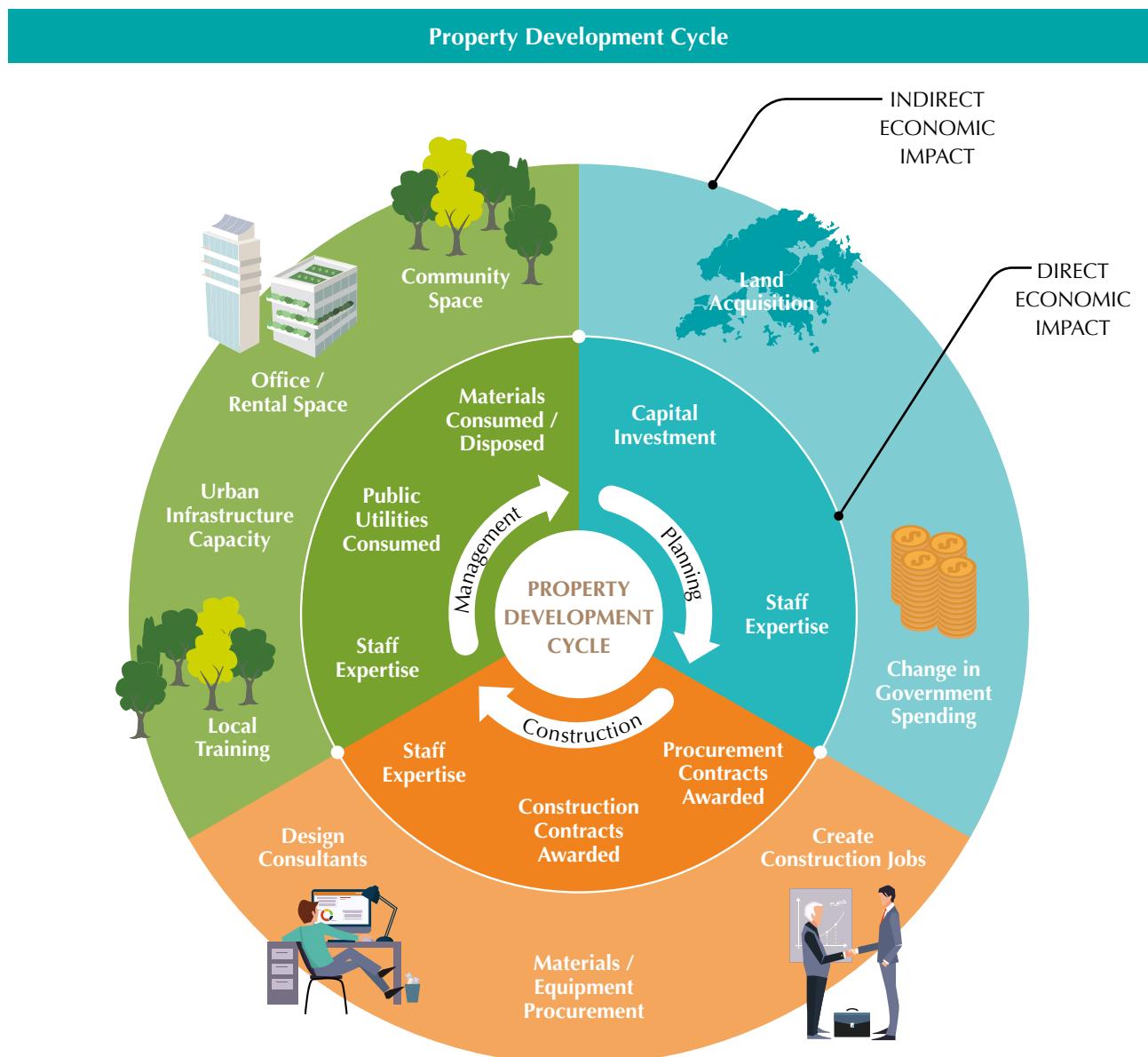
Direction	Definition	Future Actions
Purpose capital for sustainable ambitions	Purposefully reallocate capital from current model towards the allocation required to deliver on sustainable business ambitions	<ul style="list-style-type: none"> • Providing incentives for leading suppliers; • Deepening supplier engagement; • Facilitating knowledge sharing among networks of leading suppliers
Facilitation of livability and connectivity	Enhance the livability of properties by providing easier mobility and better connectivity	<ul style="list-style-type: none"> • Integrating livability, connectivity and walkability of our projects
Participative model for innovation	Foster innovation leaders to obtain collective intelligence at the planning stage	<ul style="list-style-type: none"> • Organising workshops to encourage cross-departmental participation
Alignment between strategic goals and performance measures	Evaluate and disclose environmental and social impacts	<ul style="list-style-type: none"> • Conducting environmental and social impact assessments for all new projects
Convergence of corporate initiatives and United Nations SDGs	Align corporate initiatives with the 17 SDGs and their respective targets	<ul style="list-style-type: none"> • Integrating the SDGs into our sustainability strategy
Climate-safe assets	Adopt more resilient measures to tackle climate change impacts	<ul style="list-style-type: none"> • Taking climate vulnerability into consideration at project planning stage



OUR BUSINESS

Value Creation

The Group takes responsibility beyond the construction of living spaces, to the development of lives and communities. Following our ethos of "Caring for the Environment and the Place We Live", we are committed to creating long lasting values for our stakeholders as well as the communities in where we operate. Our value creation approach is three-pronged, anchoring on the stages of planning, construction and management. The model below illustrates the wealth and benefits we have generated for our stakeholders using this approach.



Business Overview*

The Group achieved solid turnover growth from the sales of completed properties during the year ended 31 December 2017. The rental and hotel operations, founded on a growing asset base, also maintained a steady performance.

Our property portfolio is comprised of



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



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



Hotel properties
4.59 million square feet
(gross floor area)



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

in the Mainland, Hong Kong, Macau and overseas



Financial Performance Highlights



Total capitalisation
HK\$50,846 million



Profit attributable to shareholders
HK\$9,242 million



Net borrowings
HK\$24,274 million



Shareholders' equity
HK\$94,349 million

More details of KPL's financial performance and related information can be found on page 4 of our Annual Report 2017, which is available on KPL's and SEHK's websites.

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

OUR STAKEHOLDERS

17 PARTNERSHIPS FOR THE GOALS



"A successful sustainable development agenda requires partnerships between governments, the private sector and civil society. These inclusive partnerships built upon principles and values, a shared vision, and shared goals that place people and the planet at the centre are needed at the global, regional, national and local level." UN Sustainable Development Goals – Goal 17: Revitalise the global partnership for sustainable development

As the Group's business evolves, a complex web of stakeholders is invariably drawn into our operations from multiple sectors and regions. Due to their different aspirations, capacities and interests, appropriate methodologies are designed and developed to engage these stakeholders. We are committed to sustaining constructive relationships with both internal and external stakeholders, creating shared value by engaging them early and often.

In a pioneering move, the Group has developed a three-year stakeholder engagement plan which aims to build solid relationships with key stakeholders through a structured approach. The outcome of these engagement activities serves as a thermometer for the Group, enabling us to identify material issues not just for reporting, but also to refine the management strategies in our pursuit for sustainable development.

Like raindrops falling on different parts of a valley, they eventually join together to become a strong river flow – powerful enough to carve out a smooth channel through difficult terrain. Empowered by purpose-built partnerships, even stakeholders of diverse interests can reach new heights.



OUR STAKEHOLDERS

We ascribe great importance to stakeholder engagement to gain valuable insight into how we should move forward on the path towards sustainability. Guided by stakeholders' feedback, we believe that every step we take will eventually lead the Group to a more sustainable future.

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

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

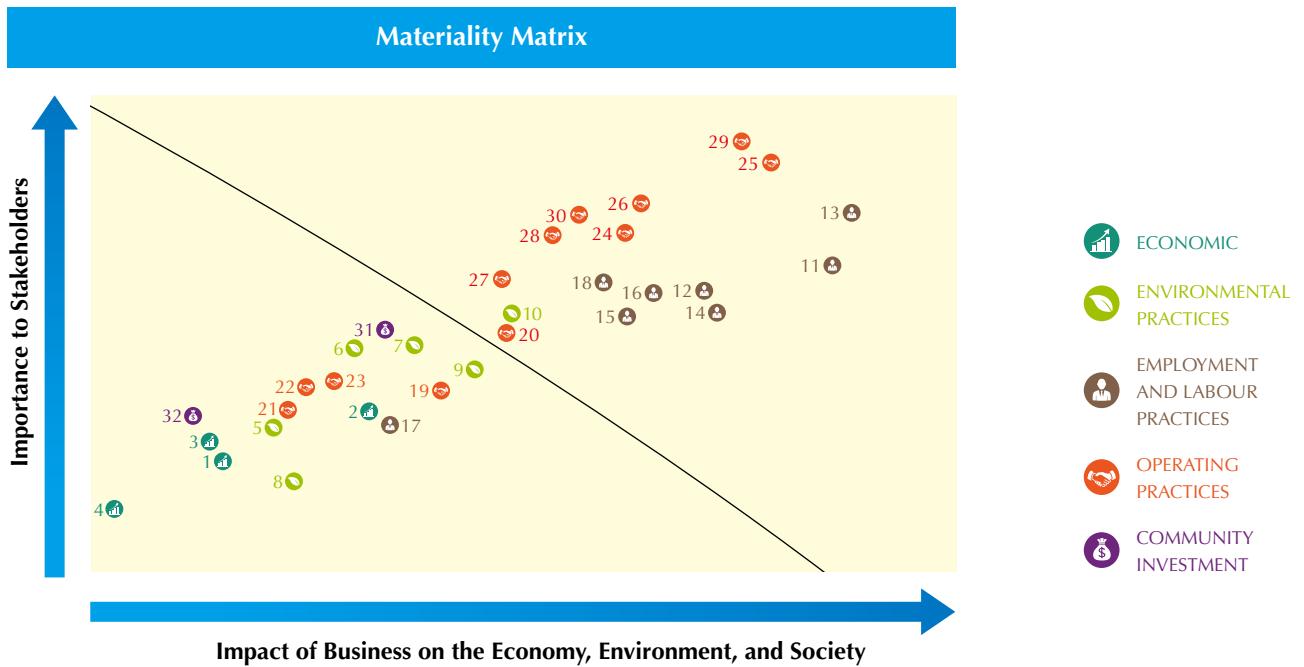
 1 In-depth interview	 1 Questionnaire survey
 5 Workshops	 6 Focus groups
Participated by over 850 employees, contractors, suppliers and tenants in Hong Kong and the Mainland	



Materiality Assessment Procedures

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

Results of the materiality assessment for 2017 are presented in the materiality matrix below.



Economic

1. Economic performance
2. Contribution of the operation to the economic development of local community
3. Indirect economic impact of the operation on the local community
4. Economic impact on the local community through supply chain decisions

Environmental Practices

5. Resource use
6. Energy use
7. Water resources use
8. Protection of biodiversity
9. Emission of greenhouse gases or other significant gas emissions
10. Discharge, handling and disposal of effluent and waste

Employment and Labour Practices

11. Employment management system
12. Employer-employee relations
13. Safe and healthy working environment
14. Training and development
15. Employee diversity and equal opportunities
16. Elimination of discrimination
17. Respect for the rights of association and collective bargaining
18. Prevention of child labour or forced labour

Operating Practices

19. Identification and prevention of direct and indirect negative impact of the operation on human rights
20. Security practices respecting human rights
21. Respect for indigenous rights
22. Assess and manage the negative impact on the environment through the supply chain
23. Assess and manage the negative impact on social issues through the supply chain
24. Customer health and safety
25. Customer information and privacy
26. Quality management and after-sales service
27. Fair and responsible marketing communication and information
28. Intellectual property rights
29. Prevention of bribery, extortion, fraud and money laundering
30. Prevention of anti-competitive practices

Community Investment

31. Understand the need of the community and manage the impact of operation on the community
32. Participation in public policy

OUR STAKEHOLDERS

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

Material Issues	GRI Disclosures	Relevant Area	Impacts and Boundaries	
			Internal	External
25. Customer information and privacy	GRI-418		✓	✓
13. Safe and healthy working environment	GRI-403		✓	
29. Prevention of bribery, extortion, fraud and money laundering	GRI-205		✓	✓
11. Employment management system	GRI-401		✓	
26. Quality management and after-sales service*	—		✓	✓
24. Customer health and safety	GRI-416		✓	✓
30. Prevention of anti-competitive practices*	GRI-206		✓	✓
12. Employer-employee relations*	GRI-402		✓	
14. Training and development	GRI-404		✓	
28. Intellectual property rights*	—		✓	✓
16. Elimination of discrimination	GRI-406		✓	
18. Prevention of child labour or forced labour	GRI-408 GRI-409		✓	
15. Employee diversity and equal opportunities	GRI-405		✓	
27. Fair and responsible marketing communication and information*	GRI-417		✓	✓
10. Discharge, handling and disposal of effluent and waste*	GRI-306		✓	✓
20. Security practices respecting human rights*	GRI-410		✓	✓

* new material issue of the year

In addition to the 16 material issues, we are aware that our stakeholders place special concern on the four issues below, which we have responded to by addressing them specifically in this report.

Material Issues	GRI Disclosures	Relevant Area	Impacts and Boundaries	
			Internal	External
2. Contribution of the operation to the economic development of local community	GRI-202		✓	✓
9. Emission of greenhouse gases or other significant gas emissions	GRI-305		✓	✓
7. Water resources use	GRI-303		✓	✓
31. Understand the need of the community and manage the impact of operation on the community	GRI-413		✓	✓

Sustainability Engagement

The Group's understands that the implementation of sustainability initiatives requires not only commitment from senior management, but also the support across our value chain. Believing that the best support comes from understanding, we are committed to going the extra mile to engage our employees, contractors, suppliers, tenants and the nearby communities.

During the reporting year, we have organised a series of sharing sessions and training programmes for our employees at different levels across various departments.

Sustainability Sharing Session

To help our employees understand the Group's performance and strategies on sustainability, a sharing session was organised at Kerry Centre in Hong Kong in July 2017. Our CEO, Steven Ho, started the sharing session by presenting the idea of how "The Converging of Minds" connects with our sustainability journey. Representatives of the sustainability sub-committees also shared their key initiatives and case highlights with over 150 employees in an interactive panel discussion during the event. A video clip capturing the highlights of the sharing session was circulated through the Intranet for all colleagues to reference.



Inspirational Workshops

Valuing the opinions of every employee, we appointed an independent consultant to organise a series of inspirational workshops in 2017. The consultant gathered employees' views and opinions with regards to the Group's sustainability performance through these workshops, after which sustainability issues were identified and prioritised.

These workshops were organised independent of the Group, so as to create an environment where participants could freely express their views. The reliability and credibility of the opinions gathered were thus enhanced.

In the coming year, we will endeavour to give priority to addressing the specific concerns raised by our employees at these workshops.

Sustainability Training Programme

In 2017, we offered a series of train-the-trainer workshops on sustainability for our employees in Hong Kong and those working in different cities of the Mainland. The training provided participants with an opportunity to learn and discuss how to integrate the principles under the United Nations Global Compact into daily life.



OUR STAKEHOLDERS

When it comes to managing sustainability performances and optimising collective efforts, creating a rapport for mutual trust and on common ground is essential. In 2017, we explored ways to further engage our stakeholders on various sustainability aspects and acknowledged their valuable inputs in addition to listening to their feedback.



P.42

The Corporate Social Responsibility and Community Sub-committee rolled out a Green Salad Day in the office, bringing staff together away from their normal workday routine.



Employees

This is one of our initiatives to engage our employees on our journey towards workplace transformation.

P.46



Residents

Property management staff were assigned to visit residents in their homes to offer a range of environmentally friendly tips.

P.62



Tenants

Staff and tenants across the Group's retail and commercial developments in Kowloon East were invited to submit tips for greening their workplace.

P.20



Green at Work Contest

Contractors & Suppliers

The Green Procurement Manual was updated by adding 16 more items commonly purchased in property development. A hotline service was set up to handle enquiries from suppliers wishing to better understand the Manual.

P.34



Kerry On



Community

A place-making initiative for all users of both Jing An Kerry Centre and Kerry Parkside was launched to help build a community looking for a healthier lifestyle and a more vibrant social circle.

P.70



Being Greener at Work

A workplace where colleagues gather each day makes the perfect platform for environmental collaboration, so Kerry Properties devised a Green at Work Contest to get everyone on board.

Going beyond ordinary green property management, this innovative contest invited staff and tenants across the Group's retail and commercial developments in Kowloon East to submit tips for greening their workplace. A sense of engagement and camaraderie was soon evident in the positive response to the contest's announcement.



1 Collective Idea Generation

The idea was to make it fun, with prizes as an incentive, but educational at the same time. As colleagues discussed their green ideas and encouraged each other to participate, the concept of stakeholder engagement was redefined by motivation and collective contribution.

2 Feedback Consolidation

The initiative resulted in around 700 submissions from over 100 companies, bringing to light a wide range of inspiring smart tips based around the 4Rs: **reduce, reuse, recycle and replace**. Some of the best addressed one of the society's most pressing environmental challenges – how to minimise the consumption of single-use plastic.

Around
700
submissions

Over
100
companies





Through this collective effort, tenants and their staff discovered new ways to reduce the carbon footprint of their daily operations. The campaign also encouraged individuals to reflect on their daily habits in the workplace, in turn inspiring and motivating others.

Feedback revealed that tenants and their staff appreciated our efforts to drive greener workplace and lifestyle practices.

3 Daily Application



Selected green tips from the contest were featured in the Group's 2018 corporate calendar, allowing the spread of green sense to go on – our gift for generations to come.



In the final element of this broad-based initiative, a charity sale of calendar was organised through the Group's Mainland properties. Teams in over 10 cities joined in to help raise funds for One Foundation, benefiting disadvantaged kids across China.



DIY ornaments

The contest showed that, with some imaginations and a few incentives, environmental ideas can be widely shared and extended to social programmes which in turn can benefit others.



Old tea bags as degreaser



Bring your own utensils

4 Giving Back to the Society

OUR STAKEHOLDERS



Moving Forward on *Stakeholder Engagement*

We started our formal stakeholder engagement exercises on sustainability issues in 2015. Between 2015 and 2017, these engagement exercises focused on gaining insights into stakeholders' perceptions of the Group's performance, their expectations of the Group and their suggestions for improvement. Stakeholder feedback and suggestions gathered thus formed the foundation of our first sustainability roadmap and sustainability report.

