



**漢國置業有限公司**

**Hon Kwok Land Investment Company, Limited**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 160)**

**2017/18 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT**

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## 1 ABOUT THIS COMPANY

- 1.1.1 Hon Kwok Land Investment Company, Limited (the “**Company**” or “**Hon Kwok Land**”, collectively with its subsidiaries, the “**Group**”) (Stock code: 160) was founded in 1965 and listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Group is principally engaged in the businesses of property development, property investment and property related business which it has direct management control in Hong Kong and Mainland China.
- 1.1.2 The Group adopts a strategic management approach that ensures financial sustainability, balanced with potential environmental and social risks associated with business operations. The Group is committed to capturing and reviewing its Environmental, Social and Governance (“**ESG**”) performance, explore and listen to various stakeholders’ needs and thoughts.

## 2 ABOUT THIS REPORT

### 2.1 REPORTING STANDARD, PERIOD AND SCOPE

- 2.1.1 This ESG report is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Group adheres to the principles of Materiality, Quantitative, Balance and Consistency to report on the environmental and social policies and key performance indicators. Information regarding Corporate Governance has been addressed in the annual report according to Appendix 14 to the Listing Rules.
- 2.1.2 This report covers the Group’s ESG-related activities from 1 April 2017 to 31 March 2018 (the “**Reporting Year**”).
- 2.1.3 The scope of this report covers the Group’s principle businesses and operations of property development, property investment, and property related business which it has direct management control, unless otherwise specified.
- 2.1.4 This report includes the Hong Kong headquarter and all the active subsidiaries in Hong Kong and the People’s Republic of China (“**PRC**”).

### 2.2 STAKEHOLDER ENGAGEMENT

- 2.2.1 The Group recognizes the importance of comments from stakeholders and believes that effective communication with stakeholders is essential in understanding stakeholders’ expectations and needs. For this reason, the Group has established constant communication channels such as meetings and interviews for different stakeholders, including investors, shareholders and employees.
- 2.2.2 The Group also proactively maintains a high level of corporate transparency through press releases, announcements, promotional materials, and ongoing dialogue with key stakeholders. The Group believes that transparency enables the Group to enhance its environmental and social practices.
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## 2.3 MATERIALITY ASSESSMENT

2.3.1 Based on stakeholder engagements, the Group has identified relevant material issues to its operations and disclose their individual performance in details:

Aspect	HKEx ESG Guide	Material issues
A. Environmental		
Emissions	A1	Air and Greenhouse Gas emissions Waste management
Use of Resources	A2	Energy usage Water usage
The Environment and Natural Resources	A3	Environmental policy
B. Social		
Employment	B1	Employment practices
Health and Safety	B2	Safe operations
Development and Training	B3	Training and career development
Labour Standards	B4	Labour practices
Supply Chain Management	B5	Supply chain management
Product Responsibility	B6	Quality assurance
Anti-corruption	B7	Corporate integrity
Community Investment	B8	Community participation

## 2.4 CONTACT DETAILS

- 2.4.1 The Group welcomes any comments or suggestions from our stakeholders. If you have any comments or suggestions about this report, please contact the Company through the contact details listed below:

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23rd Floor, Wing On Centre,  
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Hong Kong

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E-mail: [general@chinneyhonkwok.com](mailto:general@chinneyhonkwok.com)

## 3 ENVIRONMENTALLY CONSCIOUS OPERATIONS

### 3.1 ENVIRONMENTAL POLICY

- 3.1.1 Hon Kwok Land has recognized the importance of good environmental stewardship and is committed to protecting and conserving the environment and natural resources. For the environmental considerations, the Group has implemented the Environmental Protection Policy to promote energy conservation, and reduce emission and pollution, and environmental risks, which includes:
- Comply with all relevant local environmental laws and regulations;
  - Ensure efficient use of energy, water and other resources during operations;
  - Monitor suppliers and contractors to perform in an environmentally conscious and safe conditions;
  - Require contractors to monitor environmental emissions such as air and dust, wastewater, noise, construction waste and comply with relevant standards;
  - Raise staff's environmental protection awareness with the provision of relevant trainings; and
  - Board of directors are responsible for implementing and reviewing such practices across the Group.
- 3.1.2 Under the guidance of the above policy, the Group strives to lower the associated environmental impacts by implementing best practices and overseeing the performance. Thus, the Group has formulated mitigation measures and policies regarding each environmental aspect applicable to respective businesses. The Group believes monitoring its environmental impacts as part of sustainability development strategy, contributes to improving the local environments liveability in a long run.
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## 3.2 ENERGY CONSUMPTION AND GHG EMISSIONS

3.2.1 The Group is committed to improving resource efficiency by minimising energy consumption and by adopting on-going energy saving initiatives.

