SUSTAINABILITY REPORT

1 ABOUT THIS REPORT

This is the fifth sustainability report published by Kerry Logistics Network Limited (the "Company" or "KLN") with its subsidiaries (the "Group"), covering the approach and performance of the Group for the financial year ended 31 December 2020.

1.1 REPORTING SCOPE AND BOUNDARY[1]

Unless otherwise specified, the environmental and social information in this sustainability report covers the headquarters in Hong Kong and the Group's major operations in Hong Kong, Mainland China, Taiwan, Thailand and the United States, including integrated logistics ("IL") services (including supply chain solutions, industry solutions, food and beverage ("F&B") trading and express delivery), international freight forwarding ("IFF") services and leasing of warehousing space.

According to the reporting principle of materiality, the Group will regularly review the reporting scope and boundary to provide meaningful sustainability disclosures to its stakeholders.

1.2 REPORTING PRINCIPLES

This report was prepared in accordance with the "comply or explain" provisions of Environmental, Social and Governance Reporting Guide (the "ESG Guide") under Appendix 27 to the Main Board Listing Rules issued by the Stock Exchange of Hong Kong Limited ("Stock Exchange"). The Group adheres to the reporting principles of materiality, quantitative, consistency and balance.

Note:

(1)   *The scope excludes operations in some countries in Asia, Americas, EMEA and Oceania.*

Materiality	Material sustainability issues are identified through stakeholder engagement. Internal and external factors such as company strategy and stakeholder concerns are taken into account in the process. Please refer to the section headed "Stakeholder Engagement" in this report for details.
Quantitative	Quantitative information is accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.
Consistency	Consistent methodologies are adopted to allow for meaningful comparisons of sustainability data over time. Any changes that may affect comparisons with previously reported information and performance will be explained accordingly.
Balance	An unbiased picture of the Group's performance is provided by explaining achievements and the challenges faced by the Group.

1.3 CONFIRMATION AND APPROVAL

The information documented in this report is sourced from the Group's official documents, statistical data, management and operation information, and is collected by the Group's policies. The report has been confirmed and approved by the board of directors of the Company (the "Board") on 25 March 2021.

1.4 OPINION AND FEEDBACK

This report is available in both English and Chinese on the Company's website (www.kln.com) and the website of the Stock Exchange. The Group welcomes feedback and comments from its stakeholders via email at IR@kln.com to strengthen its future sustainability reporting.

2 BOARD STATEMENT

The COVID-19 outbreak has greatly disrupted connections among people and posed unprecedented challenges to the world. Yet where there is risk, there lurks opportunity. The crisis has accelerated the sustainability agenda, driving shifts in the market, customers' behaviours and business operations.

By embedding sustainability into the business, KLN has maintained its strong momentum in times of crisis. The Group continues to thrive, create and deliver value to all its stakeholders.

" KLN is more than a logistics company – it's a critical network for connecting people to communities and businesses across Asia and around the globe."

The Board is ultimately responsible for overseeing the Group's sustainability issues. Under the delegation of the Board, the Audit and Compliance Committee ("ACC") and the Risk Management Committee ("RMC") ensure sustainability issues are aligned with corporate strategies and the enterprise risk management system. ACC and RMC work closely with ESG Taskforce and various internal and external parties to ensure a comprehensive, rigorous and coherent approach is maintained across all business units when considering all aspects of managing the Group's sustainability-related risks and opportunities.

The wellbeing of employees is paramount to ensuring the Group can operate as usual in the midst of a pandemic. The Group has been working to formulate a business contingency plan, which includes splitting its workforce, enhancing technical support for remote working and meetings, and introducing various anti-epidemic measures following government guidelines.

Climate change is at the top of the political agenda recently. Governments have successively committed to achieving carbon neutrality. For example, Mainland China aims to be carbon neutral by 2060, while Hong Kong has pledged to become carbon neutral by 2050. The transition to a lower-carbon society will lead to significant investments and changes in consumer behaviour. The Group strives to set meaningful sustainability-related targets related to its business, while the Board monitors the progress through the support of ESG Taskforce. In 2020, the Group took a modest but crucial first step by developing a climate change policy statement. As a leading industrial player, the Group is committed to playing its part in achieving a carbon-neutral future.

With the 24/7 operating logistics network, the Group helps communities recover, rebuild and reconnect.

Going forward, the Group will continue to play an essential role in building bonds among businesses and markets in the "new normal", reconfiguring the value chain and creating value for its stakeholders.
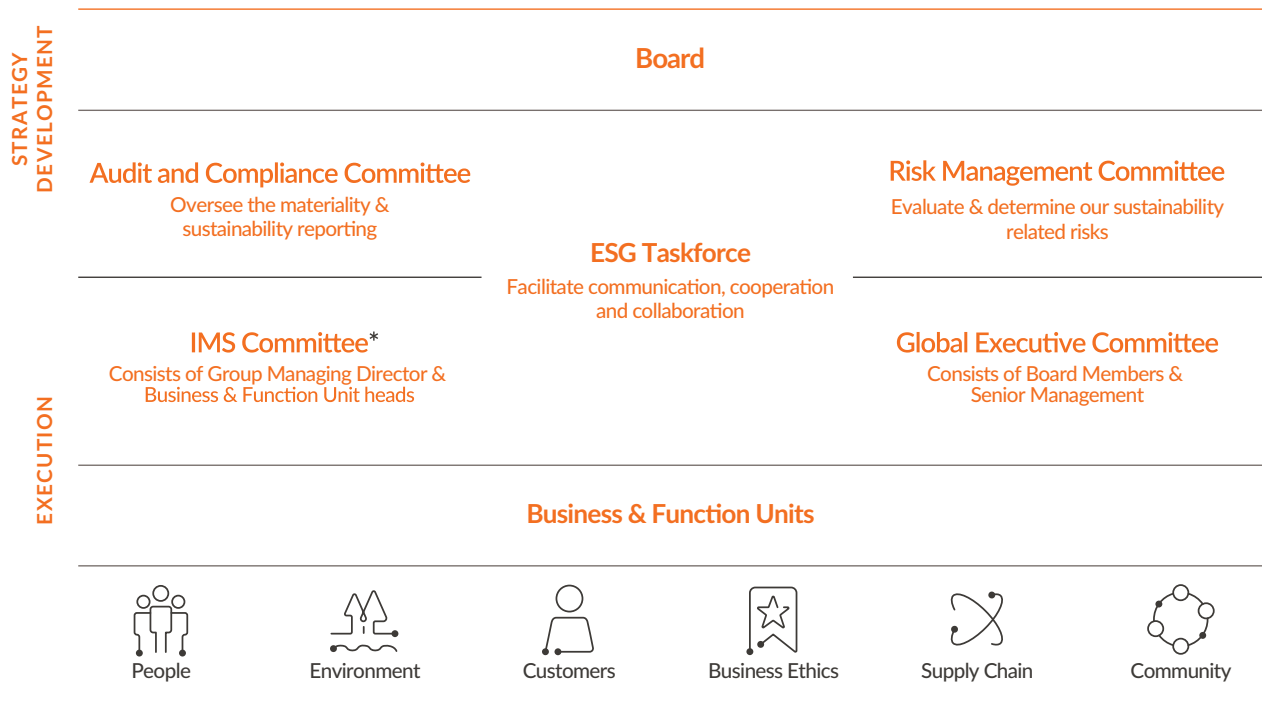
3 APPROACH TO SUSTAINABILITY

A robust governance structure is essential to ensure that sustainability issues are incorporated into the corporate agenda, thereby keeping the Group on course in the face of headwinds.

3.1 SUSTAINABILITY GOVERNANCE

The Group has established a sound sustainability governance structure, as shown in the following diagram.