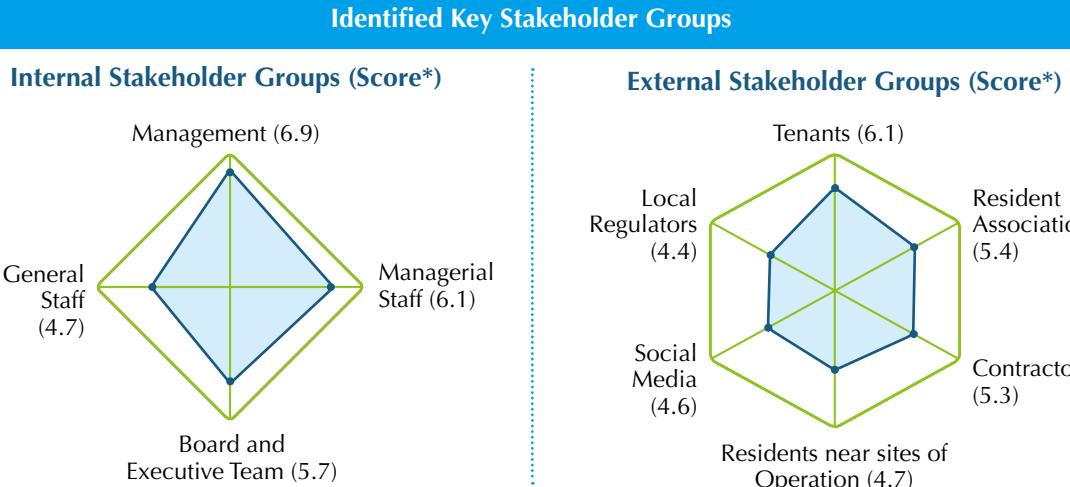
To engage with a wider range of interest groups on a systematic and regular basis, we are developing a three-year stakeholder engagement plan based on the AA1000 Stakeholder Engagement Standard to ensure engagement outcomes are effectively embedded into our sustainability management.



Guided by our sustainability consultant, the Sustainability Steering Committee has identified and prioritised our key stakeholder groups based on a set of four criteria.

- **Dependency** - Stakeholders who are directly or indirectly dependent on the Group's operations and activities economically, or in terms of local or regional infrastructure; or on whom the Group depends for its operations.
- **Influence** - Stakeholders who can have an impact on the Group's strategic or operational decision-making.
- **Proximity** - Stakeholders that the Group interacts most, including internal whom with long-standing relationships, and those whom the company depends on in its day-to-day operations.
- **Tension** - Stakeholders who need immediate attention from the Group with regards to financial, wider economic, social or environmental issues.





* Higher scores represent greater importance

After profiling the key stakeholder groups and reviewing previous engagement approaches, our sustainability consultant will determine the engagement levels and methods of future engagement and propose a comprehensive engagement plan for the next three years starting from 2018.

All engagement activities will be facilitated by an independent consultant and, anonymity will be guaranteed for all feedback collected. This will help to ensure impartiality of these exercises and encourage participants to speak their minds freely.

OUR OPERATION



"Sustainable consumption and production is about promoting resource and energy efficiency, sustainable infrastructure, and providing access to basic services, green and decent jobs and a better quality of life for all. Its implementation helps to achieve overall development plans, reduce future economic, environmental and social costs, strengthen economic competitiveness and reduce poverty." UN Sustainable Development Goals – Goal 12: Ensure sustainable consumption and production patterns

As a property developer, KPL has to make daily decisions on what goods or services to purchase during the entire development process. These decisions have a direct impact on the quality of our properties and the services provided to tenants, customers and society at large. At the same time, what these products are made of, where they come from, who made them, how they are transported and how they are eventually disposed of all have multiple social and environmental implications.

Sustainable procurement is about the process of purchasing goods and services, taking into account the social, economic and environmental impacts that such purchasing has on people and communities. This includes optimising price, quality and availability, as well as environmental life-cycle impacts and social impacts linked to the product or service's origin.

We are improving our procurement process to further apply the principles of sustainable procurement in our operations in a systematic way.

To achieve this aim, we are committed to taking steps to strengthen our management practices and identify room for continual improvement. Issues identified in the stakeholder engagement process, such as stakeholder expectation on corporate governance and customer relationship management, will be given priority in future improvement plans.

Meandering rivers have intrigued researchers for decades with their beautiful aesthetics, complex dynamics, and extraordinary cutoffs. What underpin the patterns are principles of nature, working day and night as the rivers flow. Imagine what more could be achieved by applying sustainability principles throughout the supply chain.



OUR OPERATION

Fair Operating Practices

The Group is committed to upholding the highest standard of corporate governance and business integrity in all its business activities. The Group's stance is to maintain high ethical standards which are integral to its corporate identity and business operations, and has adopted the following corporate policy statements (as shown on pages 26-28), which are available to the public on our corporate website and Intranet for easy access by all employees.

Data Security

We are committed to protecting the personal data of our customers, including their personal information, communications, bank account/credit card information and use of the Internet and digital applications as customers access our information, products and services.

Our Administration Manual states the Group's objectives to maintain the confidentiality of our work and all related information. Guidelines on handling paper documents and digital documents are available to all staff. Besides, the Group has a Personal Data (Privacy) Policy in place, stating the types of information it collects, the purpose for which personal data is collected as well as to whom it may disclose personal data. We are keen to ensure that all data subjects are aware of how and why we collect and process their information. Customers can get in touch with our data protection officers by email or in writing to request access to and/or correction of his or her personal data or to inquire on our privacy policy and practice.



Personal Data (Privacy) Policy Statement

The objective of our Personal Data (Privacy) Policy is to protect the privacy rights of our employees, customers, facilities users and other data subjects in relation to personal data collected by our business units. It is our policy that all collected personal data be handled according to privacy laws in Hong Kong and China.

Personal data will be collected in a lawful and fair way, and will only be used for the said purpose(s) of collection. Data subjects will be given access to their personal data on request and be allowed to make corrections if it is inaccurate.

Data will be kept in safe and secure places. Practicable steps will be taken by the respective business unit (data user) to protect the personal data held by it against unauthorised or accidental access, use, loss, processing, erasure, transmission, modification or disclosure.

Guidelines and standard work procedures are provided to frontline and supervisory staff to ensure their compliance with our Personal Data (Privacy) Policy in their activities involving collection, handling and use of personal data of any data subject.

Regarding our property management and retail business in Hong Kong, our operational manual provides frontline employees with guidelines and working procedures on the collection, handling and use of personal data of any individuals, including residents, tenants, visitors and shoppers. They are informed about the collection and use of their personal data, and they may also opt for less privacy-intrusive alternatives. All information collected must be kept secure at all times.

During the reporting year, there were no cases of complaints received concerning breaches of customer privacy or identified leaks, thefts or loss of customer data. We closely follow the Personal Data (Privacy) Ordinance when handling data.

Anti-corruption



Anti-corruption Policy Statement

We are committed to conducting business honestly, ethically and with integrity. In line with this commitment, our Anti-corruption Policy sets out the responsibility of all business units and employees of our Group to comply with all applicable anti-corruption laws in Hong Kong and China, and to adopt zero-tolerance principles against corrupt practices.

All employees are prohibited from soliciting, accepting or offering advantages from or to clients, suppliers or any person having business dealings of any kind with our Group. Anti-corruption practices are extended to the supply chain through the procurement procedures.

The Group abides by the rules of honesty, ethics and integrity in its business practices. To ensure compliance of relevant laws and regulations such as the Prevention of Bribery Ordinance of Hong Kong, our Anti-corruption Policy states that all employees must not engage in any form of corruption activity, including bribery, extortion, fraud and money laundering. For our property management business, we have in place a Company Policy and Guideline on Acceptance of Advantages in Hong Kong and related guidelines in the Mainland to provide specific guidance on corporate gift-giving during festive occasions.

As part of our efforts to prevent corruption, our Whistleblowing Policy enables employees and any person who deals with the Group to raise concerns on possible improprieties within the Group in confidence. The Chairman of the Audit and Corporate Governance Committee of the Company is responsible for overseeing this policy, conducting independent investigations and taking appropriate follow-up actions. All records will be handled with confidentiality and the whistleblower's identity will not be revealed without his or her consent.



OUR OPERATION



Whistleblowing Policy Statement

Our Whistleblowing Policy ensures that a mechanism is in place for employees and those who deal with the Group to raise concerns to senior management about possible improprieties. The Group will treat all whistleblowing reports in a confidential manner, and will protect the whistleblowers from any unfair treatment. The Chairman of the Audit and Corporate Governance Committee of the Group is responsible for monitoring the mechanism.

Whistleblowing matters may include any breach of legal or regulatory requirements; criminal offences and breach of civil laws; malpractice, impropriety or fraud in financial reporting, internal control or other financial matters that employees have become aware of or genuinely suspect that such matters have occurred or may occur.



In 2017, in addition to the anti-corruption training provided for all new employees, we invited expert speakers from the Hong Kong Independent Commission Against Corruption (ICAC) to arrange a series of seminars for nearly 200 employees from the property services, sales and marketing, as well as the finance teams in Hong Kong. We also reviewed our guidelines on corporate governance and developing an Ethical Manual which is prepared with reference to international guidelines. The manual will be made available to all employees in 2018.

To manage corruption risks in the supply chain, our Vendor Code of Conduct states that no vendors and subcontractors shall accept any forms of corruption or bribery, including any payment or other forms of benefit conferred on any government official.

During the reporting year, the Committee received no reports of corrupt practices and there were no confirmed legal cases of corruption brought against the Group or its employees.

Anti-competition

The Group believes that competition drives efficiency and innovation, and directs its businesses to meet consumer demands by providing the right products and services at the right price and quality.



Competition Law Policy Statement

We are committed to promoting fair competition across our operations. In compliance with competition law in Hong Kong and China, the Group prohibits anti-competitive conduct, and proactively identifies risk areas in competition practices. Anti-competitive behaviour is particularly important in our supply chain and we endeavour to tackle such practices at all times. We prevent bid rigging in the tendering process by updating and evaluating our list of qualified and pre-approved companies. Only companies on the list are invited to tender. All tenderers are additionally required to submit an integrity and anti-collusion declaration stating that there is no anti-competitive behaviour in their business.

We are committed to promoting fair competition and carrying out procurement and tenders for products and services in a fair and transparent manner. Guidelines and standard work procedures provide definitions regarding restrictive agreements with competitors, price fixing, market sharing, output limitation, bid rigging and information exchange. All directors and employees are required to adhere to these guidelines.

During the reporting year, there were no cases or legal actions pending or completed regarding anti-competitive behaviour and violations of anti-trust and monopoly legislations within the Group.

Protection of Intellectual Property Rights

Intellectual property protection is crucial for fostering innovation. The Group respects the intellectual property rights of others and makes every effort to protect the confidentiality of privileged information provided to us during business activities. We require not only our employees but also our contractors to comply with applicable legal requirements, including the protection of intellectual property rights.



Responsible Marketing Communications

The Group recognises that as a property developer and owner, we have the responsibility to ensure that our marketing communications are truthful, geared to the interests of customers, and measured up to rigorous ethical standards. We have developed a set of internal procedures to ensure our sales brochures and marketing materials are fully compliant with the Hong Kong Residential Properties (First-hand Sales) Ordinance. Our businesses in the Mainland also strive to maintain honest and truthful communications.

During the reporting year, there were no cases of non-compliance with regulations concerning product and service information and labelling, as well as marketing communications.

Security Personnel Practices

The Group is committed to respecting and promoting human rights across our business activities. For our property management business, all security personnel, including security guards hired directly or from security service companies, have received training and attained relevant certifications before reporting for duty. Training on human rights will be provided to our security guards in 2018.

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

Customer Relationship Management

Customer Health and Safety

We endeavour to maintain a safe and healthy environment for our customers and the general public in properties under our management.

Fire Drills for Tenants and Office Building Occupants

Resident safety is the first priority for properties under our management. To raise fire safety awareness among tenants in office towers, shopping malls and occupants in residential buildings, a series of regular fire drills were organised at Kerry Parkside, Beijing Kerry Centre and Shenzhen Kerry Plaza with nearly 4,000 people participated. Fire simulations were staged to practise correct use of fire extinguishers, as well as how to follow fire emergency duties and procedures. These drills also enabled our property management to review its fire evacuation plan and the volunteer fire fighting team to rehearse its response to fire emergencies.



OUR OPERATION



Customer Safety

We perform bi-weekly inspections on all escalators and lifts at properties under our management in Hong Kong to ensure their reliability and safety. Besides adhering to the Safety Management Handbook that outlines the handling procedures of emergency incidents concerning escalators and lifts, we also reviewed and updated the emergency drill plan this year to ensure staff capability in emergency response.

There were two suicide attempts from high levels at MegaBox in 2017. To prevent similar incidents in future, we have installed metal fences as safety barriers. We also conducted critical incident stress debriefing and provided counseling hotline services to impacted employees and visitor witnesses. We will continue to provide our employees with trainings on how to identify customer-related dangers and provide utmost assistance.

During the reporting period, no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products or services were reported within the Group.



Moving Forward on Customer Health and Safety

Good indoor air quality (“IAQ”) not only creates a better working environment, but also improves the health and well-being of our property occupants. We are committed to enhancing our occupants’ working environment through a number of IAQ improvement initiatives:

- Since 2013, bio-oxygen purifiers were installed in Jing An Kerry Centre office, supplying purified air to all office areas totalling 1.64 million sq ft GFA.
- In 2015, bag filters were installed in Kerry Everbright City Phase III — Enterprise Centre (T1&T2), suppling purified fresh air to an office area totalling 0.63 million sq ft GFA.
- In 2017, bag filters were also installed in our property management’s office in Shanghai, supplying purified air to an office area totalling 12,600 sq ft GFA.
- In 2017, electrostatic filters (ESP) and Ion Filter Device (IFD) filters were installed in Beijing Kerry Centre office, supplying purified air to an office area totalling 1 million sq ft GFA.

The above measures effectively lower the PM2.5 concentration in indoor areas. We are considering to extend IAQ improvement measures to office tenants and we target to complete the Electrostatic Precipitator (EP) installation works for service apartments in 2018. Looking forward, in addition to installing bio-oxygen purifiers, we will work with external professionals to explore other methods and measures to monitor and further improve IAQ for our tenants and staff.

Customer Satisfaction

The Group is committed to providing high quality products and services to the customers' satisfaction.

Engaging Our Customers

To better understand the level of satisfaction among tenants and shoppers of Jing An Kerry Centre, we have employed various engagement methods including big data analysis, home visits, focus groups and street surveys to gather feedback from different target groups. These efforts allow us to gain a more thorough understanding of the lifestyle of different types of customers and how they expect us to meet their needs. Such valuable information provides a solid base on which we can continue to refine and improve our services to create a more fulfilling experience for all users of the property.



Enhancing Performance Management

In order to provide our tenants and customers with a seamless experience, the technology is aptly incorporated in our property management services in the Mainland to mobilise property maintenance and shorten response lead-time. Through our JDE system, property maintenance orders are fed into a mobile platform, on which supervisors assign each task to the most suitable staff member. Upon completion of a task, pictures and a textual or audio record of the finished work can be uploaded to the platform for approval by the supervisor and client. Through the same platform, different parties can communicate with each other instantaneously. Breaking the barriers of time and space, this platform allows us to update clients on work progress, and gather their feedback more efficiently, thereby pushing the envelope in terms of customer satisfaction.

Supporting Breastfeeding

Two more individual breastfeeding rooms, equipped with seats and power sockets, are now available at MegaBox. To respond to the growing demand for more supportive facilities inside these breastfeeding rooms, free breast milk storage bags and nursing pads are provided on request.



OUR OPERATION



Facilitating Easier Mobility

We are striving to improve access and facilities for all users, not only those with disabilities, but also the elderly, people traveling with babies or young children and those who need barrier-free access. Automatic doors are installed at selected corridors leading to lavatories and an electric wheelchair charging service is available at MegaBox.

Creating Valuable Amenity

Electric vehicle ("EV") charging stations embody our commitment to creating healthy and sustainable spaces for customers. As part of our effort to extend EV charging service across our properties, we have provided EV charging service at Beijing Kerry Centre and upgraded some of our charging stations at MegaBox to provide a free charging service.



In addition, we have established standardised complaint-handling procedures to ensure customer feedback is dealt with in a consistent and efficient manner. Our Corporate Communication Department is responsible for handling external enquiries or complaints; in 2017, we received 42 complaints which were related to product or service quality.

Customer Communications

Open and direct communication with our customers is vital to achieving and maintaining a high standard of customer service. With social media quickly becoming the most preferred channel in customer communications, we leverage the power of social media to build connections with our customers and utilise such online platforms to update on the latest promotions, special offers and more.

Supply Chain Management

The Group works closely with partners in our value chain, including architects, designers, consultants, service providers, suppliers and contractors, to ensure that our activities are carried out in line with the principle of sustainable development.

We have adopted a systematic approach to manage potential risks in our supply chain. Apart from our Green Procurement Manual, the Vendor Code of Conduct also provides a framework for our vendors to address issues and improve their performance in environmental and social aspects.

While all our vendors are required to provide information on their environmental management practices for us to assess whether they align with our Environmental Management System ("EMS"), we also expect our vendors to adopt ethical business practices. These include respecting human rights (including freedom of association) and providing safe, hygienic and healthy working conditions for employees to minimise the risk of work-related injuries and illnesses.



Moving Forward on *Supply Chain Management*

For years, we have focused primarily on managing our supply chain for any impact on the environment. As we face an increasingly dynamic landscape dominated by ethical and sustainability considerations today, we have included in our agenda to develop a set of social requirements in the procurement process and vendor assessment and monitoring mechanisms set against sustainable development goals.

Similar to the way we support our vendors to go green and as part of our new approach to procurement sustainability, we aim to extend encouragement to our suppliers to improve their social performance through capacity building and knowledge sharing of the best industry practices.

Case Study



Building for the Future – Green Procurement

Kerry Properties takes a holistic view of its responsibility to operate sustainably, expecting best practice not only from the Group itself, but also the suppliers, consultants and contractors in our supply chain.

Right down the line, our goal is to ensure that sustainability standards are fully complied with, and we do this by building constructive relationships with the business partners with whom we work.

To assist those partners with their compliance, a Green Procurement Manual was first compiled in 2015 by a task force comprising representatives from different departments and based on literature research and market study. The Manual specified the environmental credentials mandated for 50 products and services routinely used for property management and in head office. In 2017, the Manual was updated to include a further 16 commonly purchased items for property development.

2015

Property Management and in Head Office



Covering 12 aspects of products and services

1. Building Accessories
2. Cleansing Products
3. Computer Equipment and Products
4. Electrical Appliances and Light Fittings
5. Furniture
6. Horticultural Products
7. Transportation Services
8. Paper Products
9. Textile Products
10. Water Using Equipment
11. Printing Services
12. Stationery and Office Supplies

2017

Property Development



Covering 3 aspects of products

1. Building Accessories
2. Water Using Equipment
3. Electrical and Gas Appliances

The Manual applies to all properties under the Group's management in Hong Kong, and mandates strict compliance by all departments. It enables a clearer selection and purchase of green products based on qualities such as durability, recyclability, toxicity, energy consumption, use of clean technology, and emission levels.

To further lead the way in sustainable supply chain management, our property management division launched a hotline service managed by designated staff in 2017 to handle enquiries from suppliers wishing to better understand the Group's Green Procurement Policy.

By early 2018, a Green Procurement Policy for the Mainland was fully implemented in Shanghai. All future procurements in the Mainland will be governed by this policy, which requires contractors and suppliers to sign the environmental protection guidelines.

