

Modern Living Investments Holdings Limited
雅居投資控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 8426

從♥出發 共創傳奇



雅居物業管理有限公司
Modern Living Property Management Ltd

Environmental,
Social and
Governance
Report

2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

This report is the first Environmental, Social and Governance Report (this “**Report**”) published by Modern Living Investments Holdings Limited (the “**Company**”), which explains the environmental, social and governance performance of the Company and its subsidiaries (collectively the “**Group**”). This Report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 20 (“**ESG Guide**”) to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Group has complied with the “comply or explain” provisions set out in the ESG Guide for the financial year ended 31 December 2017.

Available in both Chinese and English, this Report has been uploaded to the websites of the Stock Exchange and the Company (www.modernliving.com.hk).

Reporting Boundary

This Report covers the operation of property management services of the Group for the period from 1 January 2017 to 31 December 2017 (the “**Reporting Period**”). The reporting boundary includes the Hong Kong headquarters and Tai Yuen Estate in Taipo¹ (referred to as “**Sites of Operation**”). Tai Yuen Estate in Taipo was selected to be the reporting boundary since it is the most representative public estate currently in the Group’s management portfolio. Managed by the Group since 2005, it is the Group’s longest standing managed public estate. The Group will continuously upgrade its internal data collection procedure and gradually expand the scope of disclosure.

Confirmation and Approval

Information disclosed in this Report is sourced from the internal documents and statistical data of the Group. This Report has been confirmed and approved by the board of directors of the Company in May 2018.

Opinion and Feedback

The Group values the opinion of stakeholders. If you have any questions or suggestions regarding the content or format of the report, please contact the Group via the following channels:

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PROTECTING THE ENVIRONMENT

Environmental sustainability is a key focus of the Group’s corporate social sustainability. The Group abides by the environmental laws and regulations of all Sites of Operation and has formulated the Environmental Protection Policy Statement to demonstrate its determination to protect the environment.

¹ The Group’s Tai Yuen Estate property services office manages the operation of Tai Yuen Estate in Taipo, Hong Kong.

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Emissions

The Group is committed to the following:

- Minimise emission of air pollutants and greenhouse gases;
- Adopt internationally recognised standards or equivalent local standards in assessing and disclosing the emission of greenhouse gases in its operation;
- Prevent and minimise waste; and
- Properly manage hazardous and non-hazardous waste produced in its operation.

Since the business activities covered by this Report mainly involve office operation and property management, there was no emission that would have significant environmental impacts. Main emissions of the Group included: air emissions produced by fuel vehicles and greenhouse gases and solid waste produced indirectly by electricity consumption. Estate management is the main source of emissions in all Sites of Operation, so neither industrial effluent nor industrial waste was produced. Domestic waste water produced by the Group was sent through local pipe network to a sewage treatment plant.

During the Reporting Period, the Group commissioned a consultancy to conduct a carbon assessment to quantify the greenhouse gas emissions (or 'carbon emissions') of its operation. The process of quantification was conducted with reference to the guidelines² compiled by the Environmental Protection Department and the Electrical and Mechanical Services Department.

The main sources of carbon emission of the Group were purchased energy, which belongs to Scope 2 and vehicle fuel use of Scope 1. To address the main sources of carbon emission, the Group will continue to assess, record and disclose its greenhouse gas emissions and other environmental data on a yearly basis. Using data of the Reporting Period as the baseline, comparison with future data can be made to evaluate the effectiveness of current measures and to help formulating carbon reduction targets in the future.

During the Reporting Period, there were no cases of non-compliance with relevant laws and regulations in relation to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. The Group will formulate detailed measures for handling and reducing wastes in the future for more effective management of emissions.

Data of emissions during the Reporting Period is set out in Appendix I to this Report.

Use of Resources

The Group is well aware that reasonable use of resources is essential to sustainable development.

The Group is committed to the following:

- Adopt the principles of reduce, reuse and recycle to increase the consumption efficiency of energy, paper, water and other resources in its business operation;
- Nurture the culture of environmental protection within the Group to increase the environmental awareness of staff;
- Formulate achievable and measurable goals with regard to environmental protection;
- Maintain continuous communication with staff with regard to environmental protection policies; and
- Regularly review the implementation of this policy statement to ensure effective execution.

² Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong

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Electricity was the most consumed energy of the Group and the main source of consumption came from the electricity use in the public space of the public estate it manages. The Group seeks to encourage its staff to adopt efficiency measures in the use of lighting, computer and paper.

Lighting:

- Switch off unnecessary lighting in public areas (such as reception area, pantry, lavatory and corridors) during less busy hours (such as lunch-time and non-business hours);
- Install energy efficient lighting system (such as replacing incandescent light bulb or quartz lamp with LED light or energy saving light bulb); and
- Divide space into zones to control individual lighting system flexibly.