SUSTAINABILITY GOVERNANCE

STRATEGY DEVELOPMENT

Board

Audit and Compliance Committee
Oversee the materiality & sustainability reporting

Risk Management Committee
Evaluate & determine our sustainability related risks

ESG Taskforce
Facilitate communication, cooperation and collaboration

EXECUTION

IMS Committee*
Consists of Group Managing Director & Business & Function Unit heads

Global Executive Committee
Consists of Board Members & Senior Management

Business & Function Units

People   Environment   Customers   Business Ethics   Supply Chain   Community
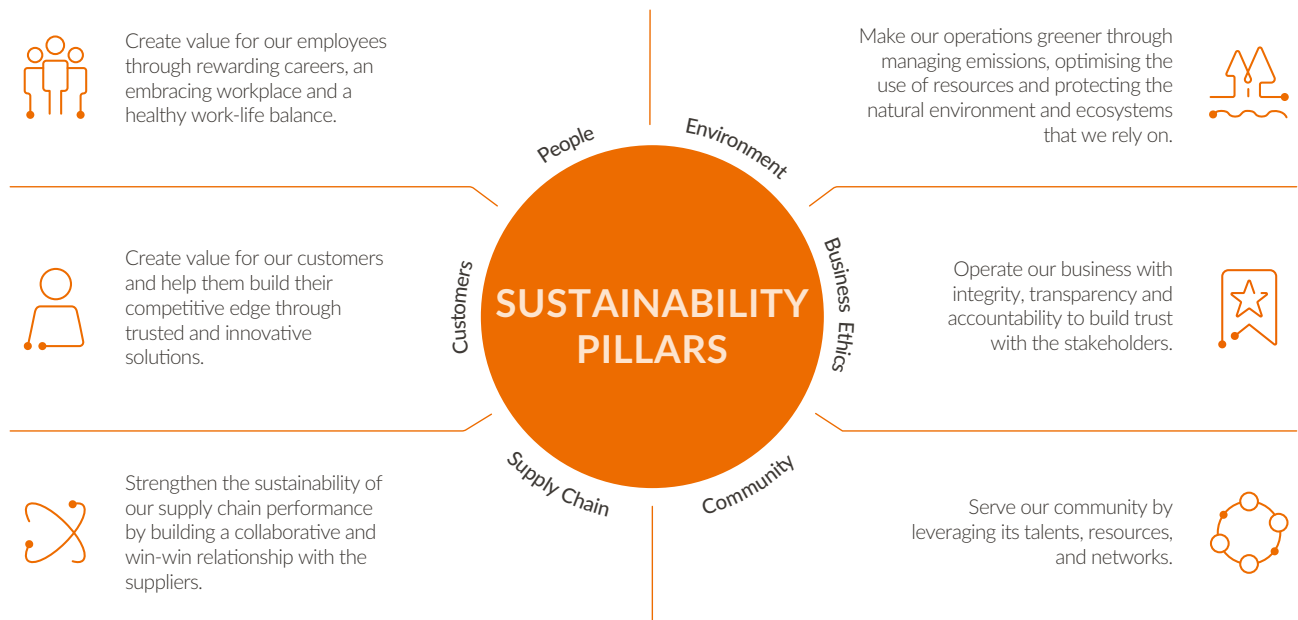
*   *Integrated Management System Committee ("IMS Committee") has been established to identify, assess and manage various risks accross our operations related to OHS, quality, environmental and supply chain security.*

3.2 SUSTAINABILITY PILLARS

The Group believes that sustainability is fundamental to the success of its business. Its philosophy is to create long-term value for its stakeholders that is in line with the sustainable and responsible growth of its business. The Group aspires to be a responsible corporate citizen and believes that transparency and accountability are important foundations for building trust with its stakeholders.

VALUE CREATION

Create value for our employees through rewarding careers, an embracing workplace and a healthy work-life balance.

Make our operations greener through managing emissions, optimising the use of resources and protecting the natural environment and ecosystems that we rely on.

Create value for our customers and help them build their competitive edge through trusted and innovative solutions.

Operate our business with integrity, transparency and accountability to build trust with the stakeholders.

Strengthen the sustainability of our supply chain performance by building a collaborative and win-win relationship with the suppliers.

Serve our community by leveraging its talents, resources, and networks.

People · Environment · Business Ethics · Community · Supply Chain · Customers

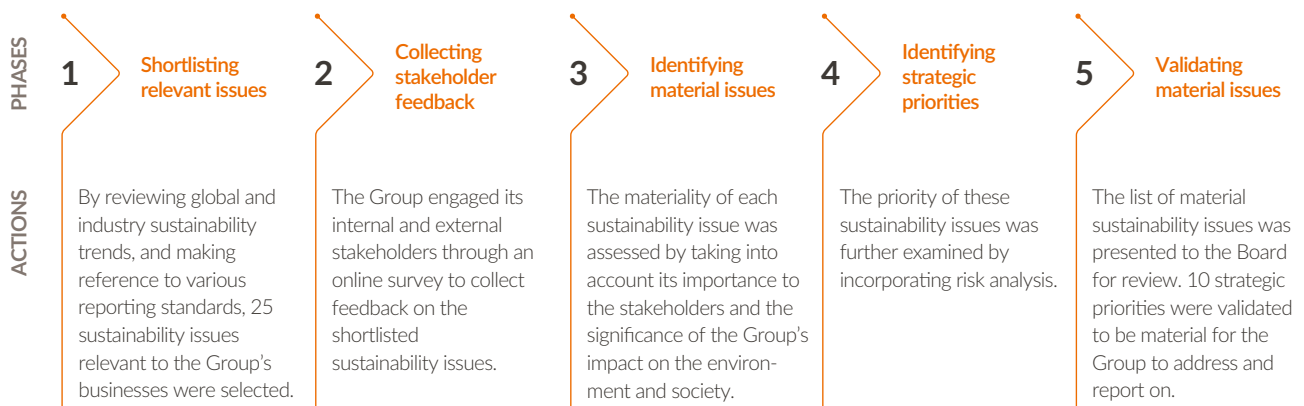SUSTAINABILITY PILLARS

3.3 STAKEHOLDER ENGAGEMENT

Stakeholder engagement helps the Group to review potential sustainability risks and opportunities, which is relevant to the strategic development of the business. By communicating with the stakeholders, the Group can understand and address their needs and concerns. In its daily operations, the Group communicates with key internal and external stakeholders via various channels.

KEY STAKEHOLDERS

Customers
- Customer service hotline
- Email and mobile application
- Social media and company website

Employees
- Orientations, training, workshops and activities
- Meetings, intranet, emails, notice board
- Annual employee appraisals, V.O.I.C.E. mechanism
- Questionnaires, surveys

Business Partners
- Site visits and joint meetings
- Supplier capacity-building projects partnerships, joint innovation development
- Assessments, consultations, and technical services
- Grievance channels

STAKEHOLDER ENGAGEMENT

Community
- Community plans and activities aligned with the needs
- Monetary and in-kind support for community events
- Employee involvement in community and volunteer activities

Investors
- Email, one-on-one meetings, and roadshows
- Site visits, investor days and conferences
- Investor materials on the corporate website
- Annual general meeting

In 2020, the Group formally engaged with internal and external stakeholders for the first time through an online survey. Through this process, the Group understands the views of stakeholders from a broader perspective, as well as the impacts of the Group on the environment and society.

MATERIALITY ASSESSMENT PROCESS

PHASES

1	2	3	4	5
Shortlisting relevant issues	Collecting stakeholder feedback	Identifying material issues	Identifying strategic priorities	Validating material issues

ACTIONS

By reviewing global and industry sustainability trends, and making reference to various reporting standards, 25 sustainability issues relevant to the Group's businesses were selected.	The Group engaged its internal and external stakeholders through an online survey to collect feedback on the shortlisted sustainability issues.	The materiality of each sustainability issue was assessed by taking into account its importance to the stakeholders and the significance of the Group's impact on the environment and society.	The priority of these sustainability issues was further examined by incorporating risk analysis.	The list of material sustainability issues was presented to the Board for review. 10 strategic priorities were validated to be material for the Group to address and report on.

3.3.1 MATERIALITY MATRIX

The result of the materiality assessment is presented in the form of a materiality matrix to reflect the feedback of internal and external stakeholders.