### Energy Consumption

3.2.2 The Group's major energy usage came from electricity consumption in offices, common areas under building management premises. The Group has introduced several measures to reduce electricity consumption. The measures include:

- Procure the energy-saving lightings, photocopiers and printers with energy efficiency labels;
- Switch off unnecessary office equipment such as computers, photocopiers, printers, air-conditioners when they are not in use;
- Further minimise the energy consumption of equipment under "Standby" mode by unplugging computers and electrical appliances;
- Maintain the temperature of air conditioning at 25.5 degrees Celsius; and
- Installation of LED lighting to reduce energy usage.

### Overview of Energy Consumption in 2017/18 <sup>(Note 1)</sup>

	Unit	Quantity
Total energy consumption	kWh	14,369,831
Energy consumption intensity	kWh/GFA (Gross Floor Area) (m <sup>2</sup> )	20.55

Note 1: Data inclusive of properties in Hong Kong and PRC under the Group's direct management control and its headquarter in Hong Kong.

### Greenhouse Gas ("GHG") Emission

3.2.3 As a result of the electricity consumption, the Group contributed to indirect GHG emissions. This refers to GHG emissions from the generation of purchased electricity.

### Overview of GHG Emissions in 2017/18 <sup>(Note 1)</sup>

	Unit	Quantity
Total GHG emission <sup>(Note 2)</sup>	Tonnes of CO <sub>2</sub> equivalent (tCO <sub>2</sub> e)	8,688
GHG emission intensity	tCO <sub>2</sub> e / GFA (m <sup>2</sup> )	0.012

Note 1: Data inclusive of properties in Hong Kong and PRC under the Group's direct management control and its headquarter in Hong Kong.

Note 2: The Group's GHG emission only generated from Scope 2 indirect GHG emission, which refers to GHG emission resulting from the use of purchased electricity.

## 3.3 WATER CONSUMPTION

- 3.3.1 The Group's water consumption was mainly used for basic cleaning and employee daily uses. To reduce water consumption, awareness of water conservation has been promoted to encourage employees to conserve valuable water resources whenever possible.
- 3.3.2 In the office, the Group endeavoured to conserve water throughout its operations by ensuring water was used wisely. Several water conservation initiatives have been implemented to raise awareness for employees. For instance, labels and notices were displayed to remind all responsible parties to avoid unnecessary water consumption. An example of effective labels is one which reminds employees to turn off tap completely after use, and contact for maintenance if there is water leakage. As a property developer, the Group encouraged its contractors to implement water saving measures to prevent fresh water wastage at construction sites.
- 3.3.3 During the Reporting Year, there was no significant issue with water sourcing as water was supplied by the municipal services.

### Overview of Water Consumption in 2017/18 <sup>(Note 1)</sup>

	Unit	Quantity
Total water consumption	m <sup>3</sup>	147,146
Total water consumption intensity	m <sup>3</sup> / GFA(m <sup>2</sup> ) <sup>(Note 2)</sup>	0.21

Note 1: Data inclusive of properties in Hong Kong and PRC under the Group's direct management control. Headquarter at Wing On Centre and Hon Kwok Jordan Centre were excluded as the water supply was directly managed by the building management office in headquarter, while water bills were charged to tenants in Hon Kwok Jordan Centre. Data was not available to be disclosed.

Note 2: GFA of headquarter at Wing On Centre and Hon Kwok Jordan Centre were excluded.

### 3.4 WASTE MANAGEMENT

- 3.4.1 For the property business, the waste was primarily generated by tenants, customers, residents and people who used the premises. The Group was aware of the importance of waste reduction and therefore, has introduced several waste reduction practices in respective businesses to reduce the amount of waste generated and in turn, minimise the environmental impact.
- 3.4.2 The Group promotes green office concept that helps to lift up the environmental protection standard across the Group. Several measures have been implemented in the office area to encourage employees to reduce waste generations, such as:
- Printing on both sides to reduce paper consumption; and
  - Use email and electronic office system whenever possible to reduce the unnecessary use of papers.
- 3.4.3 In line with the Group's environmental policy and resource conservation approach, generated waste should be recycled and reused at maximum. The Group has endeavoured to enhance its waste management system and incorporate records for all general refuse disposed.
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## 4 EMPLOYMENT AND LABOUR PRACTICES

