

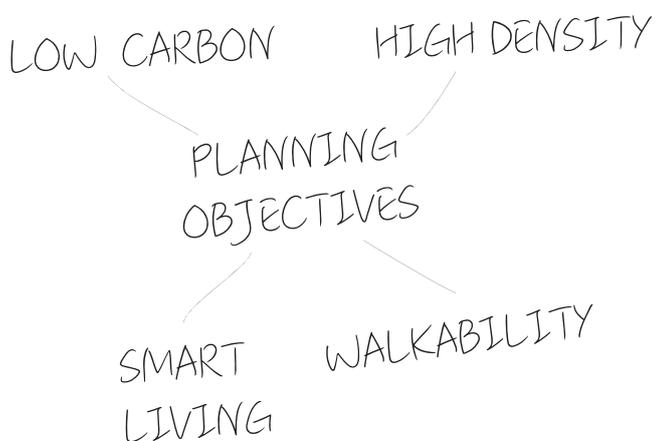
CORPORATE SUSTAINABILITY





According to the Urban Renewal Strategy (URS), a comprehensive and holistic approach through a diversified business strategy should be adopted to rejuvenate our city. The process should be forward-looking and visionary and create sustainable yet positive impacts to improve the standard of living and built environment. In particular, in section 5(e), 7 and 19 of the URS, sustainable development is a key to success and is incorporated within our core business strategies. Through the process of urban renewal together with the joint efforts from our partners and other stakeholders, we aim to create a quality urban built environment that can sustain the growth of our city in line with Government policy. To these ends, our work has adopted a people-oriented approach and strived for high environmental standards while fuelling the vibrancy of urban neighbourhoods.

With the complex evolution of urban renewal in terms of public aspirations, the diversified needs of our city growth and the challenges and opportunities arising from urban decay, four related planning objectives (high density environment, low carbon neighbourhood, smart living and walkability) will be included in our core business strategies to optimize the benefits to our city for us and our next generation.



In this section, we will discuss our sustainability performance as demonstrated through our core businesses, our various initiatives and our internal operation.

Care for Our Environment

Promoting Green Buildings

With planning objectives to create a low carbon neighbourhood, green building is an essential practice to reduce the environmental impacts on the built environment and improve the quality of life of our citizens. The environmental impacts associated with our urban renewal projects are more substantial and far-reaching than those from our operations and managed properties. Therefore, high environmental standards are imposed on both our self-developed and joint-venture projects to jointly promote green buildings with our partners. With the efforts of both the URA and our partners, two more redevelopment projects have achieved the Hong Kong BEAM Platinum (final) rating after completion in 2016/17, making a total of 14 projects with Platinum rating thus far. At the same time, 15 other projects that are in the design or construction stage have already received provisional Hong Kong BEAM or BEAM Plus Awards. The URA's Kai Tak Development has obtained the Grand Award of the Green Building Award granted by the Hong Kong Green Building Council (HKGBC) for its environmentally-sustainable design. Setting a high green building standard for these projects has motivated the respective designs to optimise the use of resources through various measures. We create synergy with our partners to extend the coverage of green buildings propagating an important supply chain effect on the downstream consumers as the residential flats were installed with energy-efficient and water-efficient appliances.



URA's Kai Tak Development has obtained the Grand Award of the Green Building Award granted by the Hong Kong Green Building Council.

As well as green buildings, the URA is developing its 'Smart Building' concept for development projects covering five aspects namely 'Design', 'Information', 'Environment', 'Convenience' and 'Management'. Smart Building will create smart quality and vibrant living and will display and advocate the development of 'Smart City' in Hong Kong. Smart features like home energy and water consumption systems, home health and wellness systems, smart display, home waste management systems, building information modelling and building management systems have been incorporated in our projects at Peel Street/Graham Street (Site A) and Ma Tau Wai Road. The URA also pursues Smart-City concept through its district-based approach to urban renewal.

