



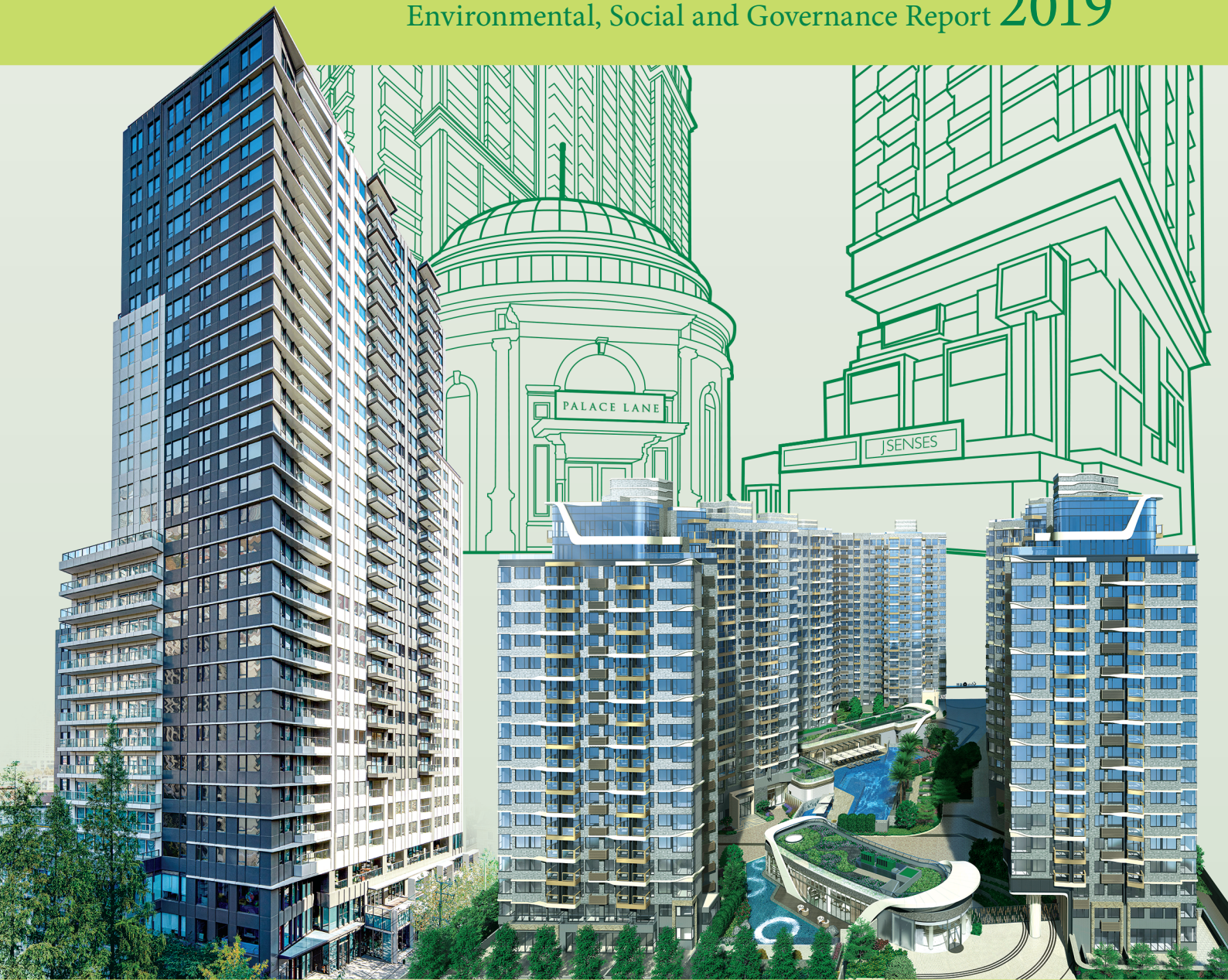
嘉華國際集團有限公司

K. WAH INTERNATIONAL HOLDINGS LIMITED

於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

Stock code 股份代號 00173

Environmental, Social and Governance Report 2019



Delivering Value with

Distinctive Quality

建優創值 力臻恆遠



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1. Our Sustainability Vision

Sustainability is a core part of our business at K. Wah International Holdings Limited (“KWIH” or “the Group”). Driven by our core values, the principles of sustainable development guide our business activities through the entire operation cycle from project design, construction to operations and management.

We take tangible steps to minimise potential negative impacts associated with our operations on the environment and keep abreast of industry best practices as we work to build a sustainable and resilient future. Propelling our sustainability blueprint are our dedicated employees who lay a solid foundation for organisational excellence. Over the years, we have been nurturing a people-oriented culture where integrity, teamwork and perseverance support our quest for sustainable development.

As we drive business growth, we aim for creating long-term positive value for all our stakeholders and the wider community. Our efforts have been recognised in the market as KWIH has been a constituent of the Hang Seng Corporate Sustainability Benchmark Index since 2018. This also helps us to benchmark our performance against other market leaders and further driving our sustainability journey.



2. About KWIH

With a strong foothold established in Hong Kong, KWIH (stock code: 00173) is the listed property arm of K. Wah Group. KWIH has continuously grown and become a leading integrated property developer and investor of exquisite and niche projects with a strategic focus on Hong Kong, the Yangtze River Delta and Pearl River Delta regions. For further details on our business and financial performance, please refer to our Annual Report 2019.

Governance Structure

KWIH is committed to best corporate governance practices in the interest of all our stakeholders. The Board of KWIH (the “Board”) comprises four Executive Directors, one Non-executive Director and four Independent Non-executive Directors. Together they provide strategic guidance to management on operations, sustainability approach and reporting.