The policy makes the Group's overarching principles clear and simple for all: the products and services procured through our supply chain will have minimal adverse impacts on human health and the environment, compared with conventional alternatives.

The Group's Green Procurement programme demonstrates how responsible corporate behaviour can extend along the supply chain by not only choosing suppliers and goods that adhere to high environmental standards, but also assisting our partner companies through shared responsibility.



OUR TEAM

8 DECENT WORK AND ECONOMIC GROWTH



"Decent work means opportunities for everyone to get work that is productive and delivers a fair income, security in the workplace and social protection for families, better prospects for personal development and social integration. It is also important that all women and men are given equal opportunities in the workplace." *UN Sustainable Development Goals – Goal 8: Decent Work and Economic Growth*

As the Group expands its operations, we aim to provide not only job opportunities but also decent working conditions.

We are committed to protecting labour rights and promoting safe and secure working environments for all of our stakeholders – our employees and, as far as we can influence, those employed by our contractors and suppliers.

To achieve this, we shall continue to monitor and strengthen our policies and practices to promote diversity and equal opportunity, eliminate all forms of discrimination, prevent child labour and forced labour, and provide staff with training and development opportunities. Furthermore, we shall explore new measures to ensure safe and healthy working conditions for the employees of our contractors.

Providing decent work is a fundamental pillar for inclusive and sustainable economic growth in societies. By linking our policies with SDG Goal 8, we are determined to align our corporate development pathway with the wider aspirations of those from different walks of life.

When the wet season begins, the flood gate opens to soak the paddy fields. When water seeps through the roots of the rice plant, it combines with fresh air and solar energy for photosynthesis to take place. Decent work and incentives give every person an opportunity for self-realisation and self-fulfilment, not dissimilar to Nature's magical process in which water helps to produce wonderful results beyond expectation.





OUR TEAM

Employee Health and Safety



Corporate Health & Safety Policy Statement

The promotion of a state of complete physical, mental and social well-being is a key management mission and responsibility. We care about the holistic health of our employees, and those who may come into contact with our business activities. This policy applies to the value chain of our operations, covering our contractors, business associates, partners and customers.

We work to ensure that all statutory and contractual obligations in respect of health and safety are vigilantly heeded and complied with.

We strive to integrate all reasonably practical measures into the planning, operation and maintenance of a safe system for work, and provide adequate safety training and equipment for employees and contractors. Sufficient resources are devoted to meet our health and safety objectives.

Health & Safety Action Highlights:

- Health and safety targets are set and updated every year.
- Our ongoing goals include to achieve zero fatalities and comprehensive training for all employees.
- Health and safety incidents will be recorded to determine the cause, and to allow for corrective and preventive actions.
- Our Safety Committees, formed by members from working level up to top management, identifies the potential risks, reviews the policy and devise precautionary measures taking into account valuable first-hand feedback from frontline workers.
- Our Management will monitor closely regular reports from our champions of our Safety Committee, while responsible managers will undertake regular review and audit of the policy.

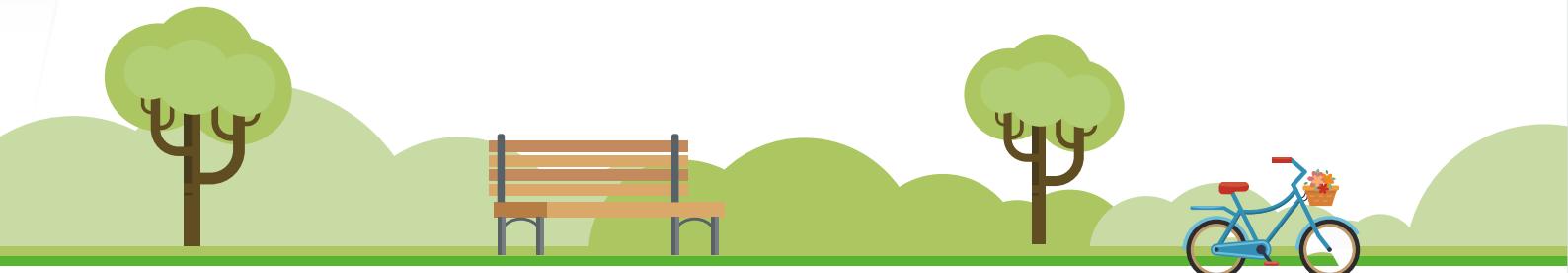
Health & Safety Monitoring System



Steven Ho, CEO
Louis Wong, Group Vice President
Sunny Chau, Group Vice President



Champions of various Safety Committees



As at 31 December 2017, the Group employed 3,214* people in Hong Kong and among the reporting properties in the Mainland. The safety and well-being of our employees is of utmost importance to us and we take responsibility to provide a safe and healthy environment for all of our employees and site workers.

During the reporting period, we maintained our record of zero workplace fatalities while the overall injury rate of the Group was 11.5 per 1,000 employees, the majority being minor injuries incurred in our managed properties. Investigations and follow-up actions were immediately undertaken after those incidents, including the enhancement of safety awareness promotion. Work safety tips were included in the Culture & Engagement monthly newsletter. In order to reduce safety hazards of working at height, a mobile working platform was introduced to eliminate the risk when performing duties at height. To prevent accidents in future, we have also reviewed and stepped up the risk assessment on minor safety hazards, as well as updated our training materials.

In Our Construction Business

The Group is committed to maintaining a high standard of safety measures at all construction sites and to improving safety performance by joining hands with our business partners. In addition to the Vendor Code of Conduct, we have in place general safety rules for contractors in order to reaffirm their responsibilities in providing sufficient guidance, training, supervision and personal protective equipment and in conducting regular risk assessments to ensure and maintain a safe working environment for all workers in our construction sites.

Health & Safety Target by 2020



of occupational health and safety performance by suppliers & main contractors



- Prior to the commencement of construction contracts, all successful tenderers are required to submit safety and emergency plans for our approval

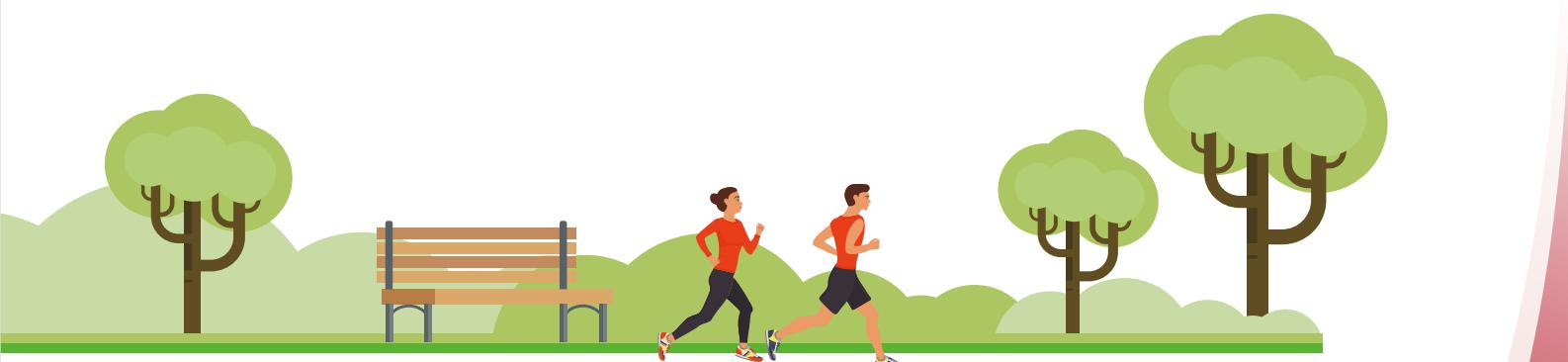


- To monitor the health and safety performance of our contractors, we require them to submit reports on a monthly basis



- A work accident / injury reporting mechanism was established

* Excludes employees not under the reporting scope.



OUR TEAM

In Our Property Management Business

As stated in our Corporate Health and Safety Policy Statement, we consciously integrate safety measures into planning and operation, with a view to continuously improving our health and safety management system. Our Safety Committee oversees the implementation of the safety policies among our managed properties in Hong Kong. To ensure effective communication, the Committee is comprised of both employee and management representatives.

Health & Safety Achievements in 2017

In 2017, our property management company in the Mainland, together with four developments under its management in Shanghai and Shenzhen - Jing An Kerry Centre, Kerry Parkside, Central Residences II and Shenzhen Kerry Plaza obtained Occupational Health and Safety Assessment Series ("OHSAS") 18001 certification. This demonstrates our commitment to ensuring that workplace safety and health risks are adequately addressed and managed. A suite of competency-based training in risk identification was also organised to facilitate experience sharing among all mixed-use development projects. More sharing with other residential development projects will be organised in 2018.

New targets for 2018 in the Mainland

- Continue to maintain zero fatality rate in a year by regular checking and maintenance for facilities
- Strengthen training on crisis management drill, road-safety and occupational safety aspects
- Target to keep injury rate below 0.3% by further strengthen content of safety education and first-aid training

OHSAS 18001 Certification Target by 2020



In Hong Kong, we have established a safety performance assessment system for all property management projects. A series of indicators are set, including whether there is a Safety Management System ("SMS") in place, whether workers possess adequate safety awareness, the number of safety warnings issued and the work injury rate. Violation of safety rules might result in suspension of the contractor's right to submit tenders and its removal from our list of approved service providers. Two occupational health and safety seminars were held in 2017 and two additional sub-committees were formed for New Territories North and South.

New targets for 2018 in Hong Kong

- To increase the number of safety supervisors to 45
- To perform false ceiling maintenance drill at 8 selected sites

To ensure effective implementation of the SMS, which was established with reference to the OHSAS 18001, we conduct internal audits for all properties in Hong Kong every six months and an external safety audit for one site per year.

Healthy Living

We believe that employee well-being initiatives can bring positive impact on staff wellness and significantly increase team engagement, cohesiveness and overall productivity. In addition to the employee assistance hotlines, we have continued to roll out various programmes for our employees during the year.

Sports and Fun Day

To develop a healthy lifestyle while cultivating team spirit, over 360 employees and their families formed teams and participated in the "Kerry Group Sports and Fun Day" in Hong Kong. On the event day, our staff and their family members took part in various sports activities such as basketball and dodgeball.



"We Care" Programme

The "We Care" programme is designed for members of our property management team in Hong Kong. During the reporting period, we organised a variety of monthly-themed activities, ranging from sports to healthy food, to promote a healthy lifestyle and cultivate happiness at workplace.

Annual Staff Engagement Plan

We rolled out a series of well-being activities and initiatives, as part of our annual staff engagement plan, for our property management employees in the Mainland.

Employee Sports Day

The annual Employee Sports Day was held to promote a balanced and healthy working and living style. Employees from South China regional offices gathered in Shenzhen to compete in various sports games.



Free Consultation by Doctors of Traditional Chinese Medicine

To promote a healthy working lifestyle, Shenzhen Kerry Plaza joined force with CITIC Health to provide free health consultations by doctors of traditional Chinese medicine to our employees.

A salad bowl full of care

Kerry Properties is a large organisation, but we consider ourselves a family. We want every member to know that they, and their contribution, are valued, and encourage the sharing of inspiring ideas across all levels of the company. Regardless of their role or title, each individual is of equal importance.

Key to building deep relationships with our people is to maintain an environment where all can thrive professionally, personally and healthily.

So when the Corporate Social Responsibility and Community Sub-committee was considering fun ways to bring staff together away from their normal workday routine, a green salad day in the office was suggested. This was an opportunity for colleagues to set together for a healthy lunch, while caring for their wellbeing. To put everyone on an equal footing, it was decided to add the interesting element of having senior managers as the food servers.

For nearly 50% of headquarters staff attended, this switching of traditional roles put a different perspective on working as a team.

And in the informal setting of a shared lunch, more than one new experience was enjoyed, "The salad was so tasty. What a treat!", said Lai Kuen, the tea lady who has served the company for over 35 years.

IP Chu, the Executive Director of Kerry Properties (H.K.) Limited, took time out from his busy schedule to serve the salad. "It was so much fun to be a chef!" he said.

On the face of it, this was a simple event. Yet within that lunch, so many dimensions of ESG were encapsulated. Staff felt nurtured, benefiting their sense of well-being, and their connection with colleagues.

► HIGHLIGHTS

Nearly **50%** participation rate at headquarters

Over **10** department heads served as our chefs

BYOB Over **70%** participants brought their own bowl





The shifting dynamic of managers serving juniors facilitated communication, and boosted staff morale. All are important governance issues, captured in a bowl of green salad.

The event also benefited others outside of the organisation. In return for enjoying their healthy lunch, staff returned their day's meal coupons to KPL, and we donated the equivalent value to a local charity, Feeding Hong Kong.

With its no-waste focus, the event also eased the pressure on landfill. Staff were encouraged to bring their own food containers and cutlery, while as back-up, biodegradable utensils and boxes were provided on the spot. Any leftover ingredients were given to restaurants in Kerry Centre, the company's headquarters. With no packaging for disposal, and all food eaten, the green benefits were doubled.

About Feeding Hong Kong

Feeding Hong Kong redistributes perfectly good surplus food which would otherwise go to waste. Items accepted include bakery products, packaged foods and fresh vegetables from manufacturers, distributors and retailers, either because they are surplus to need, the end of a line, or approaching their sell by date.

The charity sorts, stores and redistributes this food to a range of charities running food assistance programmes for community groups in Hong Kong. Senior citizens' centres, crisis shelters, after-school programmes and community food banks are among the recipients.

 It was so much **Fun** to be a chef!

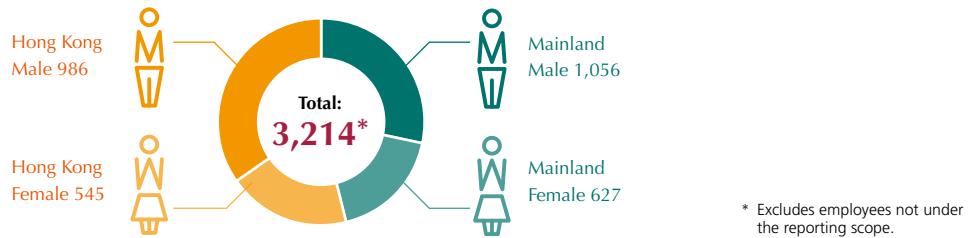


OUR TEAM

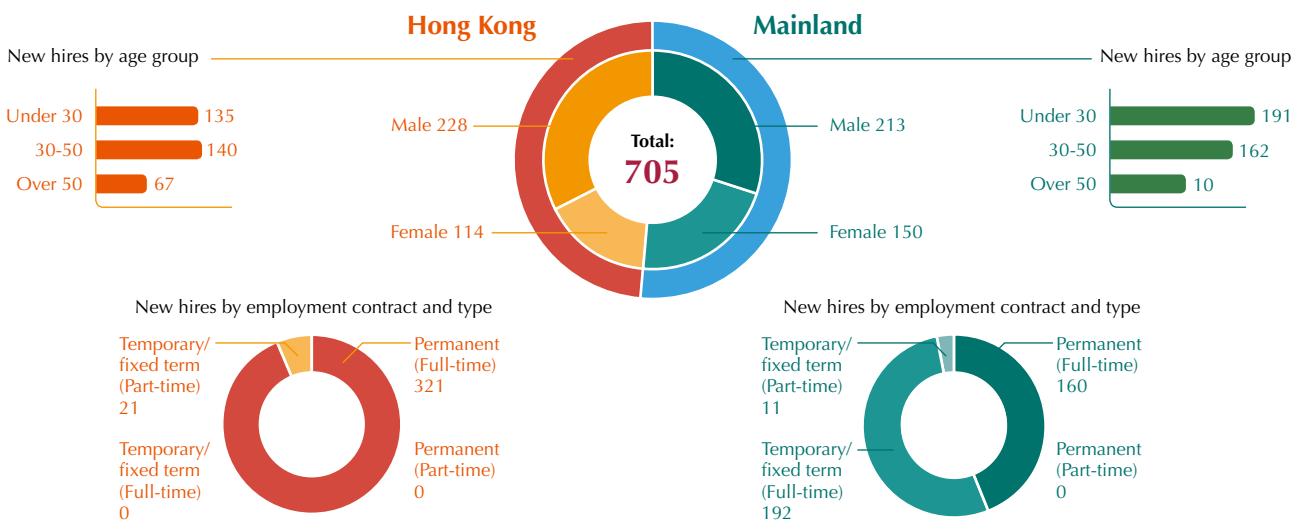
Employment Management System

The Group respects every employee and recognises the value of diversity and equality. Our Workplace Quality Policy, together with other guidance documents, include detailed guidelines on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination and welfare, to ensure the provision of a safe, inclusive and caring workplace across our operations.