The URA not only dedicates effort on promoting new green buildings, but also strives to improve the energy efficiency of existing buildings through rehabilitation. The URA has introduced the Green Item Subsidy (GIS) under the 'Common Area Repair Works Subsidy' to encourage property owners to use environmentally-friendly building materials and to install energy-saving facilities when carrying out building maintenance and repair works. For this new initiative, the URA received an award for Outstanding Corporate Social Responsibility – HKGBC Green Product Accreditation and Standards (HK G-PASS) (Statutory Body) from the HKGBC in early 2016. Up to March 2017, the URA has approved GIS applications from the owners of about 30 building blocks (around 1,100 units) amounting to a total subsidy of around \$1.5 million.

Promoting Walkability

A walkable neighbourhood not only offers health benefits, but also allows the residents to interact more with their surroundings and feel more connected to the community. In line with planning objectives, the URA is now exploring more on how pedestrian friendly as opposed to vehicle-driven design promotes walkability through the district-based approach and the Yau Mong District Study. In addition to these studies, the URA has proposed different initiatives to enhance the access to and connections between both our new projects and URA-owned facilities, for example the pedestrian environment will be improved in the vicinity of projects in To Kwa Wan through the widening of pedestrian walkways. Also, renovation work has been commenced in the URA-owned community facilities at the ground level of The Center (H6) to provide a community space and revitalise the nearby streets, thus enhancing local connectivity.

Together with a mixed use zoning approach, enhancing walkability can tackle the capacity constraints of transport infrastructure, release car dependency, alleviate traffic congestion, and support the local economy and mixed communities. The URA hopes to cultivate a healthy and low carbon neighbourhood and elevate the urban quality of life.

Greening Our Operation

In the five years since its first carbon audit, the URA has sought purposely to reduce the carbon footprint of our own operations and managed properties. The annual carbon audit allows us to measure our environmental performance, and instigate more conscientious behaviour among our colleagues and business partners.

In 2016/17, provisional estimated carbon emissions from our own operations have achieved a year-on-year reduction of 9.3% in part due to no emissions from air conditioning refrigerant during the year. Meanwhile, the Energy Use Intensity (EUI) has decreased marginally from 76.1 to 75.9 kWh/m² (note: our own operations take place in a mix of properties with central air-conditioning provided separately, those with only tenant lighting and power, as well as whole buildings). Environmental measures, e.g. using energy

efficient systems and green purchasing, will continue to be implemented in the coming year.

In order to track our environmental performance, the URA has participated in environmental audit schemes, including carbon and waste audits. The URA has conducted carbon audit and obtained a Carbon Reduction 5% Certificate for its headquarters offices at COSCO Tower under the Hong Kong Awards for Environmental Excellence (HKAEE). Also under the HKAEE, the URA has participated in the HKAEE WasteWi\$e Labelling Scheme in 2016/17 to raise staff awareness and to introduce new waste management measures. By meeting nine of the goals covering reduced resources consumption and waste recycling, the URA is on course to obtain the 'Excellence Class' Level. By participating in these HKAEE schemes, the URA has gained the title of 'Hong Kong Green Organisation'. Furthermore, the URA has obtained Indoor Air Quality Certificates for its offices from the Environmental Protection Department.

A new initiative to conduct freezing survey by means of electronic format has been introduced for redevelopment projects commenced during 2016/17. Tablet computers were used for fast and efficient data reporting and analysis. The e-freezing survey does not only speed up the process, but also reduce the use of paper.



Tablets are used in freezing surveys to reduce the use of paper as well as for faster and more efficient data reporting and analysis.

Care for the People

Diversified Urban Space for Health and Happiness

As a mission-driven organisation, the URA sees itself as the catalyst for the development of a sustainable built environment to serve the community that goes beyond green buildings. Over the years, where practicable, we have endeavoured to include open space and community/institutional areas in our larger scale projects. Our redevelopment projects have provided easily accessible community and institutional facilities including residential care homes for the elderly, youth centres, health centres, markets, cooked food centres and an indoor stadium.

New place-making concept is under study in our current project portfolios as described elsewhere in the Operating Review.



Don Bosco Learning Centre at the URA's Rehousing Block serves the teenagers in the district.



Various community facilities at URA's redevelopment projects serve the local community.