### 4.1 EMPLOYMENT POLICY

- 4.1.1 The Group believes that building a supportive team with the right talents is vital to the business's success. Therefore, the Group has placed great emphasis on talent acquisition and development to form a team that aligns with Group's business developments.
- 4.1.2 The Group was dedicated to acquire the best qualified people and retain talents through promoting workplace equality, and offering multiple opportunities within the Group. The Group adopted a fair employment policy which accepts application from candidates irrespective of their age, gender and religious background. Job candidates were assessed on their capability including merits, experiences and abilities. To improve employee performance, performance reviews were conducted to assess their performances. Internal transfer or promotions were offered that enable staffs grow in myriad opportunities. During the Reporting Year, the Group complied with laws and regulations related to compensation and dismissal, recruitment and promotion, work hours, rest period, benefits and welfare.
- 4.1.3 In order to enhance the sense of belonging within the team, the Group had organised a variety of activities to upkeep team spirit. This in turn also praised and rewarded employees' contribution and efforts.



Figure 1. Group Annual Dinner held in Shenzhen.



Figure 2 & 3. Hon Kwok Land Badminton Competition held for employees.





Figure 4. Ningxia Tour held in June 2017.



Figure 5. 2017 winter solstice party.

- 4.1.4 Additionally, the Group strictly forbids the employment of child and forced labour, and has implemented a policy regarding this. This policy was clearly communicated and emphasized to all employees. The Administration Department was in charge of screening the candidates, and ensuring all employees hold relevant local working permits and valid identification documents. During the Reporting Year, the Group complied with all relevant laws and regulations related to labour standards.
- 4.1.5 The *Personal Data (Privacy) Ordinance* was also in place to protect employees' right to privacy. Under this Ordinance, the employees had the rights to be informed about the purpose of the collected data, as well as the usage of the data. In the case of suspected misuse of an employee's data, the employee itself may reserve its right to place a complaint to the Privacy Commissioner or claim damages regarding unlawful practices on the misuse of personal data.

## 4.2 NURTURING TALENTS

- 4.2.1 The Group is keen on encouraging and assisting employees to hone their skills and talents. Under the Group's development and training policy, the Group did not only provide regular skills and enhancement trainings internally, but also enabled employees to enrol in sponsored relevant courses.



Figure 6. Internal training workshop.

- 4.2.2 Furthermore, the Group encouraged employees to enrol for memberships of recognized technical and professional institutes. The Group believed that by joining these industrial associations, employees may broaden their exposure and network while ensuring the Group in keeping up with the latest trends and knowledge within the industry.

### **4.3 OCCUPATIONAL HEALTH AND SAFETY**

- 4.3.1 The Group believes that safeguarding employees' workplace safety is foremost priority. For instance, the Group has formulated occupational health and safety guidelines to minimise the risk of workplace hazards. As a property developer, the Group was aware of work safety at construction sites and thus, required its contractors to strictly comply with local relevant laws and regulations to ensure safe and healthy working condition for employees and avoid occupational hazard.
- 4.3.2 In the office and building management, employees were encouraged to maintain cleanliness and tidiness in purpose of ensuring office hygiene. Employees were provided with work safety equipment to enhance the comfort of working environment. Firefighting equipment was installed and placed to prevent fire hazards. Furthermore, instructions of equipment usage and exit routes were displayed around the office, and employees are also reminded not to block the means of escape at all times.
- 4.3.3 During the Reporting Year, the Group complied with all relevant laws and regulations related to health and safety.

## **5 OPERATIONAL PRACTICES AND MANAGEMENT**

### **5.1 SUPPLY CHAIN MANAGEMENT**

- 5.1.1 The Group realises the importance of managing a sustainable and quality supply chain for long term delivery of excellent goods and services to valuable customers. The Group maintained fairness and prioritised suppliers which have environmental awareness and social responsibility. The Group has implemented comprehensive supply chain mechanisms in respective businesses to continuously monitor and evaluate their performances that guarantees the product and service quality and business ethics. The Group also encourages a two-way communication system that allows the Group to engage the suppliers in effective and efficient manner.

### **5.2 QUALITY ASSURANCE**

- 5.2.1 Product quality contributes greatly to business success as it sustains the trust and reputation built with the customers and business partners. Apart from the effort that the Group has placed on sourcing quality suppliers and contractors, the Group has implemented internal quality assurance policies that are applicable to respective businesses to constantly monitor and review the quality of goods and services. In assurance of the quality delivered, the Group only engaged experienced contractors. Regular reviews were performed to ensure compliance.
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- 5.2.2 Further to the quality of the goods and services delivered, the Group considers intellectual property rights and internal confidential information are valuable assets to the entity. Any produced piece shall be disclosed and be the absolute property of the Group. Employees shall not take advantage of the relevant information or disclose it to any unauthorised person during time of employment, and return all documents including manuals and correspondence upon termination to the Group. This secured information must not be divulged to protect trade secrets.
- 5.2.3 The Group respects and values customers' privacy rights. In accordance with local personal privacy laws and regulations, the Group has stipulated relevant guidelines in its *Personal Data (Privacy) Ordinance* in respective premises.