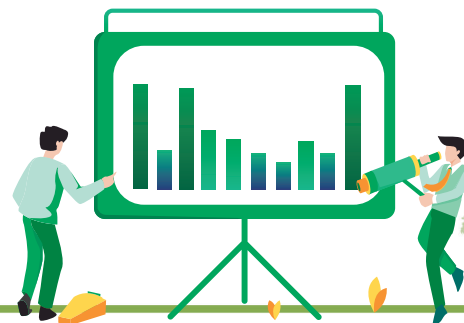
Four committees are set up, namely, the Executive Board, the Remuneration Committee, the Nomination Committee and the Audit Committee, to assist the Board in carrying out its responsibilities:

- The Executive Board is responsible for overseeing the implementation of the Group’s strategy set by the Board, monitoring the Group’s investment and operational performances as well as funding and finance requirements.
- The Remuneration Committee is responsible for setting policy on Executive Directors’ remuneration and for fixing the remuneration packages for all directors and senior management.
- The Nomination Committee is responsible for reviewing the structure, size and composition of the Board and identifying suitable individuals qualified to become members of the Board.
- The Audit Committee is responsible for reviewing financial information of the Group and overseeing the Group’s financial reporting process, risk management and internal control systems.

Risk Management and Internal Control

The Board acknowledges its responsibility for maintaining and reviewing the effectiveness of the Group’s risk management and internal control systems on an on-going basis. Reporting directly to the Board, the Audit Committee is responsible for detailed monitoring and regular updating on the effectiveness of the Group’s risk management and internal control systems. Assisted by our Internal Audit Department, the Audit Committee identifies and evaluates significant risks to the Group’s operations through undertaking risk assessment exercises in the form of questionnaires and interviews with the senior executives and function heads. The Audit Committee will report the results to the Board for considering any risk mitigation actions and controls. Appropriate risk mitigation actions are being taken to manage and control individual risks identified.

For more information on our corporate governance, risk management and internal control, please refer to the “Corporate Governance Report” section on P. 37 to 48 and “Biographical Information of Directors” section on P. 49 to 52 of KWIH’s Annual Report 2019.



3. About This Report

This annual Environment, Social and Governance (“ESG”) Report (the “Report”) is the fourth ESG Report prepared by KWIH. This Report is to provide an overview of the Group’s management approach as well as ESG initiatives and performances in regard to human capital, customer and value chain, environment and community for the year ended 31 December 2019 (the “reporting period”).

Reporting Standard and Scope

This Report is prepared in accordance with the requirements of the ESG Reporting Guide, Appendix 27 (“ESG Guide”)¹ to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HK Stock Exchange”).

Unless otherwise indicated, the scope of the Report includes our portfolio in Hong Kong and Mainland China under our operational control, consisting primarily residential developments, Grade-A office towers, hotel, serviced apartments and retail complexes.

For a full list of ESG Aspects, respective key performance indicators (“KPIs”), and their reference within this Report, please see the HK Stock Exchange ESG Guide Content Index included on P. 28 to 30 of this Report.

Stakeholder Engagement

We engage with a wide range of our stakeholders to gain valuable feedback and address their concerns with regards to our ESG efforts, performance and future strategies. This enables us to make informed decisions and better assess our potential impacts. Our ongoing and two-way communication takes place through the following channels.

Stakeholder Groups

Employees	Community Groups and NGOs	Shareholders and Investors	Customers and Tenants	Media	Suppliers and Contractors
Surveys; Intranet; Newsletters; Training sessions; Team-building activities; Mobile App	Community events; Joint partnerships	Circulars and announcements; Annual and interim results events; One-on-one meetings; Roadshows; Conferences; Annual General Meetings; Newsletters; Press release	Surveys; Mobile App	Luncheons and gatherings; Interviews and media audits; Feedback and responses to media enquiries	Screening and assessments



¹ The Appendix 27 Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on HK Stock Exchange is organised into two ESG subject areas — Environmental and Social. There are various aspects under the two subject areas and each aspect sets out general disclosures and key performance indicators (“KPI”) for listed companies to report on so as to demonstrate their performance.

Materiality Assessment

In preparation for this Report, we appointed an independent consultant to conduct a comprehensive stakeholder engagement and materiality assessment to determine the most material ESG topics to the Group for disclosure by following a three-stage process:

Stage 1: Identification

- Reviewed ESG disclosures of industry peers to identify common disclosure practices.
- Conducted an online survey with internal stakeholders to rank the importance of different ESG issues.

Stage 2: Prioritisation


- Combined and analysed the results of the peer benchmarking exercise and stakeholder online survey to develop a prioritised list of ESG issues of varying materiality levels for confirmation.

Stage 3: Validation

- The Group's senior management convened a meeting with the independent consultant to confirm a finalised list of material KPIs for disclosure, with consideration of relevance to the Group's business operations.

4. Major Awards and Certificates

Our sustainability commitment has been well recognised by the industry and the wider community. We are proud to present the following awards and certificates received in the reporting period.



<p>2018–2019</p> <p>Hang Seng Indexes Company Limited</p> <hr/> <p>Constituent of the Hang Seng Corporate Sustainability Benchmark Index</p>	<p>2019</p> <p>BCI Asia</p> <hr/> <p>BCI Asia Top 10 Developers Award 2019 (Hong Kong)</p>	<p>2019</p> <p>Hong Kong Productivity Council</p> <hr/> <p>10th Hong Kong Corporate Citizenship Awards: Corporate Citizenship Logo 2019</p>	<p>2019</p> <p>Hong Kong Productivity Council and the Promoting Happiness Index Foundation</p> <hr/> <p>Happiness-at-work Promotional Scheme 2019: "Happy Company" Logo</p>	<p>2018–2019</p> <p>Quamnet</p> <hr/> <p>Outstanding Corporate Governance Award 2019</p>
<p>2019</p> <p>Hong Kong Investor Relations Association</p> <hr/> <p>The HKIRA 5th Investor Relations Awards — Certificate of Excellence</p>	<p>2019</p> <p>The Mirror Post</p> <hr/> <p>The 8th Outstanding Corporate Social Responsibility Award</p>	<p>2018–19</p> <p>Mandatory Provident Fund Schemes Authority</p> <hr/> <p>Good MPF Employer Award</p>	<p>2019</p> <p>The Hong Kong Council of Social Service</p> <hr/> <p>Caring Company Logo</p>	<p>2019</p> <p>JobMarket</p> <hr/> <p>Employer of Choice Award 2019</p>
<p>2019</p> <p>JobMarket</p> <hr/> <p>Work-life Balance Award</p>	<p>2018–19</p> <p>Employees Retraining Board</p> <hr/> <p>ERB Manpower Developer Award Scheme 2018–19 — Manpower Developer</p>	<p>2019</p> <p>TOP HR</p> <hr/> <p>2019 China Human Resource Pioneer Employer</p>	<p>2019</p> <p>Antai College of Economics and Management</p> <hr/> <p>Best Organisation Development Award</p>	