To embrace more the diversified use of urban space, the URA has engaged our partners, such as at Mallory Street to promote local arts and culture, the GoodPoint at Prince Edward Road West to provide a supporting hub for social enterprises, and Urban Renewal Resource Centre (URRC) at Fuk Tsun Street to offer mediation facilities. During 2016/17, the URA has continued to render more properties for concessionary tenancy to non-governmental organisations (NGO) and social enterprises (SE), e.g. Association of the Hong Kong Central and Western District Limited, Smile Kids Association Limited, Hong Kong Federation of Youth Groups, Light Be, and International Social Service, Social Venture Hong Kong and New Life Rehabilitation, both in our acquired properties and dedicated preserved historical buildings.

The URA also supplies space for various Government departments and organisations to carry out a wide range of activities, training, displays and exhibitions, including the arts, youth activities, education, tourism, hobbies and so on. With the URA's assistance/sponsorship, 87 events have been staged at venues operated by the URA and its joint-venture partners such as the Central Market, URRC, Citywalk and Western Market.



A social enterprise hub at Prince Edward Road West preservation project.

Encouraging and Facilitating Timely Rehabilitation

The URA is tasked to improve the living standard of households living in the older urban districts mainly through redevelopment and rehabilitation. Section 19 of the URS emphasises that the proper repair and maintenance of buildings is vital for regenerating the ageing districts. As of 2016, over 5,200 buildings more than 30-years old are in poor and varied conditions and yet many building owners lack the confidence to rehabilitate in part due to concerns of bid rigging in the building renovation industry. Therefore, to empower the community to tackle the problem of ageing buildings, the URA staff need to establish trust with the building owners by providing professional advice and technical support. The personal assistance is valued as much by the building owners as the financial assistance provided through the rehabilitation schemes. Since 2004 and up to the end of March 2017, about 3,700 building blocks (around 120,000 units) have been rehabilitated by the various URA assistance schemes. A number of refinements to the URA's various assistance schemes including the relaxation of joining criteria have been introduced since June 2017, with a view to encouraging more property owners to carry out building rehabilitation work. On top of personal assistance, an Info Net has been set up and a revamped version will be launched in August 2017 to provide practical information of building rehabilitation and

over
\$223
million

Loan and
Subsidies
Released



Rehabilitated buildings forming a colour cluster in Tai Kok Tsui.

(For 2016/17 financial year)

information of various rehabilitation subsidy schemes to let the property owners equip themselves with more relevant knowledge.

Ultimately, the URA would like to establish a building rehabilitation strategy which will take a holistic approach covering young, middle-aged and old-aged buildings with different strategies and actions to sustain the lifespan of buildings to improve the standard of the built environment.

Assisting Households in Ageing Districts

Redevelopment is more than just renewing the building stock but about improving the living standards of the displaced households. A majority of the buildings in our redevelopment projects are severely dilapidated with safety hazards and hygiene problems. During 2016/17, acquisition offers were made to owners of 171 property interests. The cash compensation and ex-gratia payments allow affected domestic owner-occupiers to purchase premises that are in better condition than their existing ones. With a view to enabling the residents to retain their social network in the neighbourhood, a flat-for-flat option is also available for those domestic owner-occupiers who prefer to acquire premises at the same site or at the designated Kai Tak Flat-for-Flat Development.

On the other hand, domestic tenants were offered cash compensation or rehousing in public rental flats or units in URA's Rehousing Blocks. Enhancements have been made to the policies for ex-gratia payment and rehousing to domestic tenants since June 2017, which aimed at helping domestic tenants to improve their living condition, especially those living in subdivided units and cubicles.

The patience and compassion of the URA staff involved in the rehousing arrangement were rewarded with a number of commendation letters in 2016/17 from the beneficiaries of several redevelopment projects including Hang On Street, Reclamation



A URA staff member visits an affected resident of Bailey Street/Wong Kwong Street project under the 'Project Engagement' Programme.

Street/Shantung Street, Tonkin Street/Fuk Wing Street and Castle Peak Road/Un Chau Street etc. To facilitate a smooth clearance process, our staff have also gone the extra mile such as helping the tenants with the retrieval of important documents from Government departments, or providing temporary storage space for tenants during their relocation.