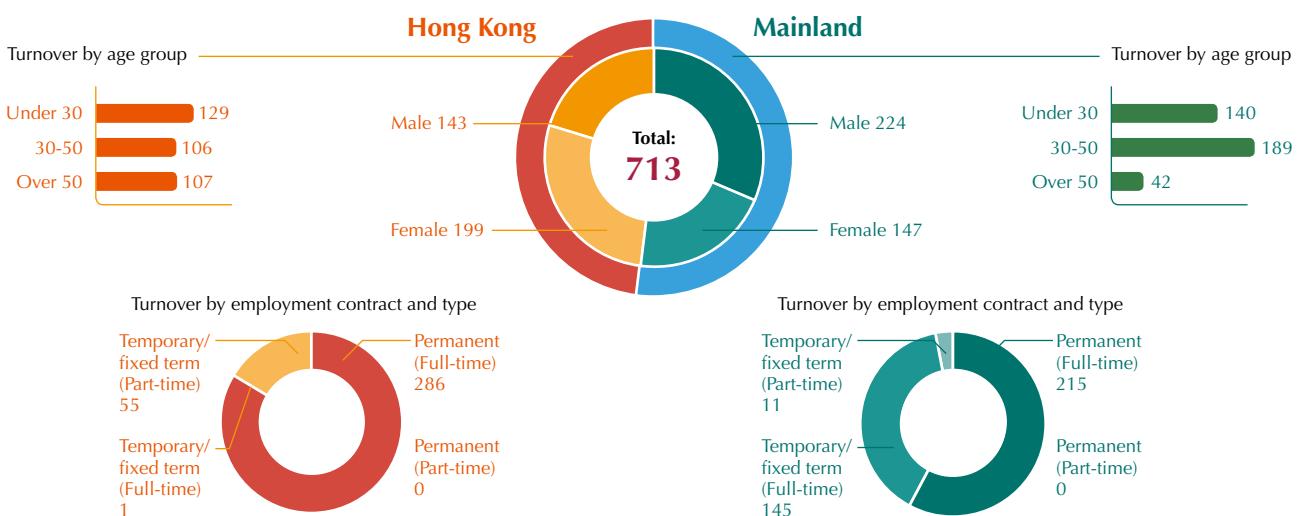
Workforce by gender



New hires by gender, region, age group, employment contract & type



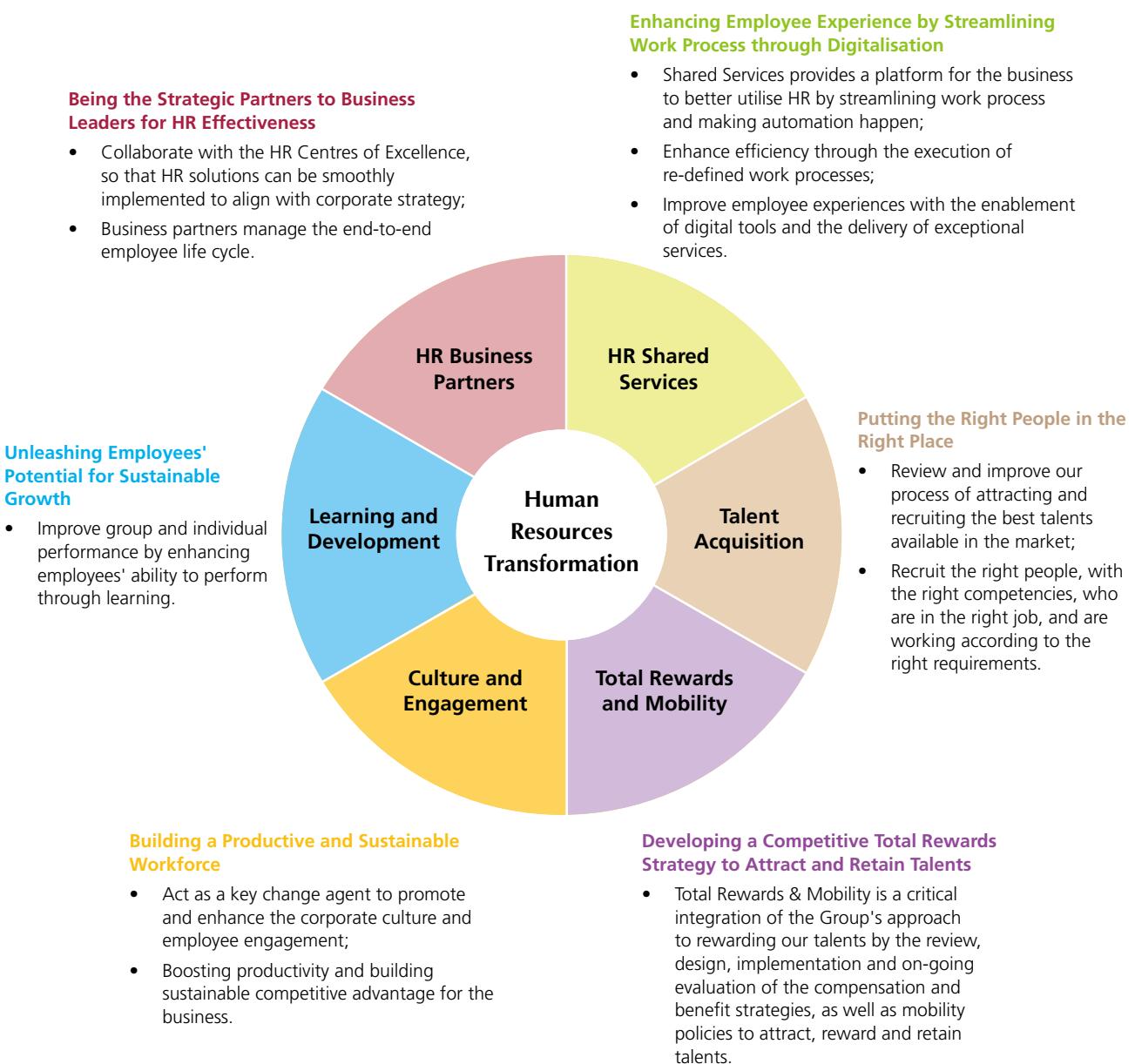
Turnover by gender, region, age group, employment contract & type



We strive to achieve gender equality and empower female employees in the workplace. In 2017, the ratio of basic salary of female and male employees in Hong Kong was 1:0.9 (1:0.97 in 2016) while that in the Mainland was also 1:0.9 (1:0.82 in 2016).

Human Resources Transformation

In 2017, we rolled out strategic Human Resources ("HR") Management under, which six teams, namely Culture and Engagement, Total Rewards and Mobility, Talent Acquisition, Human Resources Shared Services, Learning and Development and Human Resources Business Partners were established. Tasked with different responsibilities, these teams share a common goal – the development of a high performing team for skill leadership and professional services to spur the continuous growth of the Group.



OUR TEAM

Employee Engagement

We carried out various initiatives to engage our employees as part of our journey towards workplace transformation in 2017. For instance, we launched our first regional employee engagement programme, the "Kerry & I Employee Opinion Survey".

In the first phase of this programme, a total response rate of over 75% was recorded from our employees in Hong Kong. This enabled us to gain meaningful insights into our employees' work experience with the company.

We are proud to have received staff recognition in three areas:



Brand

Fulfilment of the promise we make to our employees and their work experience



Work-life Balance

Employees' ability to achieve a balance between their work responsibilities and personal commitments



Health and Well-being

Employees' state of health

At the same time, we have identified a number of areas that can be improved, including:

Empowerment and Autonomy

Level of empowerment and autonomy given to employees to effectively execute their tasks

Enabling HR Infrastructure

Policies, procedures, tools, resources and support provided to employees

Fostering Internal Communication

Supervisor-subordinate relationship in which the subordinates can approach the supervisor with questions and comments at any time



Moving Forward on *Employee Engagement*

We greatly appreciate feedback from our employees, which has enabled us to identify our strengths and weaknesses. We are eager to understand more about the needs of our employees. We have therefore listed on our 2018 agenda a series of focus groups to further collect suggestions from our employees and develop an action plan. We also look forward to sharing with our stakeholders the progress of the implementation of this plan in our next Sustainability Report.

Family-friendly Initiatives

We continue to build a culture in which our employees feel respected for making their family a priority. We support family-friendly initiatives as part of our effort to build a quality workplace, where employees can achieve a balanced life between work and family.

"Raindrop Summer Internship Programme"

In 2017, young family members of our employees participated in a summer internship programme, under the Raindrop Programme initiated by the Kerry Group in Hong Kong. With a view to help young people gain valuable hands-on work experience and explore their career interests in a work environment, we incorporated mentorship into the internship programme and organised a series of training workshops and engagement events. Working under the same environment and culture, the children of our employees were also given an opportunity to understand their parents' nature of work and their working environment.



Work-life Balance Initiatives

Striking a perfect balance between career and family has always been a challenge for the property management staff, where six-day work weeks and shift work are common for property management industry in Hong Kong. We are dedicated to helping employees maintain a work-life balance through reasonable working hours and work arrangements. We have introduced a number of initiatives to provide options for employees to take care of their family needs, which include a gradual transition to five-day work week for all operations, flexible working hours and temporary part-time work arrangements.

Free Legal Advice Hotline

In late 2017, we initiated an advisory scheme to provide employees with free legal consultation in our Mainland offices. Employees in need of legal advice in issues such as inheritance, family matters, debts and property could contact our qualified lawyers directly via a hotline set up during lunchtime every Wednesday. Free legal advice is provided on the nature of the issues, rights and obligations, as well as available resolutions.



OUR TEAM

Learning and Development

Developing the skills and capabilities of our employees is an integral part of our strategic priority to build an effective workforce. Various training programmes were organised this year to help our employees maximise their potential.



A Learning Culture

Our approach to staff learning and development follows the Group's Training Guidelines. To gauge employees' feedback on the methods of training, we are exploring ways to blend the various methods together to form an effective approach to learning and to provide opportunities for veteran employees to pass on their knowledge and experience to the less experienced ones.

Diversified Styles of Learning

"From Good To Great" Training Programme

In Hong Kong "From Good To Great" training programme provides an interactive platform for employees to discuss and share information related to customer services and property management through diversified learning experiences including case studies, interviews, on-site visits and role playing exercises.

A case-in-point is that our frontline property management staff spotted that visitors might at times mistakenly park in privately-owned carpark spaces, leading to unnecessary disputes. They made suggestions to mitigate the issue by improving its visitor parking management, such as colour zoning and providing carpark ambassador support.



E-learning Platform

In the Mainland, we continued the Kerry WeChat Academy and introduced a new e-learning platform in 2017 featuring interactive learning contents, videos, toolkits, webinars, assessment tests and forums. Gamified learning techniques are incorporated on this platform to make learning lively and engaging. We also encourage our employees to exchange their ideas and experience of learning in forums. Once they have finished certain tasks, employees can earn credits for redeeming other learning courses. To motivate continuous learning, certificates of merit are issued to employees based on their course performance. Supervisors would set learning objectives and training plans according to employees' interests and working needs.



Kerry WeChat Academy utilises the WeChat App for mobile phones – a platform which can disseminate specific training messages to staff simultaneously, regardless of where they are. These messages cover four work areas: security, environmental protection, maintenance and customer services.

Customer Service Enhancement

Seminar on “Recent Trends and Continuous Enhancement in Property Management”

It is essential for our employees to stay ahead of the industry trends in order to provide our customers with satisfactory services. During the reporting year, we have arranged a seminar to broaden the knowledge of our employees on the recent trends of property management and ways of continuous enhancement in the field. Nearly 100 employees participated in the seminar.



OUR TEAM



Handover Training

To strengthen employee competency in the handover process of all our new residential projects, we have organised a series of handover related trainings to the employees including service enhancement, standard operating procedure familiarisation, supervisory skills and language ability.

"7Ups" Development Programme

In Hong Kong, the "7Ups" development programme, giving trainings in personal effectiveness and language skills, is a regular and on-going initiative that aims to strengthen the customer service skills of our employees. The programme covers seven aspects, including time management, team building, communication skills, problem solving, Jugaad Innovation, as well as Putonghua and English courses.



Leadership Development



"KEEP-IN" programme

We organised the "KEEP-IN" programme consisting of a series of workshops for our employees from all the mixed-use development projects in the Mainland. Three types of training were provided, namely, leadership and self-awareness, strategic thinking and team building and communication.

Performance-based Appraisal

In line with the Group's employment strategy to help employees identify and reach their maximum potential, we have implemented a well-structured and open annual performance appraisal system under which employees will be reviewed not only on what they have achieved during the review period, but also on what they can potentially achieve.

Inclusive and Respectful Work Environment

The Group makes every effort to create an inclusive and respectful work environment to honour diversity and equality in the workplace.

Diversity, Equal Opportunity and Anti-discrimination

The Group is committed to supporting equal opportunity and eliminating discrimination based on sex, pregnancy, marital status, age, disability, family status, ethnic origin, race or religious belief in all aspects of employment, training and career development. We have an Equal Opportunity Policy in place, along with the Staff Handbook and Workplace Quality Policy, which outlines our responsibility and provides guidelines to ensure every employee is treated with respect and dignity.

We do not allow any forms of discrimination, whether direct or indirect. All employment related decisions, from hiring to termination and retirement, shall be based only on relevant and objective criteria. Our Policy and Procedures for Handling Equal Opportunity, Discrimination and Sexual Harassment states the procedures and responsible departmental personnel for conducting a fair, complete and responsive investigation into any complaints.

To ensure the effectiveness of these policies, procedures and practices, the requirements and conditions are reviewed regularly so that the values of diversity and equal opportunity can be firmly embedded in our corporate culture.

The Group has a Board Diversity Policy in place to set out the approach to achieve diversity of the Board. The summary of the policy is published on page 83 of our Annual Report 2017.

Labour Standards

We respect and protect human rights and forbid the use of child labour or forced labour in all operations and within our global supply chain. Our commitment to the prohibition of any forms of child labour or forced labour, including bonded labour, indentured labour, slave labour or human trafficking, is stated in the Group's Workplace Quality Policy.

During the reporting period, no cases of non-compliance or grievances of equal opportunity, discrimination, child labour or forced labour were reported to the Group.



Moving Forward on *Employer Branding*

We cherish our valuable relationship with the employees. In the current rapid-changing digital world, we see new opportunities to enhance our employer branding by rolling out interactive initiatives via online channels. We plan to integrate more interactivity in our existing recruitment exercise and employment management system. This will help us actively reach out to a larger pool of potential candidates, while we stay attractive to existing staff for value-added employment retention. Ultimately, we endeavour to build a more diversified workforce. These efforts are in line with our planned updates of the staff handbook on clauses of diversity and inclusion. We value corporate diversity that will contribute to building a flexible organisation and strengthening stakeholder engagement.

OUR PROPERTIES

13 CLIMATE ACTION



"If left unchecked, climate change will undo a lot of the progress made over the past years in development. Doing nothing will end up costing us a lot more than if we take actions now that will lead to more jobs, greater prosperity, and better lives while reducing greenhouse gas emissions and building climate resilience. Businesses are providing climate solutions through their innovation and long-term investment in energy efficiency and low-carbon development." UN Sustainable Development Goals – Goal 13: Take urgent action to combat climate change and its impacts

Climate change is threatening the way we live and the future of our planet. Severe weather and rising sea levels are affecting people and their assets. Many of the cities where the Group has properties under management are either coastal cities vulnerable to flooding, or inland cities vulnerable to severe droughts or supply chain disruption due to extreme weather events.

We are taking action beyond risk management. By addressing climate change, we can work towards the shared goal of a sustainable future for everyone. But we need to act now.

We aim to contribute to the solution by committing to decarbonise our operations and supply chains. We have developed a series of action plans to improve energy efficiency, and reduce the carbon footprint of our products and services. As part of our sustainability roadmap, we have set emission reduction targets which encompass waste and resource management.

At the asset level, we are expanding green building certification in our portfolio, including both new and existing properties. In view of more unpredictable climate scenarios, we shall embark on climate resilience assessments and formulate adaptation plans to turn our properties into climate-safe assets.

Water in its various forms is always on the move. Global warming is already having a measurable effect on the water cycle, altering the amount, distribution, timing, and quality of available water. A warmer climate causes more water to evaporate from both land and oceans; in turn, a warmer atmosphere can hold more water – roughly 6% more water for every 1°C rise in temperature. What we need is more wisdom to reconcile with the changing climate, and turn water into a force for good.



OUR PROPERTIES

As a responsible property developer, we are committed to minimising the potential environmental impact of our property development and managing the environmental risks throughout the life cycle of our properties, so as to achieve the highest possible environmental standards across our property portfolio.

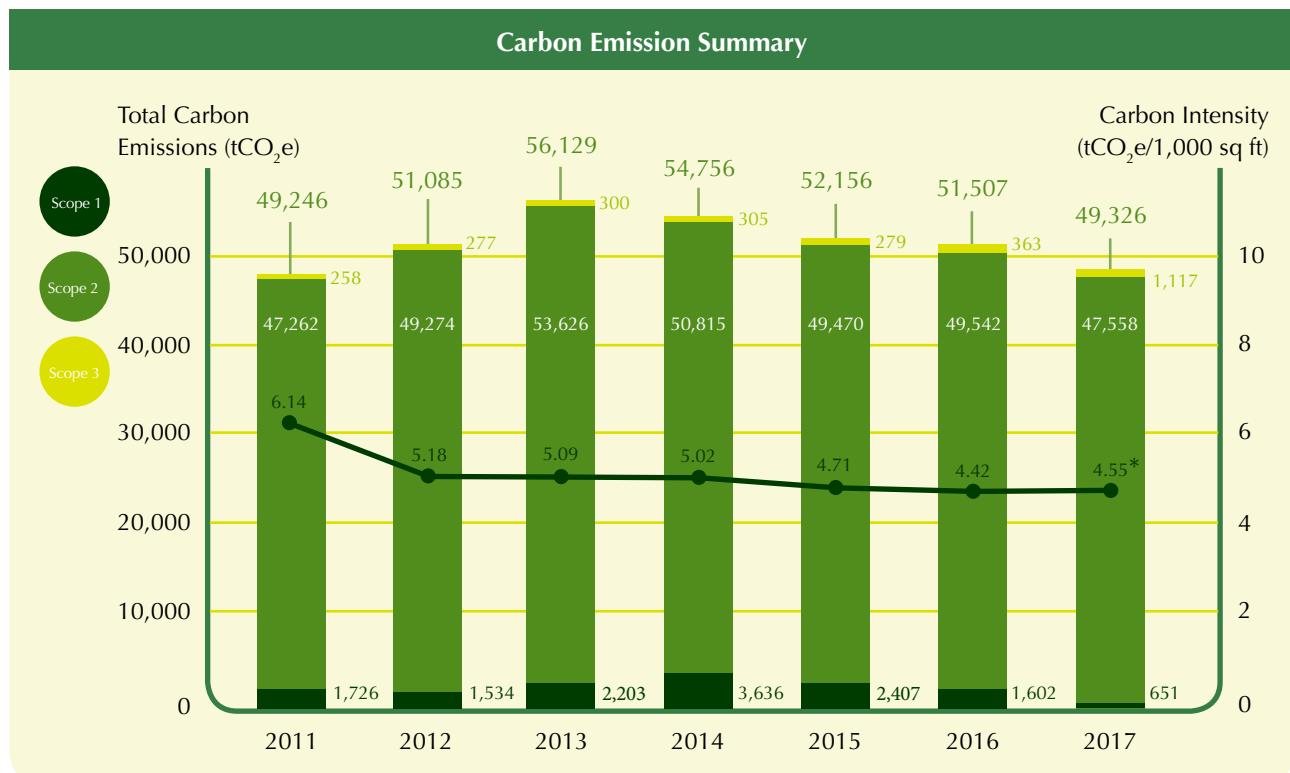
The Group has implemented an EMS complying with the ISO 14001 standard requirements and put in place an Environmental Policy with related guidelines for both our property development and property management businesses in Hong Kong. In 2017, our EMS covering the scope of property development, property management and corporate supporting services in Hong Kong was upgraded to comply with ISO 14001:2015. For our operations in the Mainland, similar environmental management practices regarding emissions, use of resources and the environmental and natural resources have been implemented. The system of our property management company in the Mainland was also certified in 2017.

Environmental objectives and annual targets are set as part of the EMS in Hong Kong. Our Environmental Management Representatives are responsible for reviewing the environmental performance[#] and leading the EMS Committee to discuss the environmental management programmes with a view to identify areas for improvement. In the Mainland, objectives and targets have been set forth according to our sustainability roadmap.

Carbon and Energy Management

Hong Kong

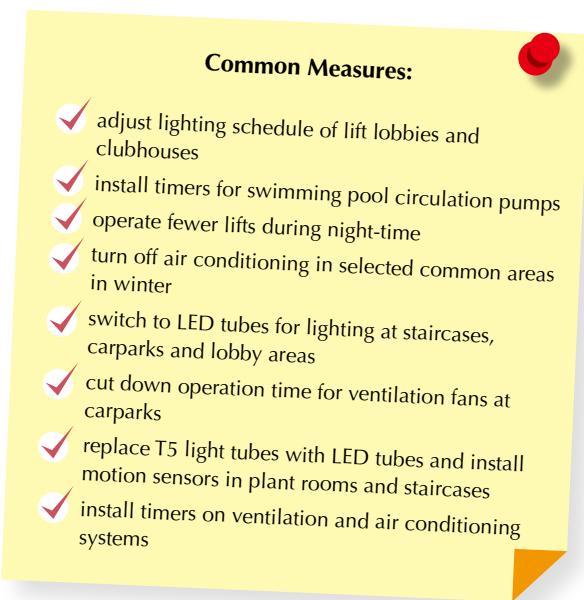
By 2020, we aim to reduce our carbon intensity by 30% compared with where we were in 2011. To deliver this, we shall maximise our energy use efficiency.