Air-conditioner:

- Switch off some air-conditioners during less busy hours (such as lunch-time and non-business hours);
- Switch on the air-conditioner only when the meeting room is occupied. Switch off the air-conditioner upon leaving the meeting room; and
- Encourage casual dress to reduce demand for air-conditioning in summer.

Computer:

- Adjust the computer setting to activate the standby or hibernation mode of computer so that the display monitor will switch off automatically or enter energy saving mode when left idle for a period of time;
- Adjust the brightness of the display monitor; and
- Switch off personal computers (including the display monitor) after office hours.

Paper:

- Reuse envelopes and folders for sending internal documents and letters; and
- Adopt electronic communication and filing.

Others:

- Use the refrigerator reasonably and formulate an energy saving plan;
- Maintain/replace malfunctioning facilities; and
- Give priority to environmentally friendly products or materials in the procurement process.

The Group plans to adopt more resource saving and carbon reduction measures in the next year, such as staff training to strengthen environmental awareness and to monitor energy and water consumption continuously.

Data of use of resources during the Reporting Period is set out in Appendix I to this Report.

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The Environment and Natural Resources

Due to the nature of the Group's business, its daily business operation posed no significant adverse impact on the environment. The Group abided by the relevant laws and regulations. Looking ahead, the Group will continuously assess its environmental risks so as to formulate appropriate response measures and regularly review and update its Environmental Protection Policy Statement.

EMPLOYMENT AND LABOUR PRACTICES

The Group abided by all laws and regulations adopted in all Sites of Operation and formulated the Employment and Labour Practices Policy Statement in response to the actual situation of the Group's operation. The aim of the policy statement is to provide for staff a workplace that is free of discrimination and harassment and emphasises diversity, health and safety.

Employment

The Group regards talents as a key to corporate success and sustainability. As at 31 December 2017, the Group had a total of 2,362 employees.

The Group abided by all employment laws and regulations that apply to all Sites of Operation, and stipulates in the Employment and Labour Practices Policy Statement and Staff Handbook that the Group will:

- Provide equal opportunities in employment, training and career development regardless of gender, age, nationality, race, skin colour, religion, body size, illness, mental or physical disability, family roles, family composition, sexual orientation, political beliefs or social status;
- Provide staff with internal guidelines in relation to equal opportunities, discrimination and harassment; and
- Provide a communication channel for staff to understand their opinion.

During the Reporting Period, there were no cases of non-compliance in relation to compensation, dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The Group will build a diverse talent pool in the future to provide equal opportunities for staff from different backgrounds.

Health and Safety

To build a healthy and safe working environment, the Group has formulated an Integrated Safety and Health Management System Handbook to clearly communicate the knowledge and management flow related to personal protection, emergency preparation and risk management with staff and to establish a health and safety working group to coordinate the implementation of related measures.

During the Reporting Period, there were no cases of non-compliance in relation to providing a safe working environment and protecting employees from occupational hazards.

Looking ahead, the Group will refine the occupational health and safety management system and organise occupational health training to improve staff's health awareness and to build a healthy working environment and atmosphere.

Development and Training

The Group arranges different types of staff training not only to improve staff's work skills and the operational efficiency of the Group, but also to provide staff with opportunities for personal development. Currently the Group provides specific internal training course to address the needs of the industry and encourage staff to enrol themselves in external training courses by providing tuition fee subsidy.

The Group plans to build a system to identify staff training needs next year and to provide adequate training opportunities.

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Labour Standards

The Group abided by the relevant labour laws and regulations that apply to all Sites of Operation. It has formulated the Employment and Labour Practices Policy Statement and prohibits the use of child labour and forced labour. The Tai Yuen Estate property services office of the Group will undertake timely communications with staff regarding overtime work arrangements. For example, if there is any need for regular overtime work the Group will make forward planning and discuss with staff beforehand. Before employment, various documents related to the age of applicants should be thoroughly checked to verify his/her age and identity to avoid child labour and forced labour.

During the Reporting Period, there were no cases of non-compliance in relation to child labour and forced labour.

The Group will review the implementation of its Employment and Labour Practices Policy Statement to ensure effective execution of its practices on prohibiting child labour and forced labour.

OPERATING PRACTICES

The Group abided by laws and relations that apply to all Sites of Operation and has formulated the Supply Chain Management, Product Responsibility and Anti-corruption Policy Statement in order to manage environmental and social risks in its daily operation.

Supply Chain Management

Proper management of supply chain is essential to a socially responsible company. The Group is committed to the following:

- Stringently select suppliers and review their performance regularly;
- Identify environmental and social risks in the supply chain and formulate corresponding measures;
- Include the environmental and social performance of suppliers in the standards of assessment; and
- Ensure continuous communication with suppliers and provide them with timely support.