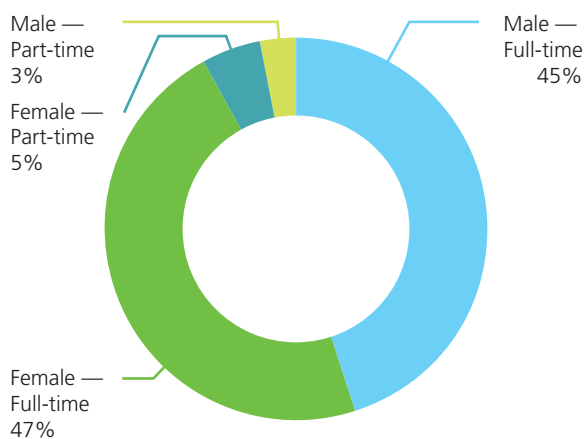
5. Empowering Our People

Employees are our greatest strength contributing to the success and longevity of the Group. At KWIH, we rely heavily on our dedicated employees to execute our corporate strategies and deliver product and service excellence. As such, we endeavour to create an inclusive and supportive workplace which fosters open and interactive communication, supports professional development and enhances the well-being of our employees.

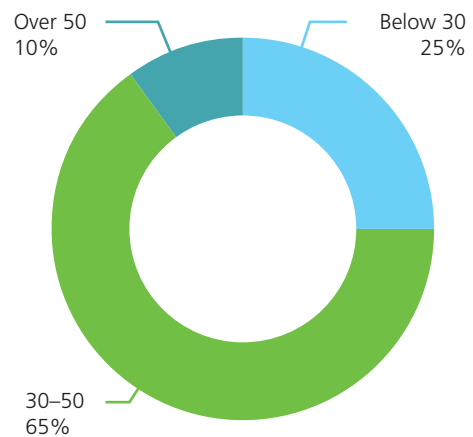
Human Capital Profile

As of 31 December 2019, the Group has a competent team of more than 1,000 employees² supporting our business operations. As staff retention remains a challenge for the property sector, we step up our efforts to nurture a caring and positive work environment. Over the reporting period, our voluntary employee turnover rate decreased to 19%, compared to 27% in 2018.

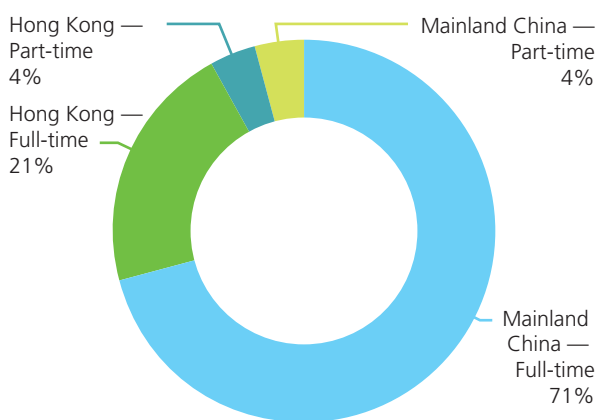
Employment type, by gender



Employees, by age group



Employment type, by region



Total employee turnover



Compared to 27% in 2018

² This figure reflects full-time and part-time employees in our Hong Kong and Mainland China portfolio.

Employee Benefits and Equal Opportunities

To ensure a sustainable workforce to fuel our business growth, we strive to attract and retain every passionate individual who shares our core corporate values. As a family-friendly employer, we work to accommodate the needs of working families and provide attractive remuneration packages and benefits, including:



Discretionary annual performance bonus and a range of leave entitlements



Flexible working arrangements



Competitive medical insurance and dental benefits



Well-equipped lactation room at K. Wah Centre for working mothers



Complimentary vaccinations against influenza

In line with our “Equal Opportunities Legislations” policy, we are committed to building a working environment which values respect and dignity and is free from prejudice and discrimination at all times. Additionally, we ensure fair recruitment and promotion procedures based on individual merits, experience and qualification regardless of gender, age, nationality, ethnicity, religion, disability and sexual orientation. Child and forced labour are strictly prohibited within the Group’s operations and supply chain in accordance with the relevant regulations in Hong Kong and Mainland China³.

During the reporting period, there were no cases of non-compliance with relevant laws and regulations³ relating to compensation and dismissal, recruitment and promotion, labour practices, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

KWIH wins Employer of Choice Award for 4th consecutive year

We continue to gain praise for our efforts to create an attractive workplace. The Group has earned the Employer of Choice Award for the fourth consecutive year and won the Work-Life Balance Award for the second time. Organised by JobMarket, the Awards honour corporations which demonstrate outstanding talent management strategies and Human Resources best practices.



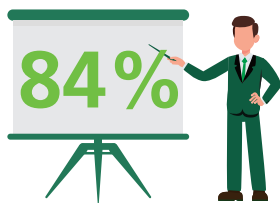
³ Including but not limited to Employment Ordinance (Cap. 57), the Labour Law of the People’s Republic of China (“PRC”) and the Provisions on Prohibition of Child Labour of the PRC.

Continuous Development and Training

At KWIH, we recognise the development and personal growth of our employees as an integral component of our business sustainability. To ensure our team remains competitive and resilient in an ever-changing business environment, we encourage staff at all levels to enhance their professional knowledge and tailor our training programmes to cater to the needs of employees from different departments and at varied career stages. This year, wide spectrums of training were offered for staff to unleash their full potential. For instance, we arranged for hospitality staff who demonstrates high potential to advance to managerial positions to attend a Learning and Sharing Project to strengthen their leadership and problem-solving skills as well as interpersonal communication.