MATERIALITY MATRIX

Importance to Stakeholders

Significance of the Group's Impact on the Environment and Society
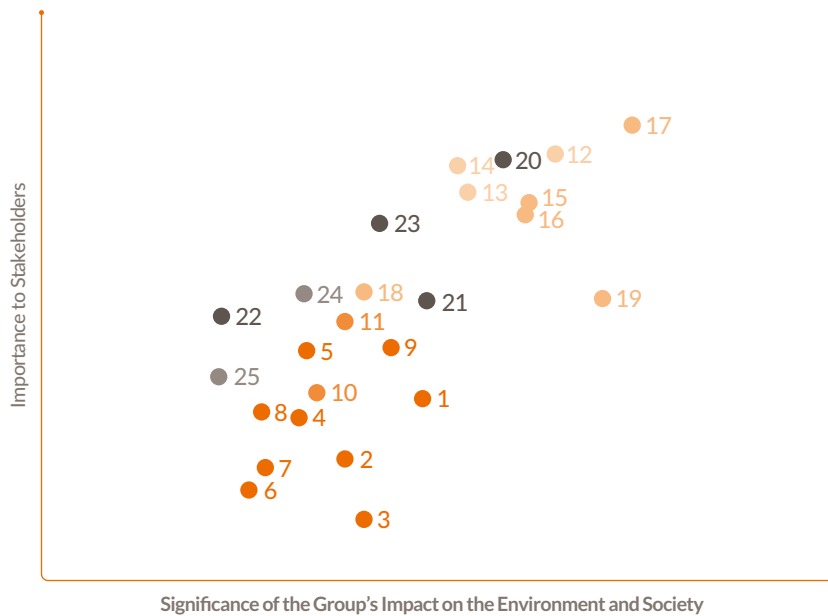
Environment

1 Greenhouse gases management
2 Air pollution management
3 Wastewater management
4 Waste management
5 Energy use and efficiency
6 Water use and efficiency
7 Other resource use and efficiency
8 The environment and natural resources management
9 Responding to climate change

Supply Chain

10 Environmental risk management in supply chain
11 Social risk management in supply chain

Business Ethics

12 Protecting data privacy
13 Protecting intellectual property rights
14 Anti-corruption

People

15 Employment management system
16 Diversity, equal opportunity and eliminating discrimination
17 Occupational health and safety
18 Training and development
19 Preventing child labour and forced labour

Customers

20 Service and product quality management
21 Enhancing customer experience
22 Fair and responsible marketing
23 After-sales management

Community

24 Understanding the needs of the community
25 Supporting community development

3.3.2 STRATEGIC PRIORITIES

To identify, prioritise and manage the potential risks arising from specific sustainability issues, the Group has incorporated a risk lens to its materiality assessment. The Group has assessed the level of risk for each sustainability issue. Issues that may have a material impact on the Group's business and external environment are identified as strategic priorities for the Group.

The table below presents the relevant sustainability issues and highlights the strategic priorities. In this report, the Group responds to stakeholders' opinions and articulates strategic priorities of high interest to it.

Pillars		Sustainability Issues	Strategic Priorities	Address under section
People	15	Employment Management System		Improving Employment Management
	16	Diversity, Equal Opportunity and Eliminating Discrimination	✔	Creating Diverse and Inclusive Workplace
	17	Occupational Health and Safety	✔	Promoting Workplace Safety and Wellness
	18	Training and Development	✔	Nurturing and Developing Employees
	19	Preventing Child Labour and Forced Labour		Upholding Labour Standards
Environment	1	Greenhouse Gases Management	✔	Tackling Climate Change
	2	Air Pollution Management		Managing Environmental Footprint
	3	Wastewater Management		Managing Environmental Footprint
	4	Waste Management		Managing Environmental Footprint
	5	Energy Use and Efficiency		Tackling Climate Change
	6	Water Use and Efficiency		Managing Environmental Footprint
	7	Other Resource Use and Efficiency		Managing Environmental Footprint
	8	The Environment and Natural Resources Management	✔	Managing Environmental Footprint
	9	Responding to Climate Change	✔	Tackling Climate Change
Customers	20	Service and Product Quality Management		Delivering Quality Services
	21	Enhancing Customer Experience	✔	Enhancing Customer's Experience
	22	Fair and Responsible Marketing		Marketing Responsibly
	23	After-Sales Management		Managing After-Sales Service
Business Ethics	12	Protecting Data Privacy	✔	Protecting Data Privacy and Intellectual Property Rights
	13	Protecting Intellectual Property Rights		Protecting Data Privacy and Intellectual Property Rights
	14	Anti-Corruption	✔	Preventing Corruption
Supply Chain	10	Environmental Risk Management in Supply Chain		Collaborating with Suppliers
	11	Social Risk Management in Supply Chain		Collaborating with Suppliers
Community	24	Understanding the Needs of the Community		Caring for Community
	25	Supporting Community Development	✔	Caring for Community

3.4 POLICIES AND GUIDELINES

The Group has established a list of policy statements regarding social and environmental issues and good governance, forming the guiding principles for its sustainability framework.

The Group recognises the importance of sharing its social and environmental commitments with various stakeholder. The Group's major sustainability policy statements are accessible on the Company's website (www.kln.com/en/group/sustainability/policy-statements/).

3.5 REGULATORY COMPLIANCE

By aligning with the enterprise risk assessment framework, the Group assesses the regulatory compliance risks in the jurisdictions in which it operates and identifies laws and regulations that have significant impacts on it, which are described in the relevant sections of this report.

Any material breach of or non-compliance with those laws and regulations may adversely affect businesses, financial conditions and operations of the Group, key impacts are described as follows.

- Regulatory or legal action brought against the Group or its employees that could result in fines, penalties and/or imprisonment

- Negative impacts with regard to the Group's bottom line, such as share price, potential future earnings, resulting from loss of confidence of investors and customers

- Business interruption resulting from adverse events, such as systems shutdown, suspension of the business, cyber extortion, employee injuries, pollution to the environment

- Damage to the reputation or brand of the Group, for example, negative media coverage and public censure

The Group recognises the importance of regulatory compliance and implements monitoring measures to ensure compliance with the relevant laws and regulations, which are articulated in the relevant sections of this report. The Group also stays abreast of the latest regulatory developments and will provide appropriate training for relevant employees. In 2020, there were no non-compliance cases which resulted in significant fines and non-monetary sanctions with those relevant laws and regulations.

3.6 SUSTAINABILITY ROADMAP

Sustainability is a journey, not a destination. In 2020, the Group began developing its three-year sustainability roadmap with the assistance of an independent consultant. The formulation of this is a crucial step for the Group to take full advantage of its sustainability journey.

THREE-YEAR SUSTAINABILITY ROADMAP

2020

Laying the foundation

- Establish a solid foundation for sustainability reporting
- Explore the optimal direction for future reporting

2021

Enhancing the performance

- Enhance sustainability reporting by demonstrating continuous improvement
- Identify solutions to improve its performance

2022

Increasing the capability

- Aligning the Group's sustainability reporting with a widely-recognised sustainability reporting framework
- Enhance internal awareness and understanding of sustainability

This roadmap provides a clear and comprehensive picture of the Group's sustainability strategy through a step-by-step process. It also helps the Group to prioritise improvement actions and optimise the deployment of resources accordingly.

OUR PEOPLE

Employees are the key drivers of the Group's sustainable growth. None of its achievements would have been possible without the great people who work in the Group. The Group is committed to creating value for employees through rewarding careers, an embracing workplace and a healthy work-life balance.