In the future the Group will establish a risk assessment procedure to identify environmental and social risks of suppliers and formulate a supplier code of practice that covers issues of environmental protection and community care.

Product Responsibility

The Group provides property management services including estate management (involving general management, leasing management, financial management, small scale repair and maintenance) and maintenance management services, security services and cleaning services. The Group values each client and strives to continuously improve its services to satisfy clients. The Group is committed to the following:

- Provide services that ensure health and safety of clients;
- Respect clients' right to privacy when collecting, saving, using and sending personal information of clients;
- Formulate remedial measures to address client information leakage in a timely and effective manner; and
- Adopt adequate measures to maintain and protect intellectual property rights.

Currently, the Group has established a grievance mechanism to understand clients' requests in a timely manner. At the same time, to protect the safety of client information, the Group will only collect client data for legal purposes and will inform the provider of information of the purpose of the collection and that the collection will only be used for purposes to which the client has given consent. The Tai Yuen Estate property services office of the Group has also formulated an internal quality monitoring standard and product quality checking system in compliance with the relevant laws and regulations.

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The Group's operation of property management services does not involve advertising or labelling issues. During the Reporting Period, there were no cases of non-compliance in relation to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

In the future the Group will continue to pay attention to amendments of relevant laws and regulations in relation to product safety. This will enable the Group to take follow-up action in due course.

Anti-corruption

To maintain a fair, ethical and efficient business and working environment and prevent any form of corruption, the Group is committed to the following:

- Nurture an anti-corruption atmosphere within the Group to improve staff's anti-corruption awareness;
- Ensure continuous communication with staff and clients with regard to anti-corruption policy and execution; and
- Adopt measures to prevent behaviour such as bribery, extortion, fraud and money laundering.

During the Reporting Period, there were no cases of non-compliance in relation to bribery, extortion, fraud and money laundering.

In the future, the Group will introduce terms related to anti-corruption in the employment contract and formulate a corruption risk assessment mechanism and investigation procedure for suspected corruption cases. It will consider establishing a grievance mechanism to handle and respond to complaints and suggestions related to corruption and regularly review and update its anti-corruption policy.

COMMUNITY INVESTMENT

The Group has formulated the following Community Investment Policy Statement to fulfil its corporate responsibility and contribute to the community where it operates and create value for society and environment.

The Group is committed to the following:

- Promote a responsible corporate culture within the Group;
- Encourage and arrange staff to participate in voluntary services and charity activities; and
- Leverage its expertise to contribute to the community where it operates.

The Group proactively invest resources to support campaigns and activities that could bring positive impact to social development. The Group selects and approves volunteering and charity activities organised by external organisations and encourages staff to participate in and organise their own volunteering and charity activities.

In the future the Group will take steps to understand the needs of community of its Sites of Operation to determine its focus of contribution.

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APPENDIX I — ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Data during the Period	Page Index
A. Environmental			
A1 Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	–	2
A1.1	The types of emissions and respective emissions data: Nitrogen oxides (NOx) (kilogram) Sulphur oxides (SOx) (kilogram) Particulate matter (PM) (kilogram)	4.56 0.11 0.34	– – –
A1.2	Greenhouse gas emissions in total (tonnes) Intensity of greenhouse gas emissions (tonnes CO ₂ -e/square feet)	1,563 0.001	– –
A1.3	Total hazardous waste produced (tonnes) Intensity of total hazardous waste produced (tonnes/square feet)	N/A –	– –
A1.4	Total non-hazardous waste produced (tonnes) Intensity of non-hazardous waste produced (tonnes/square feet)	287 0.0002	– –
A1.5	Description of measures to mitigate emissions and results achieved	–	2
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	–	2
A2 Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	–	2–3
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh). Direct energy Indirect energy Direct and/or indirect energy intensity by type (e.g. electricity, gas or oil) (MWh/square feet)	2,925 67 2,859 0.002	– – – –
A2.2	Water consumption in total (tonnes) Water intensity (tonnes/square feet)	5,089 0.004	– –
A2.3	Description of energy use efficiency initiatives and results achieved	–	2–3

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Material Aspect	Content	Data during the Period	Page Index
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	No issue in sourcing water	–
A2.5	Total packaging material used for finished products (tonnes) Packaging material intensity (tonnes/unit of product)	N/A N/A	– –
A3 The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	–	4
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	–	4
B. Social			
B1 Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	–	4
B2 Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	–	4
B3 Development and Training			
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	–	4
B4 Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	–	5
B5 Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	–	5

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Material Aspect	Content	Data during the Period	Page Index
B6 Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	–	5–6
B7 Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	–	6
B8 Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	–	6