We also co-organised an eight-month executive training programme with The Hong Kong Management Association for management staff. The programme covers various theories and applications including strategic management, problem solving, innovative culture and other topics presented by industry experts and university lecturers. The training provides our managers with an additional opportunity to acquire and improve their leadership skills, as well as to enhance our competitiveness.

Percentage of employees trained



Average training hours per employee



Total training hours completed by KWIH employees



Promoting e-Learning at KWIH

As digital platforms become more prevalent in our daily lives, KWIH proactively promote online learning for the continuous development of its staff. In partnership with LinkedIn Learning, an award-winning industry leader in online training, we offered our Hong Kong staff expert-led and on-demand e-learning resources. Through this new platform, staff can gain access to an extensive library of courses covering diverse topics such as leadership and management, business software and tools, and data science.

To cater for individual needs and learning patterns, the platform adopts a flexible approach which allows employees to access training materials through computers or mobile devices, providing staff with high flexibility to learn anytime and anywhere. Based on their respective job nature and knowledge portfolio, tailor-made course recommendations are available to equip staff members with the most suitable toolkits.

During the reporting period, we organised an introductory session to familiarise staff with this new learning platform.



To supplement our internal training efforts, we subsidize our staff to pursue external training courses and invite guest speakers to share market information and professional knowledge. In 2019, our Mainland China subsidiaries partnered with South China University of Technology to organise a seminar for the Group's management to exchange knowledge regarding regional planning and development strategy in the Greater Bay Area.

Employee Health and Safety

Ensuring occupational health and safety (“OHS”) for our employees is a foremost task. We have taken precautionary measures to minimise occupational hazards across our operations. At our office premises, we continue to conduct regular fire drills and carpet cleaning as well as organise free physical check-ups for our staff members. Special attention is given to our project teams through the provision of protective gear such as helmets and safety shoes. To step up our efforts on building a healthy workplace, we organised weekly fruit days and arranged a number of health talks for staff covering topics such as diet, physiotherapy and mental well-being.

We are also mindful of the safety of our contracted and subcontracted workers. OHS requirements are clearly stated in our tender documents and monitoring systems are in place to safeguard construction site safety.

During the reporting period, there were five lost days due to work injuries reported from projects in Mainland China. In line with our uncompromising commitment to workplace safety, we conduct detailed assessments and analyses after each incident for immediate rectification and to allow us to avoid recurrence in pursuit of best safety practices.

Projects in Hong Kong

As part of the tendering process, we undertake a pre-qualification exercise to screen contractors with good safety records. Going beyond statutory requirements, we require our main contractors to appoint a full-time Registered Safety Officer (“RSO”) who has the experience and expertise to manage onsite safety-related issues. The RSO is responsible for monitoring and maintaining the overall safety of the construction sites in accordance with the approved Safety Plan. Secondary inspections are also conducted by the building architect on a periodic basis.

Projects in Mainland China

Following our Standard Operating Procedures (“SOP”), we have set out a systematic tendering and auditing mechanism to manage our projects in Mainland China. We prioritise contractors who outperform in the health and safety standards. In addition to compliance with relevant local and national regulations, contractors must also possess ISO14001 and GB/T28001 or ISO45001 certificates. A three-level auditing process involving the site project team, the regional office and the headquarter is also in place to monitor the level of compliance.



Caring for Employees

We fully support our employees to maintain a good work-life balance. As a people-oriented employer, we strongly advocate for a warm, collaborative and inclusive work culture. Building team spirit and creating a harmonious work environment fosters a sense of belonging and closer bonds which are important for individual well-being and company morale.

K. Wah Social Club

Comprising representatives from different departments, the K. Wah Social Club (“the Club”) is a self-managed committee sponsored by the Group. The purpose of the Club is to engage our staff and their families and friends through a series of charitable events and staff activities.

Objectives of the Club



Give back to and care for the community



Enhance sense of belonging and team spirit of employees



Provide training ground for cross-functional leadership



Promote corporate citizenship through participation in social/charitable activities

Currently, the Club Committee led by a Chairman, consists of 11 Members from various departments. To enable wider participation across the Group, Committee Members are limited to a two-year term.



During the reporting period, a wide range of activities were held for our staff in Hong Kong and Mainland China.

HONG KONG



KWIH Annual Staff Party



Dragon Boat Championships 2019



Interest Class



Summer Movie Viewing



Chinese New Year Party



Christmas Celebration

MAINLAND CHINA



Guangzhou and Dongguan Annual Party



Staff Outing







Festive Celebration

To build an engaged and stable workforce, open and two-way communication with employees at different levels is crucial. KWIH has launched a multimedia platform and a mobile app in recent years. Both platforms have been well received by employees.

K-Channel: An innovative platform to strengthen staff engagement

Launched in 2017, the K-Channel is a digital multimedia platform on the Group’s intranet through which to engage our staff members in an interactive manner. A staff-initiated video is released regularly, covering a wide variety of topics including:

<p>KWIH Q&A</p>  <p>A two-way communication platform between general staff and the management</p>	<p>KWIH Fun Facts</p>  <p>Interesting stories behind our staff members</p>	<p>KWIH Featured Stories</p>  <p>Introduction of KWIH’s business development and community contributions</p>	<p>KWIH Corporate Updates</p>  <p>Sharing information on different corporate activities</p>
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As at the end of 2019, there was more than 15,000 accumulated view rate for all the videos.

E-communication via the KWIH Mobile App

In conjunction with existing communication channels, our Human Resources and Information Technology Services Departments have developed the KWIH Mobile App to further strengthen internal communication and staff engagement.

As at the end of 2019, about 95% of our full-time employees have downloaded the app onto their smartphones to stay updated with corporate news, online training, surveys and event registration.