THE GROUP'S WORKFORCE

TOTAL NUMBER OF EMPLOYEES[2]

42,371

EMPLOYEE BY GENDER

65% Male

35% Female

EMPLOYEE BY AGE GROUP

< 30	30%
30-50	60%
> 50	10%

EMPLOYEE BY REGION

Mainland China	13%
Hong Kong	6%
Taiwan	14%
Asia	62%
Americas, EMEA & Oceania	5%
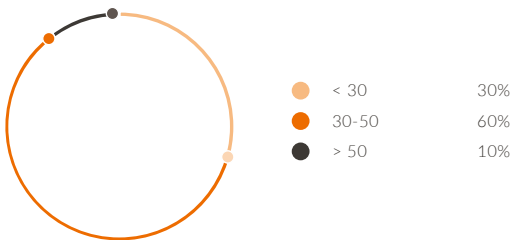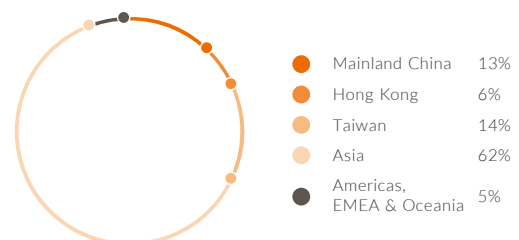
Note:

(2) It covers operations in all countries with both full-time and part-time employees as at 31 December 2020.

4.1 PROMOTING WORKPLACE SAFETY AND WELLNESS

The Group's Occupational Health and Safety ("OHS") System is aligned to the requirements of the International Organisation for Standardisation ("ISO") 45001 (former OHSAS 18001). Third-party is entrusted to conduct independent health and safety audits of the system regularly to ensure its effectiveness. The Group's Occupational Health and Safety Policy Statement sets out how it provides a safe and healthy workplace and reflects key strategic objectives.

Integrated Management System ("IMS") Committee has been established to identify, assess and manage various risks across the Group's operations related to occupational health and safety. Safety guidelines and procedural manuals are well communicated with employees to identify hazards and assess the associated risks. Employees are trained and encouraged to report on potential hazards.

The Group adheres to applicable laws and regulations, including but not limited to the Occupational Safety and Health Ordinance in Hong Kong, the Disaster Prevention and Protection Act in Taiwan, the Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011) in Thailand, and other relevant laws and regulations in other overseas jurisdictions where the Group operates.

4.1.1 WAREHOUSE SAFETY

- *FIRE SAFETY*
  Regular fire drills and emergency evacuation simulations are arranged to equip employees with knowledge and skills in an emergency.

- *DANGEROUS GOODS HANDLING*
  Specialised training is arranged to support employees to handle dangerous goods in strict accordance with regulations on goods transport, handling and warehousing.

4.1.2 DRIVER SAFETY

In Taiwan, various system enhancement is adopted in fleets to protect drivers, maintain road safety and improve route efficiencies. Mobile digital video recorders ("MDVR") are installed in trucks in response to government initiatives to reduce the number of traffic accidents. It reduces blind spots as drivers have a widened field of view, and enhances side and rear vision. In addition, trucks are equipped with Global Positioning System ("GPS") trackers, accelerometers, network connectivity sensors and temperature sensors. Therefore, supervisors can remotely monitor the speed and temperature of trucks and perform route tracking. Inappropriate behaviour such as speeding, stopping abruptly and making sharp turns can be easily detected.

Besides, the development of Vision-based Driver Assistance System ("VDA") that enhances driver safety, is currently in progress. It is anticipated that this will further improve the safety of fleet operations.

4.1.3 SAFETY TRAINING

To ensure the Group's employees have adequate awareness and knowledge to perform their duties safely, extensive safety training is provided, including but not limited to OHS training for new joiners, regular refresher training, first aid training covering basic first aid, cardiopulmonary resuscitation ("CPR") and automated external defibrillator ("AED"). In addition, an e-learning platform has been established to facilitate employees' access to relevant learning materials.

4.1.4 EMPLOYEE HEALTH AND WELLBEING

- *MENTAL HEALTH*

  Workshops relating to stress management, mental wellbeing in the workplace and mindfulness training are delivered. As part of the Employee Assistance Programme, a 24-hour counselling hotline and professional advice are provided to employees and their direct family members on handling stress relating to work or family. For example, pregnancy counselling is provided for expectant mothers in Taiwan.

- *PHYSICAL HEALTH*

  The Group provides a comprehensive medical scheme to eligible employees. Designated levels of employees have voluntary annual health screening. Fitness programmes are available for employees in some regions. In the offices, fruit and healthy snacks are served at refreshment corners. Corporate sports events, such as Kerry Challenge Cup, are also organised to promote employee fitness. In 2020, the Group organised various workshops, such as "Traditional Chinese Medicine Perspective: Prevention of COVID-19", "30 mins Office Stretches Workshop", "Fight with Virus DIY Workshop (Aroma Alcohol and Hand Rub)" and "Health and Skin Care from Traditional Chinese Medicine Perspective".

4.1.5 PROTECTING EMPLOYEES THROUGH COVID-19

Throughout the year, COVID-19 has impacted people's lives significantly. The Group has taken immediate actions to develop business continuity plans for all the business units and rolled out a series of measures to protect and support employees during the COVID-19 pandemic. Hygiene and protective equipment, such as surgical masks, disinfectants, and bleaching agents, have been distributed to employees. Changes are made to the Group's operation, including work from home arrangement and special duty roster, to enable the employees to work in a safe distance from each other. The Group has also kept the employees informed of freight schedules, working arrangement and safety measures through email and a dedicated COVID-19 portal.

4.2 CREATING DIVERSE AND INCLUSIVE WORKPLACE

The Group places great importance on building a diverse and inclusive workplace where employees can unleash their full potential. The Group adheres to applicable laws and regulations, including but not limited to the Sex Discrimination Ordinance in Hong Kong, the Labour Law of the PRC, the Law of the PRC on the Protection of Rights and Interests of Women, the Equal Pay Act of 1963 in the US, and other relevant laws and regulations in other overseas jurisdictions where the Group operates. The Group's Global Equal Opportunities Policy prohibits any form of harassment and discrimination with respect to age, gender, race, ethnic origin, religious belief and more. The Group's Social Responsibility Policy Statement also sets out the commitment to promoting zero discrimination.

The Group respects any differences, including but not limited to gender, age, nationality, religion, sexual orientation, physical and mental health.

4.2.1 INCLUSIVE RECRUITMENT AND DEVELOPMENT

The diversity of employees and leadership is an essential consideration in hiring and promotion practices. The Group establishes a fair performance evaluation system to ensure that employees are treated equally in terms of promotion, transfer, training and development, dismissal and redundancy.

The Group offers employment opportunities for elderlies, retirees and people with disabilities. The Group has employed people with disabilities in Thailand, including visually impaired people, to provide massages for the employees. The Group also enhances the accessibility of the workplace for employees with disabilities or chronic illness by providing appropriate facilities, such as handrail and lifts.

4.2.2 RESPECTFUL WORKPLACE

The Group provides orientation training, including guidelines on equal opportunities, human rights, and anti-discrimination to raise employee awareness. The Group maintains an effective dialogue with employees through relevant communication channels and grievance procedures, such as annual employee appraisals, a dedicated V.O.I.C.E. mechanism for handling employees' complaints and suggestions.

4.3 NURTURING AND DEVELOPING EMPLOYEES

The Group recognises the value of empowering its employees through development and training. Training and development not only nurture a skilled workforce and future leaders of the Group but also talents for the benefit of society.

Nurturing young professional is one of the Group's focus areas. The Group launches apprenticeship programs, internships and management training programs in various locations.

The Group organises various training for its employees based on the identified training needs and training matrix, which covers personal development, leadership and service excellence, as well as safety and wellness. The Group delivers orientation training for new hires while job-specific training for existing employees enhances their technical skills. The Group encourages and assists employees in obtaining professional or academic qualifications.

OUR STORIES

YOUNG EXECUTIVES ACADEMY

Since 2001, Young Executives Academy ("YEA"), a young talents development programme designed by the Group, has been supporting its strategic growth by nurturing future leaders. It paves the best journey for potential candidates at different career stages – from student interns, fresh graduates and management associate.

YEA is comprised of four high flyers programmes, which are tailored for candidates at various stages of their career development.

- The 12-month Management Associate Programme advances career for young talents with solid working experience and potential in taking up key roles in corporate development.

- The Management Trainee ("MT") Programme nurtures fresh graduates to become the Group's future business leaders. The programme offers job rotations across different business streams with overseas exposure.