In its To Kwa Wan projects, the URA has taken extra steps to strengthen out-reach and establish relationships with affected residents of redevelopment projects especially during the period of uncertainty and anxiety prior to project approval by launching a new 'Project Engagement' Programme. The Programme serves to complement the work of Social Service Teams of project areas and helps connect the URA to residents directly. The Programme, which was kick-started in October 2016, has so far visited over 2,700 out of 3,410 occupiers and owner-landlords, amounting to around 80% of all tenants and owners. Many of the visits were conducted outside office hours.

Assisting the Underprivileged

Besides adopting a people-oriented approach when delivering our core businesses of redevelopment and rehabilitation, the URA also seeks opportunities to engage our partners to help people in need with our available resources. The lack of affordable housing is a key issue affecting the state of poverty in Hong Kong. These low-income households not living in public rental housing have no choice but to reside in appalling flats or subdivided units or cubicles. During 2016/17, the URA has continued to offer some renovated flats in the acquired properties at Wing Lee Street to NGOs and SEs including the Hong Kong Federation of Youth Groups, Light Be, and the International Social Service (Hong Kong Branch) so that they can arrange short-term tenancies at below market rent for these underprivileged. The URA has also rendered more properties for concessionary tenancy both in our acquired properties and dedicated preserved historical buildings to these same NGOs and SEs as well as the Association of the Hong Kong Central and Western District Limited, Smile Kids Association Limited, Social Venture Hong Kong and New Life Rehabilitation.



URA staff and university students offer care and support to the children in the old districts under the Community Service Partnership Scheme.



A finale event of Community Service Partnership Scheme shares care and love with the elderly living in old districts.

Reaching Out to the Community with Our Partners

Residents of old districts – Our care for the people extends beyond our urban renewal works. We bring love and care to the residents of old districts through a series of programmes under the Community Service Partnership Scheme (CSPS), which is a collaboration among the URA, universities and social service organisations. In 2016/17, we have partnered with ten tertiary institutions and NGOs to serve the underprivileged children, senior citizens and ethnic minorities.

A signature community service programme cum appreciation ceremony were held by the URA to recognise the contribution of volunteers over the past year, while giving an opportunity to the volunteers and elderly residents in Kowloon City/To Kwa Wan, including those affected by the URA redevelopment projects, to celebrate the approach of the Chinese New Year in 2017. Since the launch of CSPS in 2012, some 6,400 service hours have been achieved by about 830 volunteers comprising URA staff members and university students, benefitting over 1,700 people.



Inspiring Youth – The URA needs the concerted efforts from the society to tackle urban decay in a sustainable way. Through collaboration and partnership programmes with various organisations, we have reached out to the community and schools to introduce URA’s work and the significance of urban renewal to the general public and youngsters.

During the year, a wide range of programmes have been organised for the young people to inspire them to explore issues related to urban renewal. Programmes included guided visits to the Urban Renewal Exploration Centre, docent tours to old urban areas and URA’s projects, talks, roving drama workshops for primary schools, inter-school microfilm and drama competitions for secondary schools, the ‘Urban Renewal Class in Action’ outreach programmes, etc. The newly launched 6-month ‘Touching lives; Reaching out: Young Leaders Programme’ in collaboration with Tung Wah Group of Hospitals has inspired its 60 secondary students to explore, care, serve and promote their community through various experiential and service learning for leadership, problem-solving and interpersonal skills. Besides, the online tools, namely Urban Renewal Web Academy and Urban Renewal City Fun mobile app, have provided teachers and students with instant information of urban renewal for experiential learning. We have also collaborated with NGOs and professional bodies to promote better understanding of urban renewal.



Interactive education and outreach activities help promote better understanding of urban renewal to young people.