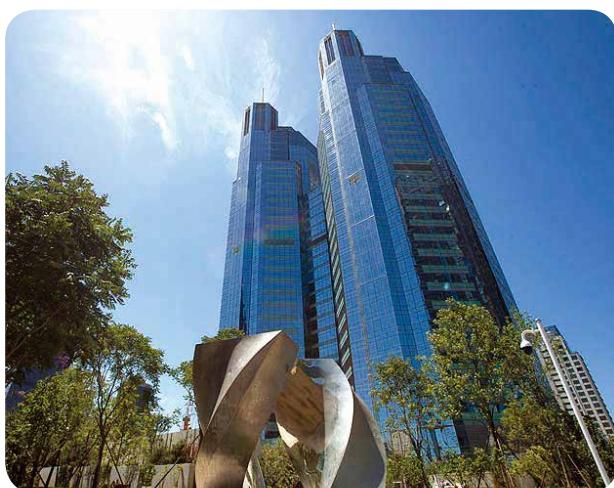
Scope 3 includes carbon emissions generated from outsourced shuttle bus services, which were previously included in Scope 1.

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

*Despite an increase in carbon intensity as well as electricity consumption intensity resulted from the changes of our portfolio in 2017, we have implemented a number of measures to reduce electricity consumption and most of the properties under our management have achieved a reduction in energy consumption:



The Mainland



Beijing Kerry Centre

Carbon Emissions	
Scope 1 (tCO ₂ e)	10
Scope 2 (tCO ₂ e)	15,505
Scope 3 (tCO ₂ e)	13
Total Carbon Emissions (tCO₂e)	15,528
Carbon Intensity (tCO ₂ e/1,000 sq ft)	8.66

Electricity Consumption	
Electricity Consumption (MWh)	12,003
Electricity intensity (kWh/sq ft)	6.69

OUR PROPERTIES

Jing An Kerry Centre, Shanghai

Carbon Emissions	
Scope 1 (tCO ₂ e)	1,961
Scope 2 (tCO ₂ e)	25,995
Scope 3 (tCO ₂ e)	7
Total Carbon Emissions (tCO₂e)	27,963
Carbon Intensity (tCO ₂ e/1,000 sq ft)	7.02

Electricity Consumption	
Electricity Consumption (MWh)	32,148
Electricity intensity (kWh/sq ft)	8.07



Kerry Parkside, Shanghai

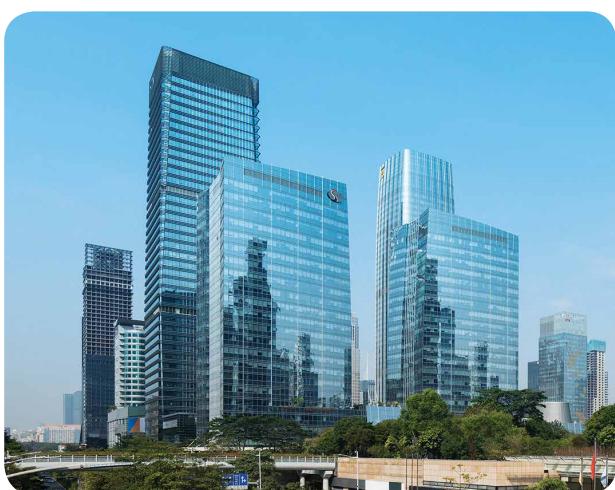
Carbon Emissions	
Scope 1 (tCO ₂ e)	406
Scope 2 (tCO ₂ e)	14,485
Scope 3 (tCO ₂ e)	7
Total Carbon Emissions (tCO₂e)	14,898
Carbon Intensity (tCO ₂ e/1,000 sq ft)	6.59

Electricity Consumption	
Electricity Consumption (MWh)	17,914
Electricity intensity (kWh/sq ft)	7.93

Shenzhen Kerry Plaza

Carbon Emissions	
Scope 1 (tCO ₂ e)	72
Scope 2 (tCO ₂ e)	11,523
Scope 3 (tCO ₂ e)	5
Total Carbon Emissions (tCO₂e)	11,600
Carbon Intensity (tCO ₂ e/1,000 sq ft)	5.39

Electricity Consumption	
Electricity Consumption (MWh)	13,281
Electricity intensity (kWh/sq ft)	6.17



ISO 50001 Energy Management System

In 2017, we introduced the ISO 50001:2011 Energy Management System for our head office in Hong Kong. We carried out a series of internal audits and the findings guided us to improve energy efficiency at target energy hot spots. External audit was carried out in late 2017 and the system was certified in early 2018.

In addition, the energy management systems in our property management company in the Mainland as well as in two mixed-use projects in Shanghai (including Jing An Kerry Centre and Kerry Parkside) were certified to ISO 50001. We are also preparing to attain accreditation for our projects in Shenzhen.



Climate Vulnerability Assessment

Staying competitive requires adaptability. In the construction industry, climate change and pressure on resource supply means that the buildings of today must be made adaptable for a very different future.

As part of our climate strategy, we are going to carry out a pilot project in Hong Kong to evaluate the potential risks and impacts of climate change on our properties and their surrounding areas. We have been working in conjunction with our consultants to conduct climate vulnerability assessment and explore viable solutions to mitigate the effects of climate change over the developments' lifetime. Findings of this pilot project will be useful for formulating specific climate response plans for our management and investment projects in both Hong Kong and the Mainland in the future.



Trees4Trees Programme

For a greener environment, we have committed ourselves to planting a tree for every household in The Bloomsway and Mantin Heights. This year, we have planted over 2,500 trees with Trees4Trees, a non-profit foundation established in Indonesia to empower local communities through reforestation partnerships and education programmes.

OUR PROPERTIES

Water and Waste Management

Water Management

In the face of climate change and water scarcity, it is our long-term commitment to conserve water throughout our operations. As part of our EMS objectives, we track our own water usage on a monthly basis. Measures adopted include the use of water-efficient fixtures and fittings and the use of alternative water sources.

Fresh Water Consumption						
Water Consumption	Hong Kong	Beijing Kerry Centre	Jing An Kerry Centre, Shanghai	Kerry Parkside, Shanghai	Shenzhen Kerry Plaza	Mainland
Water consumption (1,000 m ³)	511	115	290	184	131	720
Water intensity (m ³ /sq ft)	0.047	0.064	0.072	0.081	0.061	0.07

Stage of Project	Water Management Focus
Design 	Our latest residential development projects, The Bloomsway, Mantin Heights and Beacon Hill Project (N.K.I.L. 6532) have incorporated several features to reduce water usage and improve water efficiency. These include the installation of rainwater harvesting systems for landscape irrigation.
Construction 	We see high potential in improving water use efficiency in our contractors' daily operation. Dust suppression and site cleaning are high target areas for significant water savings. Water recycling equipment has been installed for daily operations.
Management 	Apart from providing our employees with water saving guidelines, we also conduct regular checking to prevent water leakage.

We care about wastewater treatment at our construction sites in Hong Kong. We require our contractors to submit effluent quality monitoring results at each construction site on a monthly basis. We also conduct a weekly monitoring check to ensure the quality of the effluent.

Flooding and Muddy Water Discharge Drills

To mitigate potential risk for flooding in the wet season, we conducted flooding and muddy water discharge drills at Beacon Hill Project (N.K.I.L. 6532).

Waste Management

We challenge ourselves by setting ambitious goals and targets of waste reduction and responsible waste disposal.

In property development, our Environmental Procedures have set out comprehensive instructions for waste management in development projects. Through the waste management system within our EMS, construction and demolition waste, including metal, cardboard, timber, plastic, concrete, bricks and general waste, are properly collected and sorted. As part of the EMS objectives, we track our monthly construction waste production against the recycling target at 60%.

Construction Waste		
Type of Construction Waste	Waste Handling Method	Amount (Tonne)
Inert C&D Waste	Reused	139,820
	Recycled	189
	Delivered to sorting facilities	1,000
	Disposed to public landfills	27,307
Non-Inert C&D Waste	Recycled	194
	Handled by chemical waste collectors	0.5
	Disposed to landfills	359

As a property manager, one of our most significant impacts on the environment is how we manage and dispose of the waste generated by our employees and customers.

Internally, we have provided practical guidelines to our employees on managing and reducing waste in Hong Kong. On the external front, we support residents, tenants and customers in improving waste recycling with our Environmental Movement. A wide variety of recycling campaigns, educational tours and workshops have been organised in each of our managed properties in Hong Kong. Similar recycling programmes were organised among our managed properties in the Mainland.

Joining hands with our stakeholders in waste reduction, we are impressed to see positive changes in the mindset of residents and tenants. People are becoming more conscious about environmental protection and adopting positive lifestyle changes by using fewer plastic bottles and aluminium cans, minimising food waste and recycling.

OUR PROPERTIES

In 2017, we collected the following 16 recyclable items from properties under our management in Hong Kong:



Hazardous & Non-hazardous Waste						
Types of waste	Hong Kong	Beijing Kerry Centre	Jing An Kerry Centre Shanghai	Kerry Parkside Shanghai	Shenzhen Kerry Plaza	Mainland
Hazardous waste (tonnes)	0	0.31	0.68	0.23	0.38	1.6
Hazardous waste intensity (kg/1,000 sq ft)	0	0.17	0.17	0.10	0.18	0.16
Non-hazardous waste (tonnes)	9,918	1,640	4,160	10,133	1,816	17,749
Non-hazardous waste intensity (tonnes /1,000 sq ft)	0.92	0.91	1.04	4.48	0.84	1.74

Food Waste Composting Machine

Recognising food waste as a pressing environmental concern, we have launched an on-site food waste treatment pilot scheme in the Mainland in the reporting year.

By turning food waste collected from tenants to liquid discharge and fertilisers, waste volume is reduced and landfill space saved. The composting machine at Jing An Kerry Centre can digest up to 300 kg of food waste and turn it into wastewater in 24 hours. A food waste processor is also provided to our employees at Central Residences, breaking down food waste into organic fertiliser. We are considering to expand this pilot scheme to other suitable properties.

Food waste decomposing machines are also available at most of our new residential properties in Hong Kong.

A Garden that Grows Appreciation

The rooftop garden project is a trial sustainability scheme running in both Jing An Kerry Centre and Kerry Everbright City in Shanghai. It aims to bring office tenants, their staff and an important contributor to society — the street cleaners — together to serve the integrated objective of waste reduction, healthy living and community cohesion.

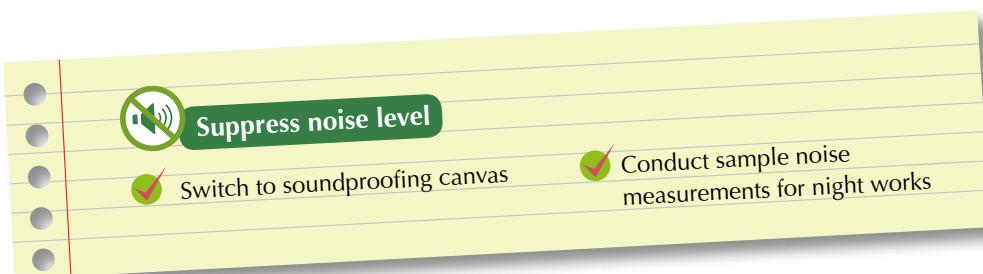
Fresh, seasonal vegetables are grown with coffee grounds collected from catering businesses operating in the two malls and distributed to street cleaners and office workers.



Part of the flower bed on the rooftop garden in Kerry Everbright City was re-allocated for growing vegetables such as little white cabbages and cucumbers. Instead of using conventional chemical fertilisers, coffee grounds were used. Under the care of a specially assigned gardener, a variety of quality seasonal produce is grown. Street cleaners and office workers were invited to the garden to harvest these vegetables when they were ripe. The project serves as an apt reminder that our society can only thrive with the support of all sectors of the community.

Partnership for Green Construction

We work closely with its contractors to minimise adverse impact on the environment. Our Environmental Procedures state our approach to handling enquiries and complaints regarding our environmental performance. In 2017, there were a total of five complaints arising from construction noise. In spite of the fact that these activities did not exceed our internal standard, we reminded the related contractors take all necessary actions to reduce the noise disturbances to the community.



The Environmental Procedures also address non-conformity through corrective actions, so as to minimise impacts on the environment and the possibility of reoccurrence.



The 4th Green Construction Site Award

Since 2014, the Green Construction Site Award has been one of our annual environmental award programmes promoting green and healthy construction practices and enhancing environmental management for our construction sites. In 2017, our employees and the contractors of six development projects formed teams and produced microfilms embracing the theme of the year — the five elements of Chinese Philosophy and Human Beings. They also took part in an environmental quiz competition.



Bespoke Services Save Energy in the Home

Kerry Properties is heartened that its group-wide sustainability goals are shared by residents of buildings under the company's management. To assist our residents as they enthusiastically embrace ideas for greener living, a number of initiatives have been launched.

Taking the lead among property developers, KPL was one of the first to introduce a green living scheme with a personal touch. Under the Green Home Tips initiative, property management staff visit residents in their homes to offer advice on a range of environmentally friendly ideas.

These visits are practical and helpful. After first commanding residents on the good they are already doing, the staff give tips on areas for improvement, and can also arrange for technical assistance if the resident wants to go one step further.

Residents responded keenly: following its launch in 2017, the Green Home Tips scheme resulted in more than 130 home visits in the first four months.

The scheme originates from one of the most successful outcomes of our i-Suggest initiative, which garners ideas from frontline staff about how services might be improved. An example of our bottom-up approach, which values feedback and ideas from staff most familiar with daily operations, i-Suggest gives rise to the broader "Environmental Movement" underpinning environmental sustainability in all properties managed by the company.

Lighting

Average daily usage of lighting in Hong Kong: 5-6 hours.
By reducing daily usage for an hour

20% of the cost on lighting will be saved.



Water Consumption

Using a shower with Grade 1 water efficiency label can minimise at least
10% of hot water and energy required.



Air Conditioning

Use fans and air-conditioners at the same time; fans can support the operation of air-conditioners. Every 1°C higher in temperature reduces
3% of the air conditioning costs.



The idea was first raised by a frontline property services officer, who felt that suggestions for greener living stood a much better chance of taking root if residents were engaged. His initial idea evolved into a home visit service.

Two staff members from each of our properties received training on ways to save energy and reduce waste, improving their own environmental knowledge while mutually beneficial for the company. A booklet was also prepared and digital copies circulated to residents upon request, offering written advice on energy efficiency and resources utilisation. Residents in any of our managed buildings are able to make an appointment for a visit to run through a checklist of ideas and tips to make the home greener.



While residents appreciate this personalised attention, property management staff also find the scheme rewarding. Their unique role in raising awareness of greener living differs from typical job scope and duties in the property management field, making individuals feel trusted and involved, more in tune with the residents, and thus enhancing property management as a whole.

Together, staff and residents engage in constructive dialogue about energy efficient habits, equipment choices for lighting, cooling and cooking, and the electronics that residents use for everyday entertainment. To involve everyone in the household, management staff can also suggest ideas for family energy-saving targets.

The most popular advice concerns ways to reduce electricity and gas consumption. Residents are also keen to save water and reduce household waste.

After acting on our trained advisor's tip to have flow-reducing aerators fitted to her taps, Island Crest resident Magnus Lee was delighted to see that less water was pouring down her drains. "This advice is saving me money and having a positive effect on the environment. I couldn't be happier," she said.

Total
130 home visits in the first
four months

Green Home Tips is just one of the initiatives converged under KPL's broader "Environmental Movement", introduced in 2016 to engage the occupants of all of its Hong Kong residential properties in a sustainability drive.

Residents are offered incentives to participate in environmental-friendly activities at their buildings, and advice on ways to conserve resources. Meanwhile, i-Suggest, an internal creativity contest, encourages staff familiar with daily operations of the property to suggest efficiency improvements at the frontline.

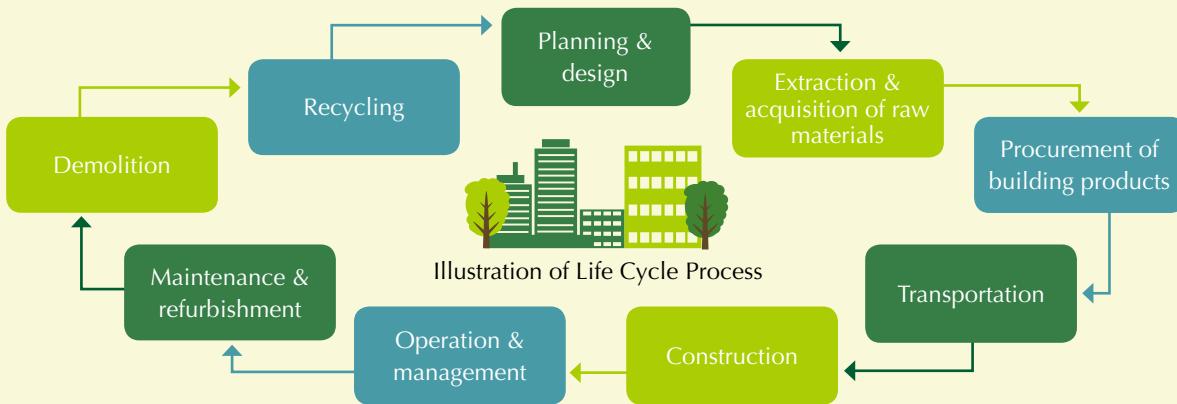
OUR PROPERTIES

Green Buildings

To integrate environmental considerations into our development plans, a building's entire life cycle, from land acquisition and design to construction and building management, needs careful planning to achieve a sustainable design in the long run.

Life Cycle Considerations in Mantin Heights

Life cycle refers to the sequence of stages for a product or service system, from raw material acquisition, to final product disposal. Throughout property development, we have integrated environmental considerations in life cycle stages, from land acquisition, construction, to operation and management.



In our property development of Mantin Heights in Hong Kong, we include life cycle considerations beginning at the planning stage.



Planning and Design Stage:

Prior to land acquisition, we took into consideration the close proximity to Ho Man Tin MTR station. Connectivity with the neighborhood enhances livability, creates an inclusive community, and contributes to a better quality of life for residents and neighbours nearby.

Project elements were explicitly designed to create a comfortable environment for our residents and the community with environmental considerations. The iconic picture window, which is nearly a hundred feet tall was designed to improve street level ventilation, while allowing in natural light and ventilation to improve the surrounding microclimate.