- The 12-month Graduate Trainee ("GT") Programme is tailored to prepare fresh graduates. The programme offers intensive development in specific businesses of respective regions.

- The 6-month Internship Programme allows candidates to gain hands-on experience and explore directions for career progression. Outstanding interns are given a fast pass to the Group's MT/GT programmes after their graduation.

4.4 IMPROVING EMPLOYMENT MANAGEMENT

The Group attracts and retains the best talent in the market, supported by a sound employee management system, in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. The Group adheres to applicable laws and regulations, including but not limited to the Employment Ordinance in Hong Kong, the Labour Protection Act B.E. 2541 (1998) in Thailand, and other relevant laws and regulations in other overseas jurisdictions where the Group operates.

The Group treasures its employees' contributions and provides them with a comprehensive benefits package, including medical insurance and sponsored education or training programs. To address employees' special needs, the Group promotes family-friendly practices by setting up nursing rooms in our Hong Kong and Taiwan offices. A progressive career prospect encourages employees to strive for excellence in an organisation. The Group establishes a career development evaluation mechanism for promoting competent employees and offering opportunities for career development.

To enhance the connections with employees, the Group reviews employee welfare and meets with employees regularly.

4.5 UPHOLDING LABOUR STANDARDS

The Group strictly prohibits the use of child and forced labour in its operations. The Group adheres to applicable employment laws and regulations as described in the section headed "Improving Employment Management". The Group has set up robust mechanisms, particularly in the hiring process, to prevent, monitor, and report such practices. The Group expects its suppliers to adhere to the same standards as stipulated in its Social Responsibility Policy Statement. The Group reviews supplier practices and requires its supplies to declare they will align with the Group's requirements.

To the best of the Group's knowledge, there are no operations or suppliers identified to have significant risks for the child and forced labour incidents. Looking forward, the Group will include Business Partner Code of Conduct in its supplier engagement process.

OUR ENVIRONMENT

With a total of 74 million square foot of land and facilities under management and over 10,000 self-owned operating vehicles, the Group recognises its responsibility to protect the Earth. The Group works to make its operations greener by tackling climate change and managing its environmental footprint.

CARING FOR OUR ENVIRONMENT

Tackling Climate Change

Managing Environmental Footprint

5.1 TACKLING CLIMATE CHANGE

Issues related to climate change have had and could have an impact on the Group, such as operational risk from extreme weather events, and policy and legal risk from tightening policy and legal requirements related to climate change. The Group is committed to identifying and managing these impacts and developing strategies in line with global and industry practices by establishing the Climate Change Policy Statement. Together with the guidance of Environmental Policy Statement, the Group tackles climate change by managing climate risks and greenhouse gas ("GHG") emissions through mitigation, adaption and resilience.

5.1.1 CLIMATE-RELATED ISSUES MANAGEMENT

Extreme weather brought by climate change will pose physical risks to the Group's operations. The Group introduces precautionary measures against the extreme weather impacts on facilities and business interruptions. For operations in extreme hot and cold weather, policies relating to stroke prevention on extreme hot and cold days are implemented.

The Group also duly takes out insurance for property damage to customers or self-own properties to minimise losses caused by extreme weather events, such as flooding, typhoon, tsunami and sea perils.

5.1.2 GHG EMISSIONS AND ENERGY MANAGEMENT

The Group is always looking for ways to reduce GHG emissions through maximising efficiencies of fleet and facilities.

FLEET EFFICIENCIES

The Group is committed to improving fleet efficiency through operational optimisation and fleet modernisation. To optimise its operation, the Group focuses on enhancing route planning and instilling proper driving habits through measures such as carrier capacity optimisation, mileage yield monitoring, driving training, and regular fleet maintenance. To modernise its fleet, the Group is exploring the use of alternative fuel vehicles. Electric, hybrid or natural gas vehicles have been used on a trial basis in Mainland China, Hong Kong, Taiwan and Thailand. In Hong Kong, all commercial vehicles are Euro IV or more efficient models, and a replacement plan has been formulated to phase out all Euro IV diesel vehicles.

FACILITIES EFFICIENCIES

In daily operations, the Group improves the efficiency of its facilities and equipment by implementing appropriate practices.

- *BUILDING ENVELOPE*
  In the Group's cold storage facilities, energy loss through exterior doors is reduced by minimising the time and frequency of door opening.

- *LIGHTING*
  The Group has been progressively replacing T8 fluorescent light tubes with more energy-efficient light-emitting diode ("LED") lamps to reduce energy consumption and associated GHG emissions at the warehouses. In 2020, one warehouse in Hong Kong underwent the upgrade and over 600 of light tubes were replaced. Similar projects will be extended to all other warehouses.

- *AIR CONDITIONING AND REFRIGERATION SYSTEM*
  In general, the room temperature of the workplace managed by the Group is maintained at around 24-26°C. To ensure effective operation of the air conditioning system, maintenance plans are implemented, such as regular cleaning of dust filters and fan coils.

  In Mainland China, the Group prefers environmentally friendly air conditioners in its procurement process, especially for those that do not require refrigerant additions for 6 to 10 years.

OUR STORIES

BUILDING HONG KONG'S FIRST NATURAL REFRIGERATION FACILITY
Cold stores are one of the main facilities of the Group's operations. It requires R22 refrigerant, which is a conventional refrigerant commonly used. R22 has been phased out due to its significant impact on ozone depletion and global warming.

Since 2017, the Group has been exploring alternatives to replace R22. One of the Group's cold store in Hong Kong, has decided to adopt the use of greener and more efficient refrigerants – a mixture of ammonia and carbon dioxides. In addition, it consumes less energy. According to a feasibility study conducted by an external consultant in 2018, it is estimated that energy savings of 39% can be achieved compared to conventional refrigeration system.

The replacement project started in the fourth quarter of 2019 and the completion will be postponed to 2022 due to the social distancing measures on construction sites.

- *RENEWABLE ENERGY*
  Introducing renewable energy into the operation of its facilities is a way to maximise energy efficiency and reduce associated GHG emissions. The Group has implemented solar installation projects at various locations.

  In Hong Kong, solar panels were installed on the rooftop of one of the Group's buildings since the Group is a participant of the Feed-in Tariff ("FiT") Scheme launched by the HKSAR Government. The solar photovoltaic system is connected to the main grid of the power company and has been effective since early 2020.

The Group has also installed solar panels at its selected facilities in Mainland China, Taiwan and Thailand. The solar installations generate approximately 7,000,000 kWh of electricity annually and reduce associated GHG emission by nearly 4,000 tonnes.

EMPLOYEE AWARENESS
The Group promotes environmental protection messages to employees through internal communications. In the coming year, the Group plans to organise further training relating to sustainability.

5.1.3 QUANTITATIVE PERFORMANCE

GHG EMISSIONS

To better understand its carbon footprint, the Group has engaged an external professional consultancy firm, Carbon Care Asia ("CCA"), to implement carbon assessment. The quantification process of GHG emissions follows the guidelines[3] published by the Electrical and Mechanical Services Department and the Environmental Protection Department of Hong Kong, with reference to international standards such as the Greenhouse Gas Protocol and the ISO 14064-1 standard.

The total GHG emissions of the Group in 2020 are very similar to that of 2019, decreasing by 1.4%. Scope 1 GHG emissions made up 79.3% of the total GHG emissions; it decreased by 1.4% compared to 2019, mainly because of a decrease in direct energy consumption from combustion of gasoline, diesel and liquefied petroleum gas ("LPG").

Environmental Data[4]	Unit	2020	2019[5]
Scope 1 – Direct emissions and removals[6]	tonne(s) CO_2e	276,120	280,000
Scope 2 – Energy indirect emissions[7]	tonne(s) CO_2e	72,068	73,000
Total greenhouse gas ("GHG") emissions	tonne(s) CO_2e	348,188	353,000

ENERGY CONSUMPTION

The total energy consumption of the Group in 2020 decreased by 7.7% compared to 2019. Direct energy consumption made up 88.1% of the total energy consumption; it decreased by 8.6% compared to 2019, in relation to the decreased consumption of gasoline, diesel and LPG.