Neighbourhood is more than its physical environment. It is the local culture and characteristics that give its identity. An appreciation of the local arts and culture will allow for a deeper understanding of the community while enriching their quality of life. In view of this, the URA has implemented the 'Arts and Cultural Partnership Programme in Old Urban Districts: Pilot Scheme' (ACPP) for nearly 6 years, supporting non-profit organisations to organise various arts and cultural programmes for the benefits of people living in old urban districts in enhancing their living quality. As of end of March 2017, ACPP has supported 41 arts and cultural programmes, benefitting over 580,000 people in old urban areas.



URA supports various art and cultural programmes to enrich the quality of living for residents in the old urban districts.

Community Engagement

The URA attaches importance in engaging the community with a view to enhancing the understanding of URA's vision and mission. During the year, we have implemented a structured, message-driven and proactive communication programme through a series of media activities, Managing Director's Blog and articles contributed by URA Chairman and Board members. In addition, the URA Board members and senior management have also involved in various community and educational activities to enlist public support for URA's work.

Build an Effective and Sustainable Workforce

Just as those affected by the URA's work and the community at large are our key stakeholders, so too are our staff members.

Building Our Capacity

Without a dedicated and competent team, the URA cannot sustain its urban renewal efforts. During the year, the URA provided over 12,700 training hours for its employees, an average of over 22 hours per head, some 10% ahead of the market average for comparable companies. In 2016/17, with the introduction of Building Information Modelling (BIM) into the URA's projects, the training curriculum has been expanded to include a BIM related training series for senior executives and operational staff. 12 other new training programmes were also provided in 2016/17 for over 680 participants to enhance their core competency. Work Improvement Teams (WITs) were launched across the whole organisation to promote a continuous improvement culture within the URA. Eight WITs were formed to improve existing work procedures and efficiency which saved about 900 man hours and related resources.



Building Information Modelling related training enhances staff knowledge and skills.

Applying the Core Competencies for Succession Management/Performance Management and Training & Development

The new set of core competencies which define the knowledge, skills and attitude for different staff levels were used across the organisation to identify, evaluate, train and nurture preferred employee behaviour.

Attracting, Motivating and Retaining the Right Staff

To ensure competitive remuneration is offered to attract, motivate and retain the right staff to support our mission, a new streamlined grading structure was implemented with effect from 1 April 2016.



Team building training helps to build an effective team.

Building a Highly Motivated Workforce through Identifying Our Strengths and Areas for Improvement in the Employee Engagement Survey

An Employee Engagement Survey conducted in 2016/17 yielded a very high staff response rate of 94%. The URA's engagement score of 60%, when compared to the external benchmark, was higher than the Hong Kong Public Sector by 11% and slightly higher than the Hong Kong Total by 4%. Focus group sessions were organised to further analyse the key issues and identify improvement areas. Measures are being implemented at corporate and divisional levels which aim to build a highly motivated workforce.

Planning Ahead

With persistent demands from the community and rising expectations from external stakeholders, our

staff continuously face more challenges. In a tight labour market, the need for effective means to attract, retain, train, develop and motivate the right talent remains high.

To cater for the changing operating environment, the URA will expand its training curriculum to cover technology training for staff at different levels. New management training, communication and self-development programmes will be launched in the coming year to reinforce the core competencies of staff. These programmes will enhance individual knowledge, skills and attitudes in communication, stakeholder engagement, innovation, personal development and leadership.

To foster the skills and knowledge for succession assessment and development, new competencies will continue to be incorporated into the job profiles of critical positions. The same competencies will be applied to assess potential successors, to evaluate their readiness and to identify any gaps for further development.

As part of the succession scheme, five graduate trainees were recruited in 2016/17 and four management trainees will be employed in 2017/18. The URA strives to groom urban renewal and development talent internally to support the sustainable development of the organisation.

Building on recent success, WITs will be launched across the whole organisation again to promote a continuous improvement culture within the URA.

In response to the feedback collected from the Employee Engagement Survey, various means will be employed to improve internal communication such as regular staff meetings and the staff newsletter. A new Staff Suggestion Scheme will be launched to invite ideas from staff to improve work efficiency and effectiveness and to enhance the sense of belonging. To meet with the impending challenges in urban renewal, divisions are subject to reviews aimed at ensuring an organisational structure fit for operational requirements and development needs.