6. Engaging Our Customers and Value Chain

KWIH is steadfast in its customer-centric commitment to deliver quality products and services which exceed customer expectations. As part of our corporate values, we carefully consider customers' needs and concerns with prudence and professionalism. We also share our commitment to responsible and sustainable operations with our partners through proactive value chain management.

Customer Health and Safety

From building construction to facility management, customer health and safety is a top priority across our operations. As outlined in our tender documents, we require contractors to adhere to all applicable legislation⁴ supplemented by our regular inspections to ensure the overall quality of development projects. Our strict control measures also apply to projects in Mainland China. On top of regulatory compliance, health and safety considerations are incorporated into our development projects from the design phase to after-sales care. For instance, we pay special attention to landscape design and incorporate greenery as far as practicable to offer residents the best living experience. At K. City, we planted plenty of trees alongside the buildings and provided residents with green spaces for gathering and leisure activities to uplift their quality of life.

Advertising Standards

As a responsible property developer, we believe that providing customers with accurate, transparent and consistent information enables them to make informed decisions and facilitates trust-building. As such, we make sure our marketing strategies and associated advertisements are in full compliance with relevant local and national regulations, including the Residential Properties First-hand Sales Ordinance in Hong Kong and other applicable regulations in Mainland China.

Privacy

The Group understands that our customers place a great deal of trust in us to handle and protect their personal data and information. To safeguard customer privacy, we set out clear guidelines and procedures in accordance with relevant laws and regulations⁵. Following the Group's security management approach, customer data is only accessible by authorised personnel on a need-to-know and need-to-use basis. Disclosure or use of data collected from current and former employees to any third party without prior written consent is strictly prohibited. All collected data is stored in guarded servers with a secure IT infrastructure.



⁴ Including but not limited to the Buildings Ordinance (Cap. 123) and the Fire Safety (Buildings) Ordinance (Cap. 572).

⁵ Including but not limited to the Personal Data (Privacy) Ordinance (Cap. 486) and all applicable personal data protection legislation in Mainland China.

Quality Assurance

We strive to build upon our reputation as a high-quality corporation through our uncompromising commitment to the pursuit of excellence and customer satisfaction. To this end, stringent procedures and requirements have been undertaken to monitor performance and deliver the promised quality.

Projects in Hong Kong

To select contractors suitable for tendering and partnership, we conduct a pre-qualification screening which specifies quality-related terms and conditions. For instance, contractors should obtain the ISO 9000 quality management system certification. We also prioritise contractors who have relevant industry experience to assure product quality.

During the construction stage, we commission a Clerk of Works to review and monitor the quality of works and ESG performance of contractors. For projects which will be assessed under the Building Environmental Assessment Method ("BEAM"), we appoint a qualified BEAM coordinator/ consultant to ensure the required green buildings standards are followed.

Projects in Mainland China

A similar quality assurance system has been in place for our projects in Mainland China. Pre-qualification screening generates a list of reputable contractors with good track records in the areas of quality, knowledge and safety standards.

The design, tender and quality control stages are managed under the SOP. For example, our design SOP guides the selection of materials to align with both national regulations and our internal quality standards. We commission third-party site quality checkers to review the quality of works and ensure safety measures are well implemented in addition to the local government's inspections. We conduct regular site audits to ensure full compliance with all relevant laws and regulations.



We highly value feedback shared by customers regarding our product and service delivery. To ensure we address customer concerns in a consistent and efficient manner, we have set out complaint-handling procedures applicable for individual operations. For our Hong Kong operations, once a complaint case is received, our Customer Service Officers will follow a standard procedure to record and report the issue to their supervisors. Designated staff will then follow up with the complaint, resolve the issue and respond to the complainant in a timely manner.

A similar mechanism is in place for our Mainland China operations. At Cresleigh Property, the Group's property management arm in Mainland China, upon receipt of a written complaint, our receptionists will prepare a detailed complaint log and report to responsible parties and departments. Customer service representatives will conduct thorough review and investigation with appropriate follow-up actions implemented, if necessary. We ensure a final response is sent to the complainant within seven days. All complaints associated with our property management services will also be lodged for internal record.

Ethical Business Behaviours

As a key aspect of our corporate culture, we are committed to upholding the highest ethical standards and accountability throughout our operations. We do not tolerate bribery and malpractice of any form including money laundering, extortion and fraud. All employees are obligated to follow our Code of Business Conduct which details our expectations for professional behaviours and compliance with relevant legislation.

In support of our policies on ethical behaviours, the Group's whistle-blowing policy and grievance mechanism are in place to enable employees at all levels to raise concerns regarding any misconduct to the Human Resources Department. To ensure whistle-blowers have the freedom to report grievances without fear of reprisal, all cases will be treated confidentially. During the reporting period, there were no confirmed cases of non-compliance with the relevant local and national anti-corruption regulations⁶.

Supply Chain Management

Our business portfolio connects us to a wide range of stakeholders along the value chain, including suppliers, contractors and other business partners in Hong Kong and beyond. To effectively manage ESG-related risks arising from our extensive supply chain, we set out designated SOPs to communicate our expectations on quality, OHS requirements and regulatory compliance. During the tendering processes, we take track records, project references and past ESG performance into account and prioritise partners who share our dedications to environmentally and socially responsible practices. As part of our management approach, we require suppliers to adopt quality control measures and conduct regular audits to ensure our stringent requirements are met.

⁶ Including but not limited to the Prevention of Bribery Ordinance (Cap. 201).



7. Building Our Sustainable Future

Guiding our environmental stewardship is our dedication to the sustainable management of our ecological footprint. To strategically manage the environmental impacts arising from our operations, we focus our efforts on resource conservation, emission reduction and green building development in Hong Kong and Mainland China.

During the reporting period, we complied with all applicable legal and regulatory requirements⁷ regarding environmental protection and there were no non-compliance cases relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and the generation of hazardous and non-hazardous wastes.