Environmental Data[4]	Unit	2020	2019
Total direct energy consumption intensity	kWh/revenue (HKD'000)	17.04	24.19
Total indirect energy consumption intensity	kWh/revenue (HKD'000)	2.31	3.01
Total energy consumption	kWh	1,032,701,226	1,118,808,000
Total direct energy consumption	kWh	909,307,633	995,115,000
Total indirect energy consumption	kWh	123,393,593	123,693,000

Notes:

(3)   Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong.
(4)   In terms of the scope of environmental data, it covers key entities in Hong Kong, Mainland China, Taiwan, Thailand and the United States.
(5)   For better accuracy, "Scope 1 – Direct emissions and removals" and "Total greenhouse gas ("GHG") emissions" are recalculated. Looking forward, the Group will conduct a holistic review of its data and emission factors and update the presentation format in preparation for future target setting.
(6)   Scope 1 includes direct emissions from combustion of fuel in mobile sources and fugitive releases from equipment and systems.
(7)   Scope 2 includes energy indirect emissions from purchased electricity from power companies and purchased cooling from facilities management.

5.2 MANAGING ENVIRONMENTAL FOOTPRINT

The Group recognises the impacts of its operations on the environment and natural resources. The Group adheres to applicable laws and regulations, including but not limited to the Air Pollution Control Ordinance in Hong Kong, the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste, the Enhancement and Conservation of the National Environmental Quality Act B.E. 2535 (1992) in Thailand, and other relevant laws and regulations in other overseas jurisdictions where the Group operates. Guided by the Group's Environmental Policy Statement, the Group strives to develop and operate an environmental management system ("EMS") that sets high standards for pollution prevention, resource conservation and legal compliance. The established EMS has been accredited to the ISO14001 standard and is implemented at the business units in Hong Kong, Mainland China, and Singapore.

The Group's state-of-the-art logistics facilities, namely Tai Po Product Customisation and Consolidation Centre ("PC³") in Hong Kong and Kerry Tampines Logistics Centre in Singapore, both attained the Leadership in Energy and Environmental Design ("LEED") (Gold) recognition for the eco-designs that benefit the environment. Additionally, PC³ is also the first industrial building in Hong Kong being certified with the Hong Kong Building Environmental Assessment Method ("HK-BEAM") (Gold). The Group will take environmental considerations into account in new construction where feasible.

5.2.1 POLLUTION PREVENTION

AIR EMISSIONS AND SPILLAGE

The Group implements preventive measures under the EMS to minimise the environmental impact of spills and fires. Prevention of spillage and fires have been integrated into the Group's daily operations. The Group has been modernising its fleet to reduce associated air emissions. For details, please refer to the section headed "Tackling Climate Change – GHG Emissions and Energy Management".

Emissions of NO_x, SO_x and RSP by the Group in 2020 decreased by 60.7%, 4.6% and 54.1% compared to 2019. These were related to the reduction in travelling and decreased mobile combustion of gasoline and diesel.

Environmental Data[8]	Unit	2020	2019
Nitrogen oxides ("NO_x") emissions	tonne(s)	904	2,300
Sulphur oxides ("SO_x") emissions	tonne(s)	1.4	1.5
Respirable suspended particulate ("RSP")[9] emissions	tonne(s)	85	184

Notes:

(8)   *In terms of the scope of environmental data, it covers key entities in Hong Kong, Mainland China, Taiwan, Thailand and the United States.*

(9)   *RSP are particulate matters with aerodynamic diameter less than or equal to 10 micrometers, thus also named as PM_{10}.*

WASTE MANAGEMENT

The Group always looks for ways to divert materials from landfill by applying the "4Rs" (i.e. reduce, reuse, recycle and replace).

Reduce	• Provide customers with reverse logistics services to reduce the disposal of defective products
Reuse	• Use of re-treaded tires to extend their life cycle where applicable • Reuse the carton boxes
Recycle	• Recycle the regulated electrical equipment ("REE") under the Producer Responsibility Scheme on Waste Electrical and Electronic Equipment ("WPRS") in Hong Kong • Recover heavy metals from the waste of electrical and electronic equipment ("WEEE"), e.g. obsolete computers, electronic goods, customers' products
Replace	• Replace wooden pallets with recycled plastic pallets where applicable

Apart from general waste management, the Group implements stringent control on hazardous wastes handling. The warehouses in Hong Kong are registered "Chemical Waste Producer(s)" under the provisions of local regulations. Major wastes categories include spent lubricating oil, organic solvents, pesticides, used fluorescent tubes, refrigerants, printed circuit boards and other hazardous wastes. Licensed waste collectors are engaged to handle these wastes.

The amount of hazardous waste generated by the Group in 2020 decreased by 54.4% compared to 2019, while the amount of non-hazardous waste in 2020 decreased by 56.6% compared to 2019.

Environmental Data[10]	Unit	2020	2019
Total hazardous waste	tonne(s)	24	53
Total non-hazardous waste	tonne(s)	7,985	18,400

5.2.2 RESOURCE CONSERVATION

Apart from energy, the Group emphasises saving other resources such as packaging materials, office paper and water.

CONSERVING PACKAGING MATERIALS

To conserve material as well as reduce waste, the Group encourages employees to follow the 4Rs when handling packaging materials. Consumption of inbound and outbound packaging material (i.e. pallets, carton boxes, cardboard containers dunnage and lashing materials) is reduced by, for example, commingling packaging at each delivery point, reducing reworks and repackaging and replacing carton boxes and wood pallets with more durable materials, such as logistics carts, plastic tote boxes and plastic pallet. In Mainland China, packaging materials are procured according to national green packaging standards in response to the State Post Bureau's call to implement a recycling system for logistics packaging collectively. In Thailand, recycled materials are used to produce packaging boxes. The Group also advises its customers to adopt eco packing methods, such as reducing the uses of plastic materials, replacing wooden pallets with pallets made up of more durable recycled plastic where feasible.

Note:

(10)   In terms of the scope of environmental data, it covers key entities in Hong Kong, Mainland China, Taiwan, Thailand and the United States.

The amount of packaging material consumed by the Group in 2020 decreased by 32.5% compared to 2019.

Environmental Data[11]	Unit	2020	2019
Total packaging material intensity	tonne(s)/revenue (HKD billion)	99	189
Total packaging material	tonne(s)	5,265	7,800

CONSERVING OFFICE PAPER

The Group works to achieve a paperless office by digitalising the business operations whenever possible to reduce paper consumption. For example, the Group tends to use electronic approvals instead of paper signatures, make full use of electronic archives and documents, and online communication. To save paper, double-sided printing is adopted, and paper printed on one side is reused. The Group also promotes the use of recycled paper and paper from sustainable sources. For example, the Group's annual reports are printed with Forest Stewardship Council ("FSC") certified paper.

CONSERVING WATER

As a logistic service provider, the Group does not consider itself as a highly water-intensive enterprise. Water is used primarily for drinking and sanitation, and is sourced from municipal suppliers and discharged into public sewage systems. The Group does not have any water stress issues in its operating areas, nor do the Group have issues finding adequate water sources for its business operations. Nevertheless, the Group strives to conserve water in its daily operations by checking taps and pipes for leaks regularly and monitoring water consumption. At PC^3, one of the Group's logistics facilities in Hong Kong, rainwater is harvested for irrigating plants.

In 2020, the amount of water consumption of the Group decreased by 9.9% compared to 2019.

Environmental Data[11]	Unit	2020	2019
Water consumption intensity	m^3/revenue (HKD'000)	0.01	0.01
Total water consumption	m^3	432,357	480,000

Note:

(11) *In terms of the scope of environmental data, it covers key entities in Hong Kong, Mainland China, Taiwan, Thailand and the United States.*

OUR CUSTOMERS

As a leading logistics service provider in Asia serving top international brands, the Group endeavours to create value for its customers and help them build their competitive edge through the Group's trusted and innovative solutions. The Group's long-term relationship with customers attests to its quality and reliable services. The Group's dedication to service excellence is recognised through various awards. For details, please refer to the section headed "Awards and Citations" in this annual report.