Procurement Stage:

To embrace greenery in the neighbourhood, around 95 meters of boardwalk was set up in Mantin Heights. Timber decks made of recycled wood was utilised in the boardwalk for residents to enjoy the pleasant scenery. Enhancing biodiversity, 23 species of trees and 90-100 species of shrubs were planted in around 77,500 sq ft of greenery area. In particular, 2 Ficus microcarpa were retained and transplanted in front of the picture window before the foundation stage for tree conservation.

Construction Stage:

A systematic monitoring was well developed at our construction sites to minimise and effectively control potential impact to the nearby community. We closely engaged with our contractors to ensure our business partners could work together in demonstrating commitment to environmental protection.

During the construction period, a monthly Environmental Monitoring Report was submitted by contractors, including: monitoring of dust, noise, and wastewater discharge. Contractors must comply with at least 60% construction waste recycling for the project in order to minimize waste generation. A bi-annual environmental audit was carried out to ensure construction sites are fulfilling environmental requirements. Moreover, Mantin Heights was the Platinum Award winner of Green Construction Site Award 2016, our flagship environmental award to encourage green and healthy construction site.

In our five-year sustainability roadmap, we envision the achievement of 100% certification of BEAM Plus for all new residential and commercial buildings in Hong Kong, and Leadership in Energy and Environmental Design ("LEED") Gold or above for all new investment properties in the Mainland. Our project at Beacon Hill (N.K.I.L. 6533) has attained the Provisional Silver Rating of BEAM Plus version 1.2 for New Building from the Hong Kong Green Building Council. Our re-development project in Hing Hon Road, has also adopted various green building features, which include low E double-glazed curtain wall system to minimise energy use for space cooling and landscaped outdoor area open to the general public. As a result of these green features, the Hing Hon Road project has achieved Provisional Silver Rating under the same programme.

Our property management business strives to operate under a green property management system, whereby we work together with the residents to improve environmental quality. This system includes banning the use of environmentally damaging pesticides and chemical fertilisers, the setting up of a waste recycling system and the use of degradable plastic bags. Despite a 2%-3% increase in management cost, we are confident that the residents would appreciate a joint contribution to the environment.

This year, KPL won the Gold Award of the Green Management Award (Large Corporation) given by the Green Council for its outstanding achievements in environmental management.

In the Mainland, offices at Kerry Centre in Hangzhou also adopted the following features, as a result of achieving LEED Gold Certification.

LEED Gold Certification



High performance envelope materials to maximise energy saving



Smart and intelligent systems to maintain a comfortable indoor environment



Sub-metering system to help tenants save energy during operation hours



Maximise open space up to over 30%



Moving Forward on *Green Buildings*

Our commitment to the environment goes beyond green infrastructure. We take proactive steps to promote eco-friendly behaviour amongst our tenants. Through stakeholder engagement exercises and innovative workshops held during the year, we have identified green lease as an essential tool in realising our energy efficiency goals. Looking forward, we are going to review the Green Lease Partnership Programme, under which we aim to create mutual economic and environmental benefits with our tenants by lowering the building's energy consumption cost and carbon emissions.

OUR COMMUNITY

11 SUSTAINABLE CITIES
AND COMMUNITIES



"Cities are hubs for ideas, commerce, culture, science, productivity, social development and much more. At their best, cities have enabled people to advance socially and economically." UN Sustainable Development Goals – Goal 11: Sustainable Cities and Communities

The path to sustainability is different for every community – but the common elements are a healthy environment, a strong economy, and the well-being of people living in the community. When sustainability areas are addressed in tandem with one another, they have a powerful, positive effect on the quality of life and future of a community. By overlapping work in these areas, efficiencies emerge and better results are achieved. It is an approach that solves local problems while being innovative about progress.

In every city in which it operates, we often take up multiple roles: an investor that contributes to the coffers of the local government; an operator that offers commercial space and residential dwellings; a manager that provides training and employment opportunities; an organiser of local events; and a benefactor of community groups.

To enable us to make a positive contribution on an ongoing basis, we utilise a variety of channels to understand community needs and engage local stakeholders in the process of community building. Our corporate goals are aligned with community aspirations, and hence SDG Goal 11 will determine how we define corporate success.

Sustainable, efficient and equitable management of water in cities has never been as important as in today's world. A water resilient city is well prepared to overcome the challenges associated with both too little, as well as too much water. A sustainable community means living in harmony with water – a goal that worths every inch of effort by all stakeholders.



OUR COMMUNITY

Engaging the Community

As we invest in a community, we integrate multiple measures in our plans to minimise the negative impacts and maximise the positive impacts on the people around us.

Understanding that building activities at construction sites might pose inconvenience to communities nearby, we consider residents who live in the immediate vicinity as our key stakeholders. Therefore, aside from complying with applicable legal requirements, we always maintain close communication with local communities and offer avenues whereby residents can give us their comments or feedback.

We work together with our contractors to maintain a close relationship with the communities nearby, with an aim to understand their needs and interests. During the reporting year, we joined hands with our main contractor to set up a "Caring Ambassador" programme and rolled out a series of community engagement activities.



School

Partnering with our contractor, a sharing session for a school next to Mantin Heights was organised. It provided students and teachers with an overview of our construction works and schedule, enabling them to make informed comments.



Stakeholders' concerns and our actions

We understand that a quiet environment is important for candidates taking the Hong Kong Diploma of Secondary Education (HKDSE) examination. With this in mind, our project team modified the construction schedule specifically to reduce environmental impact, including noise disturbance.



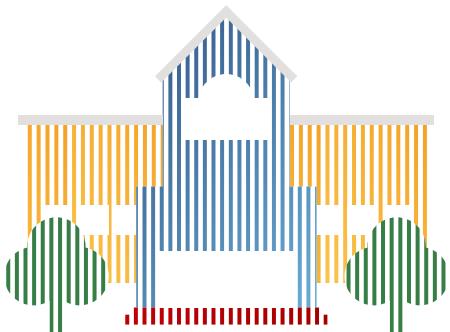
Home for the Aged

We visited elderly homes, and listened to their concerns on our proposed development. This has brought elderly residents closer to their new neighbours.



Stakeholders' concerns and our actions

We learn that night-time construction and lighting might affect the rest hours of elderly residents nearby. We therefore made relevant adjustments and improved site management. Elderly citizens' concern on dust pollution in their living environment has also been addressed with measures on enhanced dust control.





Residents nearby

We provided technical suggestions on energy retrofitting to nearby neighbourhood, when we exchanged ideas on minimising our negative impacts to the community.

Stakeholders' concerns and our actions

As the main concern of the nearby residents was about potential pollution of the construction site, we carefully explained to them about the procedures of dust control and the potential environmental impacts of the construction.

We acknowledge that incorporating creative place-making elements in community engagement is essential in building greater harmony for the livelihood of our property residents and tenants. Prior to the start of key construction work, we conduct surveys to collect feedback from the community and moving forward, we shall put in place a communication plan incorporating three place-making elements as listed below:



Connecting and Communicating Through Kerry On



Providing an environment in which communities can thrive is integral to the human element of our sustainability goals. In cosmopolitan Shanghai, we do this by creating a sense of place where like-minded people of all nationalities feel welcome to gather and share in activities.

The place-making initiative Kerry On is offered at both Jing An Kerry Centre, and Kerry Parkside, transforming areas of the commercial property into a venue for social engagement and meaningful activities. The central location of these malls makes it easy for busy business people to participate, and the expansive space, including an atrium or piazza, allows scope for creative expression. At the same time, the extra community activities organised optimise use of the development's various components beyond their regular function.

Kerry On connects members through a mobile platform allowing an easy choice of the activities that appeal. These have a strong focus on healthy living – so one day it might be a yoga class or outdoor hiking in the nearby woods; another an organic cooking workshop, music meet-up or craft-making day. Charity fund-raising events prove popular as members appreciate the opportunity for giving back to a good cause. Recent beneficiaries have included a local children's hospital.

Kerry On is open to all users of the centre – whether they be a resident, shopper, office worker, or guest at the hotel. All are welcome to be part of a community seeking a healthier lifestyle and a more vibrant social circle.

The Kerry On scheme nurtures hearts, minds, and bodies. Extending a mixed-use property development beyond its commercial function to engage members of the local community in a more holistic way also brings in aspects of the group's broader commitment to corporate social responsibility.

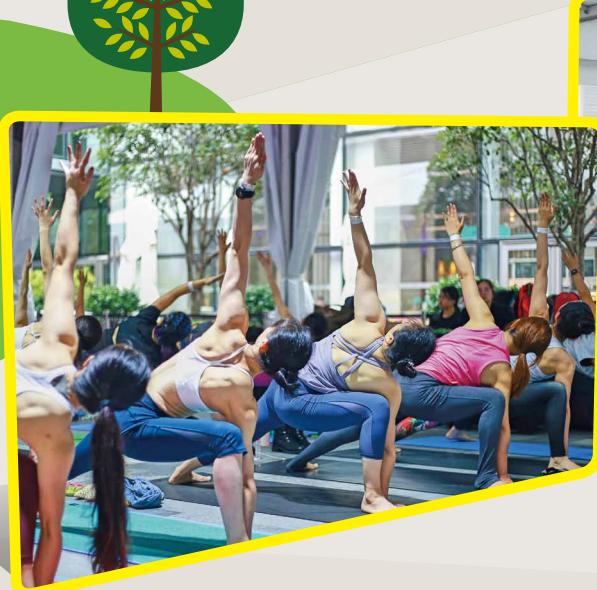




Jing An Kerry Centre & Kerry Parkside

Jing An Kerry Centre is a landmark mixed-use development that stands in the heart of Shanghai's Nanjing Road business district. It integrates hotel, retail, office and residential space overlooking a beautifully landscaped piazza. The development is also the pre-eminent shopping venue and most exclusive office address in Shanghai.

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



OUR COMMUNITY

Investing in Community Initiatives and Partnerships

In addition to establishing a committee to address operational issues which might cause disturbance to the communities in which we operate, we play a proactive role by investing in community initiatives and partnerships.



Charitable Donations Policy Statement

We support worthwhile causes in the communities where we operate through charitable donations and other forms of community investments. We understand and contribute to the needs of the communities through staff voluntary work, community service, donations and sponsorships.

The purpose of the Charitable Donations Policy is to align our community investments with our core values of making a positive impact on society.

This policy provides guidance on the decision making process, and sets out a reporting and approval mechanism. The process is stringently monitored by the respective business units and the management of the Group to ensure the accountability, transparency and effectiveness of our charitable programmes.

Our Group donates to create positive impact in six main areas: (i) support for the elderly and the needy; (ii) children's education; (iii) academic activities; (iv) victims of natural disasters; (v) arts and culture; and (vi) environmental conservation.

Building Inclusive Space



"Inclusive Home" Family Fun Festival

In 2017, we supported the two-day "Inclusive Home" Family Fun Festival organised by the Hong Kong Physically Handicapped and Able-Bodied Association. The event featured fun and interactive games during which parents and kids exchanged roles to experience the challenges facing the elderly in their daily lives. Through the event, participants were encouraged and inspired to spread the message of family inclusion of the disabled, the able-bodied, the elderly and the youngsters to their friends and families. MegaBox offered a sponsorship of 500 Mega Club memberships to the participants of this event to show support for this meaningful cause.

Collaboration with Hong Chi Association

The Group and Hong Chi Association are long-standing partners in the care of persons with intellectual disabilities. In addition to engaging the letter-shopping services of the association, our staff also organised classes to teach Hong Chi students magic skills that help in cultivating their confidence.



Pet Adoption Campaign

Inclusive society means a living environment where animals and humans can live together in harmony. We believe that by promoting awareness of animal rights we can create a more inclusive society. With this belief in mind, we organised three pet adoption campaigns at Kerry Parkside from June to September 2017, assisting the animals to find new caring homes.

Supporting Children with Autism

Beijing Kerry Centre worked together with students of the World of Art Brut Culture ("WABC"), a charity organisation providing rehabilitation services to children with autism, to prepare a set of postcards for "Halloween Feast at Beijing Kerry Centre". A portion of the revenue from postcard sales was donated to WABC to support its art healing courses.

Besides, employees of Habitat also took part in a charity run to raise funds for autistic children's education.



OUR COMMUNITY

Nurturing Cultural Creativity

MegaBox Kowloon East Art Park

We strive to support and expand the local cultural community in Hong Kong by establishing the MegaBox Kowloon East Art Park. It is designed to be a hub for creative communities to incubate and exchange ideas on how to integrate local culture with everyday life.

Two major events were organised in 2017. During the Easter holidays, handcrafters from "Powerful Mom", a group of local mums with an entrepreneurial spirit, sold their handmade products at the Powerful Mom Parent-Child Fair. During New Year time, MegaBox partnered with Colon Pro, a local market organiser, to stage a new-year parent-child fair.



Performance by Hong Kong Symphonic Winds

Singing and music play an important role in our culture, the fountain of our progress and creativity. We invited members of the Hong Kong Symphonic Winds ("HKS W"), a local wind band whose members come mostly from underprivileged families, to perform at MegaBox. In addition, more than 200 children from underprivileged families were given tickets for the Voyage to Fantasy Concert. Following the success of this event, HKS W will be invited to perform again in a flash mob at MegaBox in 2018.

Lunchtime Concerts

To cultivate a cultural and artistic atmosphere within the community, Shenzhen Kerry Plaza has joined hands with the district government for two consecutive years to hold lunchtime mini-concerts performed by the local philharmonic orchestra during working days. To supplement the repertoire, tenants were invited to recite selected world-renowned poems during the interval. Both the concert and the recitation were well received by the office workers and the general public.



Promoting Community Wellness

City Marathon

In November 2017, we supported the RunOurCity Marathon by sponsoring the venue for the kick-off ceremony and press conference. This event, attracting over 11,000 participants who were mainly teenagers, raised funds for 3 charity organisations.



Vertical Marathon

The benefits of physical exercise are many, and especially to stressed out city dwellers. As a socially driven company, we constantly look for opportunities to enhance the wellness of the community with a view to improving the overall living experience of its members.

A vertical marathon was organised at Shenyang Kerry Centre, attracting nearly 300 fitness enthusiasts to participate and spread the message of healthy living.

Our employees and office tenants also took part in a vertical running challenge at Shenzhen Kerry Centre and Jing An Kerry Centre.

Sleeping Contest

A good sleep is indispensable to good health and yet sleep problems are becoming more and more common among urban dwellers. To raise public awareness and improve sleep quality, an out-of-the-box sleeping contest was held at Beijing Kerry Centre to echo the call by World Sleep Day 2017.

Members of the public were invited to join the event, where their sleep quality was monitored by special data recording equipment. A number of our tenants also took part in the contest and Beijing Kerry Centre supported the participants by providing free services such as massage and beauty treatments during the event.



OUR COMMUNITY

Supporting Environmental Education

Walk for Green

The World Health Organization has recommended walking as 'the world's best exercise'. To encourage good walking habits and the practice of a low-carbon lifestyle, we supported Green WALK organised by the World Green Organisation and offered MegaBox as one of the checkpoints.



Promote Waste Reduction and Recycling

To promote waste reduction and recycling, we invited Kwun Tong Community Green Station to organise two workshops for tenants of Enterprise Square Five making comfrey cream and coffee ground soap.

Tree Planting

Around 50 office tenants, employees of Shenzhen Kerry Plaza and their family members joined a city-wide tree planting event organised by the municipal government. Employees of the Beijing Kerry Centre also took part in a tree planting activity in spring.



Cycling Challenge

To promote biking as a green transportation, Kerry Parkside invited residents to join the COCO-MAT cycling team for a wooden bike tour around the city. Paul Efmorfidis, founder of COCO-MAT, was invited to share his passion for sustainability with the participants during the event.



Car Sharing

To put the concept of sharing economy into practice, we have launched a new car sharing platform at Kerry Everbright City. By offering green transport solutions with the platform to provide electric car sharing services, we added value to its neighbouring communities in terms of mobility, resource conservation and environmental sustainability.

Giving Back to the Community

We are proud of the commitment and compassion shown by our teams in the Mainland and Hong Kong in serving meaningful social causes. During the year, our teams have taken part in various community service activities.

Caring for the Underprivileged Communities

Our volunteers worked at Food Angel's kitchen to help prepare meal boxes for underprivileged communities in Hong Kong.



OUR COMMUNITY

Appreciation for Elderly Carers

The Group sponsored the venue for an elderly care award ceremony in the Eastern district. Elderly people and their caregivers filled 18 tables in a Chinese Restaurant at Kerry Centre. Our staff also served as volunteers for distributing souvenirs during the event.



Caring for the Elderly and Children with Special Needs

To raise funds for services to elderly and children with special needs, nearly 50 employees and their family members participated in a flag day organised by the Christian and Missionary Alliance Church Union Hong Kong.

Caring for the Youth

The Group continued to support the joint effort of the Labour Department and the Hong Kong Federation of Youth Groups ("HKFYG") to provide training and work opportunities via a "Customer Services Trainee Programme" for associate degree and higher diploma students. During the six-month programme, these young customer service trainees were able to gain experience during the handover of units at Mantin Heights and by rotating between different posts at other properties. Trainees who performed well were offered permanent posts upon completion of the programme.

We have also collaborated with Hong Kong Coalition of Professional Services ("HKCPS") for a two-week placement programme in July 2017, offering Form 5 students from schools in Yuen Long and Tin Shui Wai their first real-life working experience as frontline property management staff. A mentor was assigned to provide each of them with guidance and assistance. At the end of the programme, students were given an appraisal with constructive recommendations, preparing them for their future career.



MegaBox HOME Charity Sales

The MegaBox HOME Charity Sales was held in October 2017, on which nearly 800 pieces of home appliances were sold at 90% off. All proceeds went to Save the Children in Hong Kong, an international, independent organisation dedicated to improving the well-being of children worldwide.



Moving Forward on *Corporate Social Responsibility*

We have been dedicated to community investment and co-creation. We encourage our staff to participate in charitable events, and sponsor mega-events for the society, while supporting the underprivileged through community events. Looking forward, we pledge to continue making proactive contributions to the community in forms of monetary donation, voluntary support and building partnership with NGOs. We will incorporate creative place-making elements in community engagement, so as to facilitate livability and connectivity across neighbourhoods and communities. We are also planning to devise a participative model for innovation. For all new projects, we will conduct environmental and social impact assessments, so as to align the strategic goals and community performance measures.