Energy Optimisation and Emission Reduction

With a significant presence in Hong Kong and beyond, we seek to contribute to the collective actions to combat the global climate change challenge. Given the close link between energy consumption and GHG emissions, we actively seek energy-saving opportunities and adopt hardware upgrades across our operations to optimise our energy performance over time. Some of our initiatives include:



Replace conventional lamps with LED or other energy-efficient light sources



Install solar window films to reduce heat gain in air-conditioned spaces while maximising the use of natural light



Introduce electric vehicles at EDGE, our Suzhou Creek office project in Shanghai, to enhance fuel efficiency and lower roadside emissions



Encourage employees to commute by public transport/mass transit to promote low carbon travel



Install building automation systems to efficiently control lighting and air-conditioning



Place posters and notices to remind employees of turning off unused electrical appliances



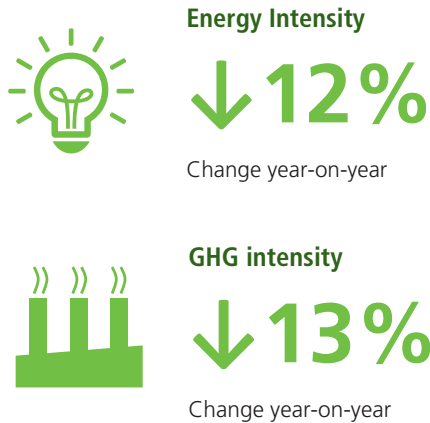
Install video conference systems to reduce the needs of business travel



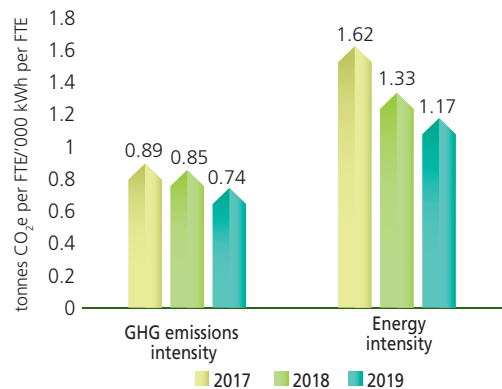
Conduct regular checks on the energy performance of company fleet

⁷ Including but not limited to the Air Pollution Control Ordinance (Cap. 311), the Waste Disposal Ordinance (Cap. 354), the Environmental Protection Law of the PRC, and the Energy Conservation Law of the PRC.

Our continual efforts alongside the implementation of environmental initiatives resulted in a decrease of the Group’s overall energy intensity and GHG intensity by 12% and 13%, respectively, from 2018 levels.



GHG Emissions and Energy Intensity



Resource and Waste Management

Proper waste management is essential to alleviate the burden on the landfills and enhance resource efficiency. To this end, we have stepped up our efforts on waste reduction and fostering a recycling culture internally. At our office premises, we encourage employees to adopt double-sided printing and reuse paper whenever possible. In 2019, our Hong Kong office recycled 6,972 kg of paper, which helped to avoid more than 33 tonnes CO₂e of GHG⁸. In Mainland China, we work with designated recyclers to collect and recycle non-confidential documents to minimise wastage. Additionally, recycling bins with clear signage are placed at the offices to collect plastic bottles, aluminium cans and other types of recyclables.

Our development projects in Hong Kong are governed by the Waste Disposal Ordinance (Cap. 354). We appoint licensed operators to collect and handle construction waste. All contractors are required to follow the “Best Practice Guide for Environmental Protection on Construction Sites” issued by the Hong Kong Construction Association. Similar requirements are imposed on our Mainland China contractors who are required to comply with national laws and regulations regarding waste disposal.

Green Buildings

At KWIH, we are committed to incorporating sustainability considerations regarding the use of materials, air quality, energy usage and water conservation into the construction and operation of buildings. Going beyond regulatory compliance, we adopt industry best practices and set out clear guidelines, including our SOPs, to communicate our environmental requirements to project contractors. During the site planning and design stages, we work to integrate our buildings into the surrounding neighbourhood and the environment with minimal disturbance. For new property development projects, sustainable features are embedded as far as practicable such as the installation of water-saving devices, monitoring meters, occupancy sensors and light control timers. Aside from the green building requirements of the national government, we also explore certifications from regional and international green building rating schemes such as Leadership in Energy and Environmental Design (“LEED”) to better manage the associated impacts of our buildings.

⁸ More than 33 tonnes CO₂e of GHG would be released if 6,972 kg of paper is to be disposed of in landfills.

Case Study: EDGE, the Suzhou Creek office project in Shanghai

Over the years, KWIH has escalated our green building development efforts. Among our property portfolio, EDGE is one of the best demonstrations of how sustainability concepts are incorporated into the project cycle. The 18-storey office tower uses the edges of its exterior to create an alluring composition. It contrasts and reflects the nature surrounding it, offering calming areas and viewing platforms for panoramic cityscapes. From design and construction to operations and management, the project aimed to bring positive impacts to the surrounding communities and the environment. In 2017, EDGE received LEED Gold Pre-certification from the United States Green Building Council (“USGBC”) under the LEED Core and Shell Development rating.

As a sustainable building, EDGE has introduced a wide range of environmental solutions covering energy conservation, indoor air quality, sustainable transportation and building design. Some examples are listed below:



Energy Conservation

- Installed Building Energy Management System has been in place to monitor, control and optimise energy performance in real time
- Installed energy-efficient chillers and cooling systems to further reduce electricity consumption
- Installed green roof and terraces to improve air quality and alleviate urban heat island effects



Sustainable Transportation

- Provides 376 parking spaces for bikes
- Provides 10 charging stations for electric vehicles
- More than 1,430 m² of green areas in the vicinity of the building which provide entertainment and recreational space for the communities nearby

Moving forward, we will step up our efforts on green building development to deliver positive impacts to the environment we operate and neighbourhoods we serve.



8. Giving Back to Our Communities

Building on our long-standing belief of “giving back to the society from which one has benefited”, KWIH has been leveraging its resources and mobilising the collective efforts to make positive social impacts, with special focuses on community empowerment, arts and culture, youth development and environmental protection.