6.1 ENHANCING CUSTOMER'S EXPERIENCE

Digital transformation is emerging rapidly in all sectors of the economy. Embracing innovation and enhancing customer experience have long been critical to adding value to the Group's customers while maintaining its competitiveness and future success.

With the growth of the logistics market, the Group brings the Internet of Things ("IoT") to the forefront of its operations by introducing smart sensors to international shipments, enabling total supply chain visibility and sophisticated security measures. Data can be provided to global customers for agile decision-making, thus achieving supply chain optimisation with real-time information on the digital supply chain. The Group harnesses the latest technologies to support the digitalisation of the supply chain with end-to-end visibility.

- *AUTOMATIC WAREHOUSE*

  In Mainland China, a fully automated smart warehouse is established in Xiamen through a collaboration with a technology giant. It brings together artificial intelligence and robotics technologies to improve operational efficiency and reduce manpower requirements and costs.

  In Hong Kong, new robotic arms, namely, Koolbotic, are in place in warehouse operations. The Koolbotic is designed to optimise productivity and throughput of the put-to-order sorting process after picking by batch, suitable for both business-to-business ("B2B") and business-to-customer ("B2C") orders. The arms in place will almost triple the sorting throughput and deliver maximised accuracy, but they also contribute to a better working health and environment for employees as it is set up for handling chilled food products in a chilled environment aiming at nonstop 20 hours operations each day.

- *SUPPLY CHAIN VISIBILITY PLATFORM*

  KerrierVISION is a real-time, internet-based solution designed to provide customers with customised support for inventory, freight, purchase order and delivery. As part of the KerrierVISION, the electronic proof of delivery ("ePOD") and Track and Trace system provide information about the road freight by tracking the location of trucks, as well as remaining time and distance to destination. The ePOD and Track and Trace system allow the Group to closely monitor the delivery status and provide timely notification to customers in the event of any delays. Furthermore, the ePOD system enables paperless operations and helps to reduce paper usage.

- *MOBILE APPLICATION*

  With mobile technology development and increasing integration of online and offline customer experience, the Group's express business has designed, developed and deployed an application to extend shipment tracking to mobile devices. It allows the Group's customers to track shipment progress anytime and anywhere easily.

6.2 DELIVERING QUALITY SERVICES

The Group regards service quality as one of the key competitive advantages of its business and integrates it into the day-to-day operations. The Group's Quality Policy Statement sets a high standard and demonstrates its commitment to service excellence.

In accordance with internationally recognised frameworks, quality management systems have also been established and well adopted at the Group's significant operations to uphold service quality. The Group is compliant with the applicable parts of the integrated management system, which are also audited and certified externally, such as ISO9001 quality management system standards, Transported Asset Protection Association ("TAPA") Facility Security Requirements ("FSR"). The F&B business unit also obtained ISO 22000 food safety management and Hazard Analysis and Critical Control Points ("HACCP") certifications. More information relating to quality accreditations is available from the Company's website (www.kln.com/en/group/about-us/quality-accreditations/).

The Group leverages its extensive industry experience to provide high-quality, cost-effective supply chain solutions to meet its customers' specific business needs. The Group has been successful in offering industry-specific solutions to diverse sectors, including but not limited to electronics and technology, F&B, fashion and lifestyle, fast-moving consumer goods, industrial and material sciences, automotive, and pharmaceutical and healthcare industries. The Group's one-stop services range from vendor-managed inventory, cold chain management, nationwide warehousing and distribution to return management.

6.3 MANAGING AFTER-SALES SERVICE

Customer feedback is vital to the Group's persistent pursuit of service excellence. The Group communicates with its customers regularly through various communication channels, such as phone interviews, annual customer surveys, websites, and hotlines. A designated account manager handles a customer. The Group collects, assesses, and acts on the customers' inputs to meet or exceed the Group's pledged service levels and expectations.

The Group-level enquiry and complaint handling procedures, for example, stipulate that complaints should be acknowledged by written response within 24 hours upon receipt, followed by comprehensive follow-up procedures and remedial actions if the complaint is substantiated and validated. It forms part of the performance assessment criteria by the Group's customers.

6.4 MARKETING RESPONSIBLY

Providing customers with sufficient and accurate information about service and product is essential to build trust and credibility. The Group has developed Corporate Identity Guidelines to guide its marketing and communication materials. In 2020, the Group did not have any significant issues or disputes regarding its marketing practices.

OUR BUSINESS ETHICS

Adherence to business ethics is key to building trust with the Group's stakeholders; therefore, the Group operates its business with integrity, transparency and accountability. Anticorruption is always a top priority, especially for a corporation with operations in 59 geographical regions where the risk of corruption varies. Also, along with digital transformation and technological development, data privacy has become an emerging issue that the Group needs to address.

7.1 PREVENTING CORRUPTION

The Group's Global Anti Bribery Policy is adequately communicated to employees through mandatory induction training. The Board has set a zero-tolerance for any form of bribery, corruption, extortion, money laundering or fraud.

Malpractices are to be detected through effective monitoring and management control. Meanwhile, the Group's Whistleblowing Policy enables employees to report observed and suspected misconducts, irregularities and malpractices in a confidential manner. Reported cases will be followed up promptly; confirmed cases will be reported to the ACC and management.

The Group adheres to applicable laws and regulations, including but not limited to the Prevention of Bribery Ordinance in Hong Kong, the Anti-Money Laundering Law of the PRC, the Anti-Corruption Act in Taiwan, the Act Supplementing the Constitution Relating to the Prevention and Suppression of Corruption B.E. 2561 (2018) in Thailand, and other relevant laws and regulations in other overseas jurisdictions where the Group operates.

7.2 PROTECTING DATA PRIVACY AND INTELLECTUAL PROPERTY RIGHTS

The Group treats customer data with strict confidentiality and handles such data with care. The Group adheres to applicable laws and regulations, including but not limited to the Personal Data (Privacy) Ordinance in Hong Kong, the Cybersecurity Law of the PRC, the Cyber Security Management Act in Taiwan and other relevant laws and regulations in other overseas jurisdictions where the Group operates.

The Group's Privacy Policy sets out its approach in collecting and processing personal data and outlines its steps to ensure compliance with the relevant laws and regulations. The Group's ISO27001-compliant information security management system guides its information management practices to ensure those information assets are kept in a secured manner. An Information Security Management Policy Statement is in place to prevent loss and leakage of confidential information, including customer data. The policy is communicated to employees during an induction or through regular refresher training. Related procedures are in place to guide customer information for advertising of the Group's services. In general, contracts specify the scope of confidentiality and all customer information may not be used for any advertising and promotional activities unless specifically approved by the customer.

In 2020, the Group implemented various projects to enhance its cybersecurity. For all regions, the Group has replaced next-generation anti-virus solution with a security solution, extended detection and response ("XDR"), enforced Multi-Factor Authentication ("MFA") on Windows Server Remote Desktop Protocol ("RDP") and replaced Security information and event management ("SIEM") solution for better security operation control. The Group also sets up intrusion detection and prevention on network security for headquarters and implemented the next-gen firewall on the cloud server.

If customers and business partners have further concerns about intellectual property rights, the Group will agree with them on procedures to protect their intellectual property rights as part of the service contract in general.

OUR SUPPLY CHAIN

Achieving sustainable development requires not only the Group itself but also cooperation with the Group's partners. The Group's supply chain accounts for a large part of its social and environmental footprint. With increasing market concerns of supply chain transparency, ensuring suppliers' environmental and social standards is crucial for the Group.

8.1 COLLABORATING WITH SUPPLIERS

The Group collaborates closely with a wide variety of suppliers, such as airlines, shipping companies and owners of leased logistics facilities, to support its strong distribution network connecting 59 geographical regions. The Group will continue to strengthen the sustainability of its supply chain performance by building collaborative and win-win relationships with its suppliers.