SUSTAINABILITY AT A GLANCE

Environmental performance

Indicator	Unit	Emission ^{1,2}									
		Hong Kong								Mainland	
		2017	2016	2015	2014	2013	2012	2011	2017	2016	2015
Direct CO ₂ e emissions (Scope 1)	tonnes of CO ₂ e	651	1,602	2,407	3,636	2,203	1,534	1,726	2,449	3,768	4,960
Energy indirect CO ₂ e emissions (Scope 2)	tonnes of CO ₂ e	47,558	49,542	49,470	50,815	53,626	49,274	47,262	67,508	70,118	71,568
Other indirect CO ₂ e emissions (Scope 3)	tonnes of CO ₂ e	1,117	363	279	305	300	277	258	32	38	39
Total CO ₂ e emission	tonnes of CO ₂ e	49,326	51,507	52,156	54,756	56,129	51,085	49,246	69,989	73,924	76,567
Carbon emissions intensity by GFA	tonnes of CO ₂ e/ 1,000ft ²	4.55	4.42	4.71	5.02	5.09	5.18	6.14	6.87	7.26	7.52

Indicator	Unit	Waste generated at construction sites									
		Hong Kong								Mainland	
		2017	2016	2015	2014	2013	2012	2011	2017	2016	2015
Total asbestos containing materials disposed from demolition work	kg	-	4,125	-	4,620	380	-	-	-	-	-
Soil contaminant identified from land contamination assessment		-	-	-	-	-	-	-	-	-	-
Total non-hazardous waste produced at construction sites	tonnes	168,869	251,290	84,664	1,718,457	-	-	-	-	-	-

Indicator	Unit	Waste generated at properties		
		Hong Kong	Mainland	2017
Total hazardous waste produced	tonnes	-	-	1.60
Hazardous waste intensity by GFA	tonnes/1,000ft ²	-	-	0.16
Total non-hazardous waste produced	tonnes	9,918	17,749	
Non-hazardous waste intensity by GFA	tonnes/1,000ft ²	0.92	1.74	

Remarks:

¹ The greenhouse gas assessment covered six types of greenhouse gases controlled by the Kyoto Protocol. The quantification process and emission factors are referenced to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, the Guidelines for Accounting and Reporting Greenhouse Gas Emissions China Public Building Operation Units (Enterprises) (Trial), and the ISO14064-1 standard. The operational control approach was adopted to aggregate the data. Calculation of Greenhouse gas intensity covers scope 1, scope 2, and scope 3 emissions.

² Scope 3 includes carbon emissions generated from outsourced shuttle bus services, which were previously included in scope 1.

Waste generation across properties managed												
Properties	Residential / Commercial GFA ('000 sq ft)	Waste Generation ('000L)					Waste Generation Intensity (L/sq ft)					
		2017	2016	2015	2014	2013	2017	2016	2015	2014	2013	
Residential												
1&3 Ede Road	78	249	242	-	-	-	3.2	3.1	-	-	-	-
15 Homantin Hill	155	482	483	482	482	482	3.1	3.1	3.1	3.1	3.1	3.1
39 Deep Water Bay	55	245	-	-	-	-	4.4	-	-	-	-	-
8 LaSalle	61	172	87	-	-	-	2.8	1.4	-	-	-	-
Aigburth & Tavistock	500	1,690	1,691	1,670	1,840	1,927	3.4	3.4	3.3	3.7	3.9	3.9
Bayview	162	737	750	721	-	-	4.6	4.6	4.5	-	-	-
Belgravia	122	480	482	480	480	479	3.9	3.9	3.9	3.9	3.9	3.9
Branksome ³	402	1,144	1,183	607	620	1,188	2.8	2.9	1.5	1.5	3.0	3.0
Camellia Court	66	355	350	337	327	275	5.4	5.3	5.1	4.9	4.2	4.2
Century Towers	237	685	660	616	621	622	2.9	2.8	2.6	2.6	2.6	2.6
Constellation Cove	578	3,050	3,167	3,700	4,223	4,752	5.3	5.5	6.4	7.3	8.2	8.2
Dragons Range	1,031	4,851	-	-	-	-	4.7	-	-	-	-	-
Elm Tree Towers	251	482	483	482	482	482	1.9	1.9	1.9	1.9	1.9	1.9
Heng Fa Villa	72	409	413	412	411	16	5.7	5.7	5.7	5.7	0.2	0.2
Island Crest	411	2,664	2,522	2,432	2,465	2,472	6.5	6.1	5.9	6.0	6.0	6.0
Jupiter Terrace	109	207	1,008	1,008	1,008	910	1.9	9.3	9.3	9.3	8.4	8.4
Lions Rise	910	5,126	5,640	5,586	4,345	3,623	5.6	6.2	6.1	4.8	4.0	4.0
May Towers	239	517	536	520	468	575	2.2	2.2	2.2	2.0	2.4	2.4
Ocean Pointe	551	3,579	3,491	3,492	3,264	3,411	6.5	6.3	6.3	5.9	6.2	6.2
Primrose Hill	453	2,911	2,971	2,956	2,882	2,862	6.4	6.6	6.5	6.4	6.3	6.3
Regency Park	265	1,445	1,445	1,445	1,445	1,445	5.5	5.5	5.5	5.5	5.5	5.5
SOHO 189	149	686	809	815	718	-	4.6	5.4	5.5	4.8	-	-
SOHO 38	48	150	154	149	173	241	3.1	3.2	3.1	3.6	5.0	5.0
The Altitude	245	1,029	1,391	1,406	1,533	1,677	4.2	5.7	5.8	6.3	6.8	6.8
The Summa	178	1,382	1,256	-	-	-	7.8	7.0	-	-	-	-
Valverde	109	575	760	659	717	723	5.3	6.9	6.0	6.6	6.6	6.6
Commercial												
Enterprise Square	676	4,917	4,850	5,023	4,972	4,935	7.3	7.2	7.4	7.4	7.3	7.3
Enterprise Square Two	248	910	922	961	2,035	2,165	3.7	3.7	3.9	8.2	8.7	8.7
Enterprise Square Three	552	2,202	1,948	1,876	974	969	4.0	3.5	3.4	1.8	1.8	1.8
Enterprise Square Five & MegaBox	1,625	16,516	16,369	16,702	15,941	15,970	11.8	10.1	10.3	9.8	9.8	9.8
Kerry Centre	518	3,278	2,552	2,416	2,415	3,689	6.3	4.9	4.7	4.7	7.1	7.1

Remarks:

³ Branksome covers Branksome Grande, Branksome Crest and Gladdon.

SUSTAINABILITY AT A GLANCE

Indicator	Unit	Use of resources	
		Hong Kong	Mainland
		2017	
Direct energy			
Diesel consumption	GJ	173	37
Petrol consumption	GJ	906	143
Liquefied Petroleum Gas ("LPG") consumption	GJ	130	-
Towngas consumption	GJ	17	-
Natural Gas consumption	GJ	-	42,326
Indirect energy			
Electricity consumption	MWh	67,940	75,345
Heat consumption	GJ	-	31,841
Total indirect energy consumption	kWh	67,940,244	84,189,778
Indirect energy consumption intensity by GFA	kWh/ft ²	6.27	8.27
Total energy consumption ⁴	GJ	245,815	345,589
Energy consumption intensity by GFA ⁵	GJ/1,000ft ²	22.7	33.9
Total water consumption	1,000m ³	511	772
Water consumption intensity by GFA	m ³ /ft ²	0.0472	0.0707
Total paper consumption	kg	13,048	5,005
Paper consumption intensity by GFA	kg/ft ²	0.0012	0.00049

Indicator	Unit	Resources consumption intensity										
		Hong Kong								Mainland		
		2017	2016	2015	2014	2013	2012	2011	2017	2016	2015	
Indirect energy consumption intensity by GFA	kWh/ft ²	6.27	6.08	6.38	6.58	6.88	7.04	8.22	8.27	8.48	8.74	
Water consumption intensity by GFA	m ³ /ft ²	0.0472	0.0442	0.0336	0.0373	0.0361	0.0368	0.0408	0.0707	0.0689	0.0657	
Paper consumption intensity by GFA	kg/ft ²	0.0012	0.0015	0.0014	0.0016	0.0018	0.0018	0.0023	0.00049	0.00054	0.00057	

Remarks:

⁴ The quantification process and conversion factors are based on the GB/T 2589-2008 and Energy Statistics Manual prepared by International Energy Agency.

⁵ Energy intensity covers consumption of diesel, petrol, LPG, Towngas, Natural Gas, electricity and heat within the organisation.

Social performance

Total workforce by gender, age group, employee category and region							
Region	Gender	Employee category	Age group			Total (by gender)	Total (by region)
			Under 30	Age 30-50	Over 50		
Hong Kong ⁶	Male	Management	0	14	24	986	1,531
		Managerial	1	104	45		
		General Staff	141	310	347		
	Female	Management	0	13	13	545	
		Managerial	1	66	7		
		General Staff	204	158	83		
Mainland ⁷	Male	Management	0	6	6	1,056	1,683
		Managerial	1	72	19		
		General Staff	214	600	138		
	Female	Management	0	13	2	627	
		Managerial	3	69	3		
		General Staff	219	298	20		
Total			784	1,723	707	3,214	3,214

Total workforce by gender, employment contract, employment type and region									
Region	Gender	Employment contract and employment type				Total (by gender)	Total (by region)		
		Permanent		Temporary/fixed term					
		Full-time	Part-time	Full-time	Part-time				
Hong Kong	Male	942	1	18	25	986	1,531		
	Female	473	0	22	50	545			
Mainland	Male	648	4	404	0	1,056	1,683		
	Female	404	0	223	0	627			
Total		2,467	5	667	75	3,214	3,214		

Remarks:

⁶ 97% of senior management are hired from the local community. Senior management is defined as director level or above (which is categorised as Management in this report).

⁷ 96% of senior management are hired from the local community. Senior management is defined as director level or above (which is categorised as Management in this report).

SUSTAINABILITY AT A GLANCE

Total number of new employees hired by gender, age group, employee category and region							
Region	Gender	Employee category	Age group			Total (by gender)	Total (by region)
			Under 30	Age 30-50	Over 50		
Hong Kong	Male	Management	0(0%)	2(14.3%)	2(8.3%)	228(23.1%)	342(22.3%)
		Managerial	0(0%)	12(11.5%)	1(2.2%)		
		General Staff	63(44.7%)	93(30.0%)	55(15.9%)		
	Female	Management	0(0%)	2(15.4%)	0(0%)	114(20.9%)	
		Managerial	1(100%)	4(6.1%)	0(0%)		
		General Staff	71(34.8%)	27(17.1%)	9(10.8%)		
Mainland	Male	Management	0(0%)	1(16.7%)	2(33.3%)	213(20.2%)	363(21.6%)
		Managerial	0(0%)	15(20.8%)	1(5.3%)		
		General Staff	93(43.5%)	95(15.8%)	6(4.3%)		
	Female	Management	0(0%)	0(0%)	0(0%)	150(23.9%)	
		Managerial	1(33.3%)	11(15.9%)	0(0%)		
		General Staff	97(44.3%)	40(13.4%)	1(5.0%)		
Total			326(41.6%)	302(17.5%)	77(10.9%)	705(21.9%)	705(21.9%)

Total number of new employees hired by gender, employment contract, employment type and region									
Region	Gender	Employment contract and employment type				Total (by gender)	Total (by region)		
		Permanent		Temporary/fixed term					
		Full-time	Part-time	Full-time	Part-time				
Hong Kong	Male	219	0	0	9	228	342		
	Female	102	0	0	12	114			
Mainland	Male	89	0	119	5	213	363		
	Female	71	0	73	6	150			
Total		481	0	192	32	705	705		

Ratio of basic salary of female employees to male employees ⁸				
Region	Employee category	Ratio of basic salary of female employees to male employees	Salary Ratio	
Hong Kong	Management	1:1.02	1:0.91	
	Managerial	1:1.03		
	General Staff	1:0.93		
Mainland	Management	1:1.34	1:0.91	
	Managerial	1:1.20		
	General Staff	1:0.87		

Summary of annual new employee rate							
Hong Kong					Mainland		
2017	2016	2015	2014	2013	2017	2016	2015
22.3%	28.9%	29.2%	25.5%	26.3%	21.6%	27.8%	24.6%

Remarks:

⁸ The ratio includes full-time employees only.

Total number of employees turnover by gender, age group, employee category and region							
Region	Gender	Employee category	Age group			Total (by gender)	Total (by region)
			Under 30	Age 30-50	Over 50		
Hong Kong	Male	Management	0(0%)	2(14.3%)	2(8.3%)	143(14.5%)	342(22.3%)
		Managerial	0(0%)	9(8.7%)	2(4.4%)		
		General Staff	39(27.7%)	42(13.5%)	47(13.5%)		
	Female	Management	0(0%)	0(0%)	1(7.7%)	199(36.5%)	
		Managerial	0(0%)	2(3.0%)	1(14.3%)		
		General Staff	90(44.1%)	51(32.3%)	54(65.1%)		
	Male	Management	0(0%)	2(33.3%)	2(33.3%)	224(21.2%)	371(22.0%)
		Managerial	0(0%)	12(16.7%)	3(15.8%)		
		General Staff	66(30.8%)	109(18.2%)	30(21.7%)		
	Female	Management	0(0%)	0(0%)	1(50.0%)	147(23.4%)	
		Managerial	2(66.7%)	16(23.2%)	2(66.7%)		
		General Staff	72(32.9%)	50(16.8%)	4(20.0%)		
Total			269(34.3%)	295(17.1%)	149(21.1%)	713(22.2%)	713(22.2%)

Total number of employees turnover by gender, employment contract, employment type and region							
Region	Gender	Employment contract and employment type				Total (by gender)	Total (by region)
		Permanent		Temporary/fixed term			
Hong Kong	Male	125	0	0	18	143	342
	Female	161	0	1	37	199	
Mainland	Male	122	0	97	5	224	371
	Female	93	0	48	6	147	
Total		501	0	146	66	713	713

Summary of annual employee turnover rate							
Hong Kong ⁹					Mainland		
2017	2016	2015	2014	2013	2017	2016	2015
22.3%	13.5%	14.6%	14.5%	15%	22.0%	20.2%	12.6%

Region	Gender	Total number of employees that took parental leave	Total number of employees retained 12 months after returning from parental leave	Total number of employees returning from parental leave in the prior reporting period	Retention rate of employee that took parental leave
Hong Kong	Male	4	4	14	29%
	Female	14	10	12	83%
Mainland	Male	9	6	9	67%
	Female	37	21	29	72%

Remarks:

⁹ Annual employee turnover rates of 2013 -2016 are adjusted to use the total employee numbers at the end of the reporting periods for the calculation of annual employee turnover rate. Rates of 2013-2016 excludes turnovers in the probation periods.

SUSTAINABILITY AT A GLANCE

Summary of total number of injuries reported					
Region	Gender	Total number of injuries reported	Total (by region)	Injury rate (per 1,000 staff, by region)	Overall injury rate (per 1,000 staff)
Hong Kong ¹⁰	Male	17	27	17.6	11.5
	Female	10			
Mainland ¹¹	Male	10	10	5.9	
	Female	0			

Summary of annual total number of injuries reported									
Employee Health and Safety		Hong Kong ¹⁰					Mainland ¹¹		
		2017	2016	2015	2014	2013	2017	2016	2015
Overall injury rate (per 1,000 staff)		17.6	16.8	12.9	12.0	17.4	5.9	6.2	7.8
Work-related fatalities		0	0	0	0	0	0	0	0
Occupational diseases		0	0	0	0	0	0	0	0

Summary of lost days									
Region	Gender	Lost days due to work related injuries / occupational diseases	Lost day rate	Overall lost days due to work related injuries / occupational diseases	Overall lost day rate	Number of absent days	Absentee rate	Overall number of absent days	Overall absentee rate
Hong Kong ¹⁰	Male	769	0.3%	1,449	0.4%	4,757	1.9%	7,290	1.9%
	Female	680	0.5%			2,533	1.9%		
Mainland ¹¹	Male	589	0.2%	589	0.1%	3,035	1.1%	5,018	1.2%
	Female	0	0%			1,983	1.3%		
Total	-	-	2,038	0.3%	-	-	-	12,308	1.5%

Summary of annual lost day rate									
Hong Kong ¹⁰					Mainland ¹¹				
2017	2016	2015	2014	2013	2017	2016	2015		
0.38%	0.09%	0.07%	0.09%	0.21%	0.14%	0.08%	0.07%		

Remarks:

¹⁰ Reported injuries refer to work-related accidents happened in Hong Kong to employees that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The calculation of lost days is based on calendar days starting from the date of the accident.

¹¹ Reported injuries refer to work-related accidents happened in the Mainland to employees that resulted in incapacity for a period exceeding three days, including fatalities but excluding first-aid level injuries. The calculation of lost days is based on scheduled work days starting from the date of the accident.

Total number of employees trained and rate by gender, employee category and region

Region	Gender	Employee category			Total (by gender)	Total (by region)	Total
		Management	Managerial	General Staff			
Hong Kong	Male	30(78.9%)	99(66.0%)	775(97.1%)	904(91.7%)	1,365(89.2%)	2,894(90.0%)
	Female	23(88.5%)	59(79.7%)	379(85.2%)	461(84.6%)		
Mainland	Male	9(75.0%)	91(98.9%)	874(91.8%)	974(92.2%)	1,529(90.8%)	
	Female	12(80.0%)	94(125.3%)	449(83.6%)	555(88.5%)		

Total training hours by gender, employee category and region

Region	Gender	Employee category			Total (by gender)	Total (by region)	Total
		Management	Managerial	General Staff			
Hong Kong	Male	220	2,327	13,064	15,611	25,246	58,565
	Female	490	1,056	8,089	9,635		
Mainland	Male	134	1,880	19,817	21,831	33,319	
	Female	238	1,517	9,734	11,488		

Average training hours by gender, employee category and region

Region	Gender	Employee category			Total (by gender)	Total (by region)	Total
		Management	Managerial	General Staff			
Hong Kong	Male	5.8	15.5	16.4	15.8	16.5	18.2
	Female	18.8	14.3	18.2	17.7		
Mainland	Male	11.2	20.4	20.8	20.7	19.8	
	Female	15.9	20.2	18.1	20.6		

Summary of annual employee trained rate

Hong Kong					Mainland		
2017	2016	2015	2014	2013	2017	2016	2015
89.2%	78.9%	71.9%	77.4%	76.9%	90.8%	90.6%	89.9%

Total number of employees received annual appraisal and rate by gender, employee category and region

Region	Gender	Employee category			Total (by gender)	Total (by region)	Total
		Management	Managerial	General Staff			
Hong Kong	Male	38(100%)	150(100%)	798(100%)	986(100%)	1,531 (100%)	3,214 (100%)
	Female	26(100%)	74(100%)	445(100%)	545(100%)		
Mainland	Male	12(100%)	92(100%)	952(100%)	1,056(100%)	1,683 (100%)	
	Female	15(100%)	75(100%)	537(100%)	627(100%)		

SUSTAINABILITY AT A GLANCE

Percentage of employees received regular appraisal								
Hong Kong					Mainland			
2017	2016	2015	2014	2013	2017	2016	2015	
100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

Total number of vendors								
Supply Chain Management	Hong Kong					Mainland		
	2017	2016	2015	2014	2013	2017	2016	2015
Total number of vendors for project development	841	797	746	674	574	-	492	834
Total number of vendors for property management	690	649	567	582	565	1,008	-	-

Non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services								
Product Responsibility	Hong Kong					Mainland		
	2017	2016	2015	2014	2013	2017	2016	2015
No. of substantiated cases of complaints	34	-	-	-	-	8	-	-
No. of substantiated cases of unresolved complaints	0	-	-	-	-	0	-	-