### 5.3 PROMOTE CLEAN CORPORATE IMAGE

- 5.3.1 The Group has high standards of ethical conducts and adopts a zero-tolerance approach against corruption and bribery. This was clearly communicated to staff at all levels and extends to the suppliers and contractors. The whistleblowing policy was stipulated in the Employee Handbook. In case of any dishonest or illegal activity act against the Company's benefit that employees noticed, one should report immediately to the responsible director.
- 5.3.2 Furthermore, employees were required to uphold integrity. According to the *Prevention of Bribery Ordinance*, employees are asked to declare any conflict of interest and shall not engage in other business for reward, nor receive benefits without permission given by the Group. This is to ensure business decisions are made under equity and promoting fair competition. If there is any suspected breach of relevant regulation, the employee may render itself liable to prosecution or, shall be summarily dismissed.
- 5.3.3 During the Reporting Year, the Group complied with all relevant local laws and regulations related to bribery, extortion, fraud and money laundering, and no related case was reported.
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## 6 COMMUNITY PARTICIPATION

- 6.1.1 Hon Kwok Land is endeavour to contributing the betterment of the society. The Group is aware of its social responsibility towards its stakeholders, community and the environment. The Group has embraced corporate social responsibility as one of the important directions for business development. In the Reporting Year, employees from Mainland China had organised a blood donation activity to express their caring towards the community.



Figure 7. Employees participated in blood donation activity.

- 6.1.2 In the coming years, the Group will consider supporting different initiatives that include but are not limited to sponsoring community services, arts and cultural events, and volunteering activities.

## 7 ESG CONTENT INDEX

Aspect / Description / KPI		Statement/Section	Page No.
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A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Energy Consumption and GHG Emissions	5-6
A1.3	Total hazardous waste produced and, where appropriate, intensity	Hazardous waste is not material to operations	Not applicable
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A1.5	Description of measures to mitigate emissions and results achieved	Energy Consumption and GHG Emissions, Waste Management	5-6, 7
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management	7
A2 Use of Resources			
A2	General Disclosure	Environmentally Conscious Operations	4-7
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A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Water Consumption	6
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Packaging material is not material to operations	Not applicable
A3 The Environment and Natural Resources			
A3	General Disclosure	Environmental Policy	4



Aspect / Description / KPI		Statement/Section	Page No.
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B1	General Disclosure	Employment Policy; There was no material non-compliance incidents in the Reporting Year	8-11
B1.1	Total workforce by gender, employment type, age group and geographical region	Not disclosed	Not applicable
B1.2	Employee turnover rate by gender, age group and geographical region	Not disclosed	Not applicable
B2 Health and Safety			
B2	General Disclosure	Occupational Health and Safety	12
B2.1	Number and rate of work-related fatalities	Not disclosed	Not applicable
B2.2	Lost days due to work injury	Not disclosed	Not applicable
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety	12
B3 Development and Training			
B3	General Disclosure	Nurturing Talents	11-12
B3.1	The percentage of employees trained by gender and employee category	Not disclosed	Not applicable
B3.2	The average training hours completed per employee by gender and employee category	Not disclosed	Not applicable
B4 Labour Standards			
B4	General Disclosure	Employment Policy; There was no material non-compliance incidents in the Reporting Year	8-11
B4.1	Description of measures to review employment practices to avoid child and forced labour	Employment Policy	8-11
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Aspect / Description / KPI		Statement/Section	Page No.
B5.1	Number of suppliers by geographical region	Not disclosed	Not applicable
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supply Chain Management	12
<b>B6 Product Responsibility</b>			
B6	General Disclosure	Quality Assurance; There was no material non-compliance incidents in the Reporting Year	12-13
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not disclosed	Not applicable
B6.2	Number of products and service related complaints received and how they are dealt with	Not disclosed	Not applicable
B6.3	Description of practices relating to observing and protecting intellectual property rights	Quality Assurance	12-13
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B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases	Promote Clean Corporate Image	13
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<b>B8 Community Investment</b>			
B8	General Disclosure	Community Participation	14
B8.1	Focus areas of contribution	Not disclosed	Not applicable
B8.2	Resources contributed	Not disclosed	Not applicable