We are proud to have made numerous contributions in support of diverse volunteering activities and outreach programmes. Our community efforts and outstanding performances have been well recognised. During the reporting period, we were awarded the “Caring Company Logo” and “The 10th Hong Kong Outstanding Corporate Citizenship Logo” for our commitment to caring for the community, our employees and the environment.



Community Empowerment

Driven by our people-oriented spirit, we are keen to support diverse social segments, including children, the elderly and underprivileged individuals in order to promote social inclusion and develop stronger community bonds.

Blood Donation Day

As the saying goes “It is more blessed to give than to receive”. Upholding this philanthropic spirit, our staff members together with the management took part in Blood Donation Day in July 2019. Co-organised by Jones Lang LaSalle Management Services Limited and the Hong Kong Red Cross Blood Transfusion Service, this meaningful activity enables our staff to support those in need and contribute to a stable blood supply in Hong Kong.



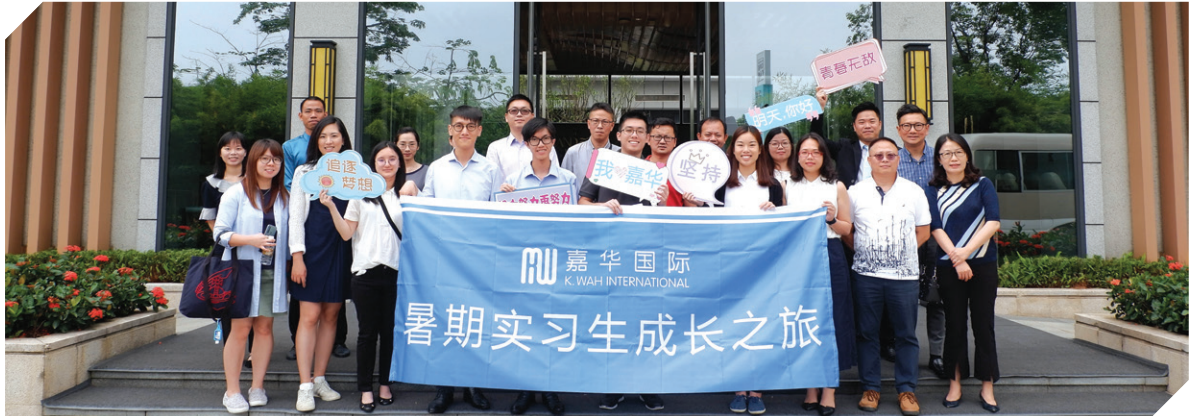
Arts and Culture

We believe that supporting the development of the arts and culture fosters the rise of Hong Kong as a regional and international creative hub. To enrich the cultural life of citizens, KWIH has organised and sponsored a number of arts-related activities as well as provided young artists with opportunities to showcase their talents.

In 2019, we title-sponsored Opera Hong Kong (“OHK”) for an opera performance — *Rigoletto*, which attracted more than 4,300 audience members. To offer children opportunities to showcase their talents, we supported the *K. Wah Opera Hong Kong Summer School 2019 — The Music Man, JR* and the *K. Wah Opera Hong Kong Children Chorus Annual Concert 2019 — The Pirates of Penzance*. In addition, three mini-opera school tours and mini-concerts were held with the intention of cultivating the interest of children in the performing arts.



Youth Development



The youth are the leaders of tomorrow. We endeavour to nurture the next generation to unlock their full potential and empower them to create a brighter future for themselves and their communities.

Over the years, KWIH has supported the development of the younger generation through its annual Summer Internship Programme which provides undergraduates with practical work experience to facilitate their career planning. Partnering with the Hong Kong-Shanghai Youth Association and the Hong Kong Chamber of Commerce in Shanghai, we offered university students a six-week internship at our Shanghai office which allows them to gain valuable insight into the property industry. During the reporting period, we recruited 12 undergraduate students from Hong Kong and Mainland China under these internship programmes.



To attract high-calibre talents and nurture them as future business leaders, KWIH launched its first Management Trainee ("MT") Programme in 2019. During the two-year training period, MTs will rotate across different business departments to acquire the necessary skills to fast track into managerial roles and gain a deep understanding of the Group's operations, including, inter alia, its structure, corporate culture and market positioning. Our senior management will also coach and share their experience to ensure MTs are supported adequately throughout the programme.



Environmental Protection

Enhancing awareness is an essential driver of environmental sustainability, and therefore, we actively support and organise different environmental campaigns for our employees, residents as well as members of the public with an aim to enhance their environmental knowledge and awareness.

Walk for Nature

This year, for the first time, the Group sponsored WWF-Hong Kong's Walk for Nature. Set along a beautiful scenic trail at Mai Po Nature Reserve, Walk for Nature took participants, including our colleagues and their associates, through one of Hong Kong's most unique natural habitats. Fun and interactive checkpoints were set up throughout the 5 km walk to raise staff awareness on the importance of preserving local biodiversity and the natural environment. Our colleagues came away from this experience with a renewed sense of appreciation for Mother Nature and a deeper understanding of Hong Kong's special wetlands.



Lai See Packet Recycling and Reuse Programme

To minimise waste generation and promote environmental awareness amongst our staff, we joined Greeners Action's Lai See Packet Recycling and Reuse Programme during Chinese New Year in 2019. We encouraged our staff to keep their used and unwanted Lai See envelopes in good condition and donate them at designated locations at K. Wah Centre. As a signatory of the Charter on "Eco-Friendly Lai See Packets", we also gave out recycled red packets to our staff in support of an eco-friendly festival.



Stanford Residences hosts "Go Green Weekend Bazaar" to promote green living

Stanford Residences, the serviced apartment brand of KWIH, has always been committed to the philosophy of green living. In 2019, Stanford Residences Xu Hui in Shanghai organised the "Go Green, Weekend Bazaar", an environmental campaign to share practical tips with residents on recycling. Residents were invited to donate clothes, toys or books in good condition for exchange. A DIY zone was also set up where participants can customise reusable shopping bags with paintings. In partnership with FEI MAYI, a public welfare group, we collected all the painted bags and donated items for them to reuse.