Number of employees who have communicated with anti-corruption's policies and procedures					
Region	Employment Category	Number of employee	Total (by region)	Total	
Hong Kong	Management	64	1,475		2,490
	Managerial	224			
	General Staff	1,187			
Mainland	Management	20	1,015		
	Managerial	106			
	General Staff	889			

Number of vendors who have communicated with anti-corruption's policies and procedures						
Region	Asia (other than Hong Kong and the Mainland)	Hong Kong	Mainland	Australia	Europe	US
Hong Kong	7	1,518	1	0	3	1
Mainland	3	14	433	0	0	8

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Aspects, General Disclosure, KPIs	Description	Chapter	Page No.	Remarks
A1 Emissions				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	OUR PROPERTIES	52-65	In 2017, there were no confirmed cases of non-compliance with relevant laws or regulations that have a significant impact on the Group
A1.1	The types of emissions and respective emissions data	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-65, 80	Air emissions (e.g. NOx, SOx and other pollutants) are not considered as material to our operations
A1.2	Greenhouse gas emissions in total Intensity of greenhouse gas emissions	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-57, 80	
A1.3	Total hazardous waste produced Intensity of total hazardous waste produced	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	60, 80	
A1.4	Total non-hazardous waste produced Intensity of non-hazardous waste produced	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	60, 80	
A1.5	Description of measures to mitigate emissions and results achieved	OUR PROPERTIES	52-65	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	52-65	
A2 Use of Resources				
General Disclosure	Policies on the efficient use of resources	OUR PROPERTIES	52-65	
A2.1	Direct and/or indirect energy consumption by type in total Direct and/or indirect energy intensity by type	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-57, 82	
A2.2	Water consumption in total Water intensity	SUSTAINABILITY AT A GLANCE	82	
A2.3	Description of energy use efficiency initiatives and results achieved	OUR PROPERTIES	52-65	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	OUR PROPERTIES	52-65	In 2017, there were no problems in sourcing water encountered in our operations
A2.5	Total packaging material used for finished products Packaging material intensity			In 2017, there were no massive use of packaging material involved in our products

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure, KPIs	Content	Chapter	Page No.	Remarks
A3 The Environment and Natural Resources				
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	OUR PROPERTIES	52-65	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	OUR PROPERTIES	52-65	
B1 Employment				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	OUR TEAM	36-51	In 2017, there were no confirmed cases of non-compliance with relevant laws or regulations that have a significant impact on the Group
B1.1	Total workforce by gender, employment type, age group and geographical region	OUR TEAM, SUSTAINABILITY AT A GLANCE	44, 83	
B1.2	Employee turnover rate by gender, age group and geographical region	OUR TEAM, SUSTAINABILITY AT A GLANCE	44, 85	
B2 Health and Safety				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	OUR TEAM	36-51	In 2017, there were no confirmed cases of non-compliance with relevant laws or regulations that have a significant impact on the Group
B2.1	Number and rate of work-related fatalities	OUR TEAM, SUSTAINABILITY AT A GLANCE	39, 86	
B2.2	Lost days due to work injury	SUSTAINABILITY AT A GLANCE	86	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	OUR TEAM	36-51	

Aspects, General Disclosure, KPIs	Content	Chapter	Page No.	Remarks
B3 Development and Training				
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	OUR TEAM	36-51	
B3.1	Percentage of employees trained The percentage of employees trained by gender and employee category	OUR TEAM, SUSTAINABILITY AT A GLANCE	48, 87	
B3.2	Average training hours completed per employee The average training hours completed per employee by gender and employee category	OUR TEAM, SUSTAINABILITY AT A GLANCE	48, 87	
B4 Labour Standards				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	OUR TEAM	36-51	In 2017, there were no confirmed cases of non-compliance with relevant laws or regulations that have a significant impact on the Group
B4.1	Description of measures to review employment practices to avoid child and forced labour	OUR TEAM	36-51	
B4.2	Description of steps taken to eliminate such practices when discovered	OUR TEAM	36-51	In 2017, there were no such practices discovered in our operations
B5 Supply Chain Management				
General Disclosure	Policies on managing environmental and social risks of the supply chain	OUR OPERATION	24-35	
B5.1	Number of suppliers by geographical region	SUSTAINABILITY AT A GLANCE	88	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	OUR OPERATION	88	All our vendors are required to provide information on their environmental management practices for us to assess whether they align with our Environmental Management System

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspects, General Disclosure, KPIs	Content	Chapter	Page No.	Remarks
B6 Product Responsibility				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	OUR OPERATION	24-35	In 2017, there were no recall concerning the provision and use of products and services for safety and health reasons
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons			In 2017, there were no recall concerning the provision and use of products and services for safety and health reasons
B6.2	Number of products and service related complaints received and how they are dealt with	SUSTAINABILITY AT A GLANCE	87	
B6.3	Description of practices relating to observing and protecting intellectual property rights	OUR OPERATION	29	
B6.4	Description of quality assurance process and recall procedures	OUR OPERATION	26-35	Recall procedures are not considered as material to our operations
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	OUR OPERATION	26-27	
B7 Anti-corruption				
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	OUR OPERATION	24-35	
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases			In 2017, there were no concluded legal cases of corruption brought against the Group or its employees
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	OUR OPERATION	27-28	
B8 Community Investment				
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	OUR COMMUNITY	66-79	
B8.1	Focus areas of contribution	OUR COMMUNITY	68-79	
B8.2	Resources contributed to the focus area	OUR COMMUNITY	68-79	

GRI CONTENT INDEX

Disclosure	Description	Chapter	Page No.	Remarks
GRI 102: General Disclosures 2016				
Organisational profile				
102-1	Name of the organisation	COVER PAGE		
102-2	Activities, brands, products, and services	ABOUT THIS REPORT, OUR BUSINESS	2, 10-11	In 2017, there were no banned products and services in any market
102-3	Location of headquarters	ABOUT THIS REPORT	2	
102-4	Location of operations	ABOUT THIS REPORT, OUR BUSINESS	2, 10-11	
102-5	Ownership and legal form	ABOUT THIS REPORT, OUR BUSINESS	2, 10-11	
102-6	Markets served	ABOUT THIS REPORT, OUR STAKEHOLDERS	2, 18-19	
102-7	Scale of the organisation	ABOUT THIS REPORT, OUR BUSINESS, OUR TEAM	2, 10-11, 44	Financial data see Annual Report 2017 (p.4) - http://www.kerryprops.com/files/reports/annual/en/2017/f02.pdf
102-8	Information on employees and other workers	ABOUT THIS REPORT, OUR TEAM	2-4, 36-51	In 2017, all of our construction work and certain cleaning and shuttle bus service were performed by workers who were not employees. There were no significant variations in the numbers of employees reported
102-9	Supply Chain	OUR OPERATON	32	
102-10	Significant changes to the organisation and its supply chain			There were no significant changes in 2017
102-11	Precautionary Principle or approach	OUR SUSTAINABILITY STRATEGY	6	
102-12	External initiatives			Annual Report 2017 (p.60-69) - Awards and Citations http://www.kerryprops.com/files/reports/annual/en/2017/f09.pdf
102-13	Memberships of associations			Annual Report 2017 - Participation through Membership (p.52) - http://www.kerryprops.com/files/reports/annual/en/2017/f08.pdf
Strategy				
102-14	Statement from senior decision-maker	LETTER FROM THE MANAGEMENT	5	
Ethics and integrity				
102-16	Values, principles, standards and norms of behaviour	OUR SUSTAINABILITY STRATEGY, OUR BUSINESS	6-9, 10	Corporate Governance Report see Annual Report 2017 (p.70-79) - http://www.kerryprops.com/files/reports/annual/en/2017/f10.pdf CSR & Sustainability see Corporate website - http://www.kerryprops.com/en/post/csr-sustainability-overview

GRI CONTENT INDEX

Disclosure	Description	Chapter	Page No.	Remarks
Governance				
102-18	Governance structure			Corporate Governance Report see Annual Report 2017 (p.70-79) - http://www.kerryprops.com/files/reports/annual/en/2017/f10.pdf
Stakeholder engagement				
102-40	List of stakeholder groups	OUR STAKEHOLDERS	18-19	
102-41	Collective bargaining agreements			There were no formal collective bargaining agreements in place within the Group
102-42	Identifying and selecting stakeholders	OUR STAKEHOLDERS	14	
102-43	Approach to stakeholder engagement	OUR STAKEHOLDERS	14	
102-44	Key topics and concerns raised	OUR STAKEHOLDERS	16	All feedback from stakeholders at engagement activities are kept anonymous. Therefore, information on stakeholder groups are not available
Reporting practice				
102-45	Entities included in the consolidated financial statements	ABOUT THIS REPORT	36	Annual Report 2017 - Particulars of Properties Held (p.36) - http://www.kerryprops.com/files/reports/annual/en/2017/f07.pdf
102-46	Defining report content and topic boundaries	ABOUT THIS REPORT, OUR STAKEHOLDERS	2-4, 12-23	
102-47	List of material topics	OUR STAKEHOLDERS	15	
102-48	Restatements of information	OUR PROPERTIES, SUSTAINABILITY AT GLACE	54, 80, 84, 85	
102-49	Changes in reporting	ABOUT THIS REPORT, OUR STAKEHOLDERS	2, 14-16	
102-50	Reporting period	ABOUT THIS REPORT	2	
102-51	Date of most recent report			Sustainability Report 2016 published on 30 Jun 2017 - http://www.kerryprops.com/en/post/sustainability-report
102-52	Reporting cycle			Our sustainability reports are published on an annual basis
102-53	Contact point for questions regarding the report	ABOUT THIS REPORT	4	
102-54	Claims of reporting in accordance with GRI Standards	ABOUT THIS REPORT	3	
102-55	GRI Content Index	GRI CONTENT INDEX	93	
102-56	External assurance	ABOUT THIS REPORT, ASSURANCE REPORT	4, 103-105	

Material Issues

Disclosure	Description	Chapter	Page No.	Remarks
GRI 202: Market Presence 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	16	
103-2	The management approach and its components	OUR TEAM	36-51	
103-3	Evaluation of the management approach			
202-2	Percentage of senior management at significant locations of operation that are hired from the local community.	SUSTAINABILITY AT A GLANCE	83	
GRI 205: Anti-corruption 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	27-28	
103-3	Evaluation of the management approach			
205-3	Confirmed incidents of corruption and actions taken	OUR OPERATION	28	
GRI 206: Anti-competitive Behavior 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	28-29	
103-3	Evaluation of the management approach			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	OUR OPERATION	29	

GRI CONTENT INDEX

Disclosure	Description	Chapter	Page No.	Remarks
GRI 303: Water 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR PROPERTIES	58	
103-3	Evaluation of the management approach			
303-1	Water withdrawal by source	SUSTAINABILITY AT A GLANCE	81	In 2017, the water consumed by our operations mainly came from municipal supplies in various regions where we operate. Disclosure on the breakdown of water withdrawn by source (e.g. surface water, ground water, etc) is not applicable to our operations
GRI 305: Emissions 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR PROPERTIES	54-57	
103-3	Evaluation of the management approach			
305-1	Direct GHG emissions (Scope 1)	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-57, 80	With external consultant's recommendation, 2011 was chosen as the base year when the Company started systematic review of its carbon performance several years ago
305-2	Energy indirect GHG emissions (Scope 2)	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-57, 80	
305-3	Other indirect GHG emissions (Scope 3)	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-57, 80	
305-4	GHG emissions intensity	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-57, 80	
GRI 306: Effluents and Wastes 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR PROPERTIES	59-61	
103-3	Evaluation of the management approach			
306-1	Water discharge by quality and destination			In 2017, all water discharged from our operations was transported to municipal wastewater treatment facilities in various regions where we operate. Disclosure on the total volume of water discharges is not applicable to our operations

Disclosure	Description	Chapter	Page No.	Remarks
GRI 401: Employment 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	36-51	
103-3	Evaluation of the management approach			
401-1	New employee hires and employee turnover	OUR TEAM, SUSTAINABILITY AT A GLANCE	44, 84	
GRI 402: Labour/Management Relations 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	36-51	
103-3	Evaluation of the management approach			
402-1	Minimum notice periods regarding operational changes			Minimum notice periods can be found in employment contracts
GRI 403: Occupational Health and Safety 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	38-43	
103-3	Evaluation of the management approach			
403-2 G4-LA6	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	OUR TEAM, SUSTAINABILITY AT A GLANCE	86	

GRI CONTENT INDEX

Disclosure	Description	Chapter	Page No.	Remarks
GRI 404: Training and Education 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	48-50	
103-3	Evaluation of the management approach			
404-1 G4-LA9	Average hours of training per year per employee	SUSTAINABILITY AT A GLANCE	87	
404-3	Percentage of employees receiving regular performance and career development reviews	SUSTAINABILITY AT A GLANCE	88	
GRI 405: Diversity and Equal Opportunity 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	51	
103-3	Evaluation of the management approach			
405-2	Ratio of basic salary and remuneration of women to men	OUR TEAM, SUSTAINABILITY AT A GLANCE	45, 84	
GRI 406: Non-discrimination 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	36, 44, 51	
103-3	Evaluation of the management approach			
406-1 G4-HR3	Incidents of discrimination and corrective actions taken	OUR TEAM	51	

Disclosure	Description	Chapter	Page No.	Remarks
GRI 408: Child Labour 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	51	
103-3	Evaluation of the management approach			
408-1	Operations and suppliers at significant risk for incidents of child labour			In 2017, we have not identified operations and suppliers considered to have significant risk for incidents of child labour or young workers exposed to hazardous work in our operations. We are in the process of developing a more robust risk assessment system (including remedy measures) on this topic
GRI 409: Forced or Compulsory Labour 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	51	
103-3	Evaluation of the management approach			
409-1	Operations and suppliers at significant risk for incidents of			In 2017, we have not identified operations and suppliers considered to have significant risk for incidents of forced or compulsory labour. We are in the process of developing a more robust risk assessment system (including remedy measures) on this topic
GRI 410: Security Practices 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR TEAM	29	
103-3	Evaluation of the management approach			
410-1	Security personnel trained in human rights policies or procedures			Information on data for security personnel trained in human rights is not available. As explained in the management approach disclosures for this topic, related training will be provided to our security guards in 2018

GRI CONTENT INDEX

Disclosure	Description	Chapter	Page No.	Remarks
GRI 413: Local Communities 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR COMMUNITY	66-79	
103-3	Evaluation of the management approach			
413-1	Operations with local community engagement, impact assessments, and development programs	OUR STAKEHOLDERS	12, 22-23	Information on percentage of operations with local community engagement is not available. We are in the process of developing a more robust tracking system on this topic
GRI 416: Customer Health and Safety 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	29-30	
103-3	Evaluation of the management approach			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	OUR OPERATION, SUSTAINABILITY AT A GLANCE	30, 88	
GRI 417: Marketing and Labelling 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	29	
103-3	Evaluation of the management approach			
417-2	Incidents of non-compliance concerning product and service information and labelling	OUR OPERATION	29	
417-3	Incidents of non-compliance concerning marketing communications	OUR OPERATION	29	
G4-CRE8	Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment	Annual Report 2017 - Awards and Citations		Annual Report 2017 - Awards and Citations (p.60-62) - http://www.kerryprops.com/files/reports/annual/en/2017/f09.pdf

Disclosure	Description	Chapter	Page No.	Remarks
GRI 418: Customer Privacy 2016				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	26-27	
103-3	Evaluation of the management approach			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	OUR OPERATION	27	
Quality Management and After-sales Service (this issue not covered by topic-specific Standards)				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	29-32	
103-3	Evaluation of the management approach			
Intellectual Property Rights (this issue not covered by topic-specific Standards)				
103-1	Explanation of the material topic and its boundary	OUR STAKEHOLDERS	12-23	
103-2	The management approach and its components	OUR OPERATION	29	
103-3	Evaluation of the management approach			

GRI CONTENT INDEX

Additional Disclosure

Disclosure	Description	Chapter	Page No.	Remarks
GRI 302: Energy 2016				
103-2	The management approach and its components	OUR PROPERTIES	54-57	
103-3	Evaluation of the management approach			
302-1	Energy consumption within the Organisation	OUR PROPERTIES, SUSTAINABILITY AT A GLANCE	54-56, 82	
302-3	Energy intensity	SUSTAINABILITY AT A GLANCE	82	
GRI 307: Environmental Compliance 2016				
103-2	The management approach and its components	OUR PROPERTIES	54-57	
103-3	Evaluation of the management approach			
307-1	Non-compliance with environmental laws and regulations			In 2017, we were not subject to significant fines or non-monetary sanctions for non-compliance with such laws or regulations
GRI 419: Socioeconomic Compliance 2016				
103-2	The management approach and its components	OUR BUSINESS, OUR OPERATION, OUR TEAM	10-11, 24-35, 36-51	
103-3	Evaluation of the management approach			
419-1	Non-compliance with laws and regulations in the social and economic area			In 2017, we were not subject to significant fines or non-monetary sanctions for non-compliance with such laws or regulations

INDEPENDENT ASSURANCE OPINION STATEMENT

Statement No.: SRA-HK 694451



Kerry Properties Limited Sustainability Report 2017

The British Standards Institution is independent of Kerry Properties Limited, and its subsidiaries (hereafter referred to as "KPL" collectively in this statement), and has no financial interest in the operation of KPL other than for the assessment and assurance of KPL Sustainability Report 2017 ("Report").

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

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

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

Scope

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

1. The assurance covers the whole Report, and focuses on systems and activities of KPL in Hong Kong and mainland China, which include property development, investment, management and leasing in residential, shopping malls, office towers and apartments, during the period from 1st January 2017 to 31st December 2017. The Report is prepared in accordance with the Core Option of GRI Sustainability Reporting Standards ("GRI Standards") and in accordance with the Hong Kong Stock Exchange's ("HKEx") Environmental, Social and Governance Reporting Guide ("ESG Guide").
2. Type 1 Moderate Level of Assurance evaluates the nature and extent of KPL's adherence to three reporting principles: Inclusivity, Materiality and Responsiveness. The specified sustainability performance information/data disclosed in the Report has been evaluated.

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

Opinion Statement

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

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

INDEPENDENT ASSURANCE OPINION STATEMENT

Methodology

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

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

Conclusions

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

Inclusivity

The Report has reflected the fact that KPL is seeking the engagement of its stakeholders through numerous channels such as interview, questionnaire, workshops, focus groups, sharing sessions, hotline, home visits, street surveys, big data analysis, and various activities/programmes including Green Salad Day, Kerry & I Employee Opinion Survey, Green at Work Contest, Green Home Tips programmes, Kerry On and more.

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

Materiality

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

Responsiveness

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

GRI Standards Reporting

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

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

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

HKEx ESG Guide Reporting

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

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

Assurance Level

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

Responsibility

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

Competency and Independence

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

For and on behalf of BSI:

A handwritten signature in blue ink, appearing to read "Wilfred Chan".

Mr. Wilfred Chan

Head of Operations, BSI Asia Pacific

Hong Kong

27th June 2018