The Group's suppliers are expected to adhere to the Group's Social Responsibility Policy Statement, which requires strong commitments to good sustainability practices concerning ethical conduct, health and safety, employment and human rights practices and environmental sustainability.

PROCUREMENT PRACTICE

The Group has a rigorous supplier selection and management process. Before working with new suppliers, the Group conducts a robust pre-qualification process to ascertain that they meet the criteria and are aligned with the Group's values. Supplier contracts contain clauses with environmental or ethics-related requirements.

The Group remains vigilant to supply chain risks, including sustainability-related risks, through structured performance assessment and monitoring. It enables the Group to develop contingency plans to maintain a high level of service reliability and business continuity.

The Group regularly assesses its existing suppliers' performance in quality, environmental management, and occupational health and safety.

COMMUNITY INVOLVEMENT STRATEGY OF THE GROUP

Youth Development

Talents

Supporting the Underprivileged

Resources

Networks

Environmental Conservation

Suppliers that fail to meet the performance requirements of the Group must take corrective action on time or be suspended from doing business with the Group.

In 2020, over 600 suppliers of the Group's headquarters in Hong Kong had gone through performance evaluation, and more than 83% of them retained acceptable or above performance.

SUPPLIER ENGAGEMENT

The Group regularly converses with its suppliers to share knowledge and experience on good industry practices and exchange ideas to improve the sustainability performance of its supply chain. For example, in Mainland China, the Group actively communicates with its suppliers on existing industry regulations related to the use of vehicles, replacement of vehicles to models with improved emissions, service quality, as well as the adoption of electric vehicles.

GREEN PROCUREMENT

The Group's headquarters in Hong Kong continues to maintain a Green Specification List with environmentally-friendly equipment options to guide sustainable procurement practices.

OUR COMMUNITY

In maintaining the social license to operate, the Group needs to maintain a dialogue with the community, understand its needs and support its development.

9.1 CARING FOR COMMUNITY

The Group has committed itself to serve the community by leveraging its talents, resources and networks. The Group has contributed to various areas, such as youth development, the elderly, the underprivileged and the environment. In 2020, the Group's employees actively participated in various volunteer activities.

9.1.1 OUR CONTRIBUTIONS

Youth Development	The future lies in the hands of the youth. The Group always supports initiatives and organisations that promote the rights and wellbeing of the children.
	In 2020, key events participated by the Group's employees were as follows.
	• "Santa Needs Elves" – Christmas gift boxes collection and distribution to ethnic minority children
	• "Online tutoring" – Volunteering tutoring for Primary to Form 3 students learning from home
	• "Book for Bored Children" – Book donation to 3 to 12 years old ethnic minority and underprivileged children
	• "The Future of E-Learning After COVID" – Sharing about e-learning and innovative education and how parents can help their children learn through the pandemic
Underprivileged	The Group works to create a positive impact on society by helping those in need. The Group is a supporter of several non-profit and charitable organisations aiming to improve underprivileged wellbeing. The Group's involvement includes monetary support, community and philanthropic events, and in-kind support for community events.
	In 2020, the Group's employees joined "Love Teeth Day 2020" jointly organised by the Community Chest, Hong Kong Dental Association and Oral Health Education Unit of the Department of Health, which aims to enhance oral health services for the needy. Besides, the Group's employees participated in "Chinese Tutors Wanted". Volunteers set aside one hour each week to chat online with ethnic minority elementary school students in Chinese.
Environment	The Group believes that a good corporate citizen should take up the responsibility of building a greener and more sustainable community. In Mainland China, business units strictly follow internal guidelines to avoid providing logistics services related to nationally protected animals.
	In 2020, the Group's employees participated in "Glow Green Christmas Installation". Participants collected plastic and collaborated with a local design studio to prepare a 7-metre installation of leaf-like light holders, planters and LED neon light tubes made from almost 7,000 upcycled polyethylene terephthalate ("PET") items.
	The Group sponsored the "Walk for Nature" walkathon organised by World Wild Fund for Nature Hong Kong in Mai Po Reserve.

OUR STORIES

HUMANITARIAN LOGISTICS SUPPORT

During the challenges of the pandemic, the Group is committed to leveraging industry expertise and strategic strengths to provide solutions for relief work worldwide. On a daily basis, the Group is at the forefront of transporting emergency supplies and household goods to support local communities and healthcare professionals. In 2020, key humanitarian logistics supports were as follows.

- In Mainland China, the Group participated in initiatives such as the "Green Channel for Transport Rescue Materials to Wuhan", which provided free shipments and relief supplies to the provinces under lockdown.

- In Taiwan, the Group completed the complimentary delivery of 5,600 pieces of T-shirts, donated by its clients, to two local hospitals.

- In the United Kingdom, the Group delivered 5,000 pairs of compression socks, donated by Glasgow-based online travel retailer, to frontline health professionals across Scotland. Deliveries were made to hospitals in Glasgow, Aberdeen, Edinburgh and Dundee, with more than 5,000 planned deliveries in London within a week.

- In Malaysia, the Group facilitated its client to deliver 200,000 surgical masks to 40,000 families within a week.

- In Indonesia, the Group supported the campaign initiated by an Indonesian Fashion Brand by delivering 10,000 sets of protective gears to hospitals in Greater Jakarta.

10 ENVIRONMENTAL DATA

Environmental Data[12]	Unit	2020	2019[13]	2018	2017
Total direct energy consumption intensity (Note 1)					
By revenue	kWh /revenue (HKD '000)	17.04	24.19	21.10	18.22
Total indirect energy consumption intensity (Note 2)					
By revenue	kWh/ revenue (HKD '000)	2.31	3.01	3.10	4.13
Water consumption intensity (Note 3)					
By revenue	m^3/ revenue (HKD '000)	0.01	0.01	0.01	0.02
Total packaging material intensity (Note 4)					
By revenue	tonne(s)/ revenue (HKD billion)	99	189	161	260
Nitrogen oxides ("NO$_x$") emissions	tonne(s)	904	2,300	1,500	450
Sulphur oxides ("SO$_x$") emissions	tonne(s)	1.4	1.5	1	1
Respirable suspended particulate ("RSP") emissions	tonne(s)	85	184	123	41
Total greenhouse gas ("GHG") emissions	tonne(s) CO$_2$e	348,188	353,000	306,000	284,000
Scope 1 – Direct emissions and removals	tonne(s) CO$_2$e	276,120	280,000	241,000	200,000
Scope 2 – Energy indirect emissions	tonne(s) CO$_2$e	72,068	73,000	65,000	84,000
Total hazardous waste produced	tonne(s)	24	53	50	58
Total non-hazardous waste produced	tonne(s)	7,985	18,400	21,000	19,000
Total energy consumption	kWh	1,032,701,226	1,118,808,000	922,964,000	688,186,000
Note 1					
Total direct energy consumption	kWh	909,307,633	995,115,000	804,606,000	560,933,000
Gasoline/Petrol	kWh	21,079,526	31,036,000	26,137,000	19,458,000
Diesel	kWh	884,844,019	957,466,000	771,530,000	533,958,000
LPG	kWh	3,384,088	6,613,000	6,939,000	7,517,000
Note 2					
Total indirect energy consumption	kWh	123,393,593	123,693,000	118,358,000	127,253,000
Purchased electricity	kWh	123,356,844	123,508,000	118,176,000	127,097,000
Towngas/Gas works gas consumption	kWh	36,749	185,000	182,000	156,000
Note 3					
Water consumption	m^3	432,357	480,000	484,000	507,000
Note 4					
Total packaging material	tonne(s)	5,265	7,800	6,128	8,010

Notes:

(12) In terms of the scope of environmental data, it covers key entities in Hong Kong, Mainland China, Taiwan, Thailand and the United States.

(13) For better accuracy, "Scope 1 – Direct emissions and removals" and "Total greenhouse gas ("GHG") emissions" are recalculated. Looking forward, the Group will conduct a holistic review of its data and emission factors and update the presentation format in preparation for future target setting.