9. Appendices — Performance Data

Workforce by employment contract, gender, and age group

		Total	Gender		Age Group		
			Male	Female	Below 30	30–50	Over 50
Hong Kong	Full-time	215	102	113	28	141	46
	Part-time	38	21	17	20	15	3
Mainland China — Property	Full-time	453	217	236	50	376	27
	Part-time	0	0	0	0	0	0
Mainland China — Hotel	Full-time	272	141	131	120	124	28
	Part-time	36	5	31	36	0	0
Total	Full-time	940	460	480	198	641	101
	Part-time	74	26	48	56	15	3

Employee turnover rate⁹ by region, gender, and age group

	Total	Gender		Age Group		
		Male	Female	Below 30	30–50	Over 50
Hong Kong	24%	23%	25%	21%	28%	14%
Mainland China — Property	11%	14%	8%	24%	10%	0%
Mainland China — Hotel	26%	33%	19%	31%	21%	18%
Group-wide average	19%	22%	15%	28%	16%	12%

Percentage of employees trained by gender and employee category

	Total	Gender		Employee Category		
		Male	Female	Senior Management ¹⁰	Middle Management ¹¹	General ¹²
Hong Kong	44%	39%	49%	75%	95%	25%
Mainland China — Property	95%	100%	86%	100%	100%	91%
Mainland China — Hotel	100%	100%	100%	100%	100%	100%
Group-wide average	84%	87%	81%	87%	98%	79%

⁹ Employee turnover rate = Total number of employees leaving the company in 2019/Total workforce in 2019

¹⁰ Senior Management refers to employees at General Manager or above level.

¹¹ Middle Management refers to employees at Deputy General Manager, Assistant General Manager, Senior Manager and Manager level.

¹² General refers to employees at Assistant Manager or below level.

Average training hours completed per employee by gender and employee category

	Total	Gender		Employee Category		
		Male	Female	Senior Management	Middle Management	General
Hong Kong	3.9	4.4	3.3	7.3	11.8	1.0
Mainland China — Property	9.8	11.5	8.2	17.2	14.6	7.4
Mainland China — Hotel	45.5	45.9	45.2	20.2	20.2	46.9
Group-wide average		19.2				

Greenhouse gas emissions¹³ in total and intensity

GHG Emissions (Tonnes of CO ₂ e)	
Scope 1 Emissions — Fuel Use	145.87
Scope 2 Emissions — Purchased Electricity	502.54
Scope 3 Emissions — Business Air Travel	48.5
Total GHG Emissions — Scope 1, 2 and 3	696.91
GHG Emissions Intensity (Tonnes of CO₂e per FTE¹⁴)	0.74

Energy consumption by type in total and intensity

Energy Consumption ('000 kWh)	
Direct Energy Consumption — Fuel	490.98
Indirect Energy Consumption — Electricity	607.14
Total Energy Consumption	1,098.12
Energy Intensity ('000 kWh per FTE)	1.17

¹³ GHG emissions and energy consumption data are confined to Hong Kong K. Wah Centre, Hong Kong J SENSES, Hong Kong Twin Peaks and our offices in Mainland China.

¹⁴ FTE: Full time equivalent employees. The number of KWIH's FTE in 2019 was 940.

10. HK Stock Exchange ESG Guide Content Index

Aspect	HKEx KPI	Description	Section/Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure	18–19
	A1.1	The type of emissions and respective emissions data	Due to the nature of KWIH's business, this KPI is considered not material.
	A1.2	Greenhouse gas emissions in total and intensity	27
	A1.3	Total hazardous waste produced and intensity	Due to the nature of KWIH's business, this KPI is considered not material.
	A1.4	Total non-hazardous waste produced and intensity	19
	A1.5	Description of measures to mitigate emissions and results achieved	18–20
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	19
A2 Use of Resources	A2	General Disclosure	18–19
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	27
	A2.2	Water consumption in total and intensity	This KPI is not significant under KWIH's operational control.
	A2.3	Energy use efficiency initiatives and results achieved	18–20
	A2.4	Issue in sourcing water, water efficiency initiatives and results achieved	This KPI is not significant under KWIH's operational control.
	A2.5	Total packaging material used for finished products	Due to the nature of KWIH's business, this KPI is considered not material.

Aspect	HKEx KPI	Description	Section/Remarks
A3 The Environment and Natural Resources	A3	General Disclosure	18–19
	A3.1	Description of the significant impacts of activities on the environment and natural resources and natural resources and the actions taken to manage them	18–20
B. Social			
B1 Employment	B1	General Disclosure	8, 12
	B1.1	Total workforce by gender, employment type, age group and geographical region	26
	B1.2	Employee turnover rate by gender, age group and geographical region	26
B2 Health and Safety	B2	General Disclosure	11
	B2.1	Number and rate of work-related fatalities	There are no reported cases of work-related fatalities.
	B2.2	Lost days due to work injury	11
	B2.3	Occupational health and safety measures	11
B3 Development and Training	B3	General Disclosure	9–10
	B3.1	Percentage of employees trained by gender and employee category	26
	B3.2	Average training hours completed per employee by gender and employee category	27
B4 Labour Standards	B4	General Disclosure	8
			We abide by relevant employment ordinances and statutory requirements. No relevant cases of non-compliance were recorded.

Aspect	HKEx KPI	Description	Section/Remarks
B5 Supply Chain Management	B5	General Disclosure	17
	B5.2	Practices relating to engaging suppliers, number of suppliers where and how the practices are being implemented	17
B6 Product Responsibility	B6	General Disclosure	15
	B6.2	Number of products and service-related complaints received and how they are dealt with	17
	B6.4	Description of quality assurance process and recall procedures	16
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	15
B7 Anti-corruption	B7	General Disclosure	17
	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	17
	B7.2	Preventive measures and whistle-blowing procedures, how they are implemented and monitored	17
B8 Community Investment	B8	General Disclosure	21
	B8.1	Focus areas of contribution	21-25
	B8.2	Resources contributed to the focus areas	21-25

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