



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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## CHAIRMAN'S MESSAGE

I am delighted to present the Pico Group's first Environmental, Social and Governance Report. This report covers the year ended 31 October 2017 and will elaborate on our work, explain our stakeholders' expectations and clearly set out how we are committed to being and remaining a responsible corporate citizen.

Our first Corporate Social Responsibility (CSR) report was published in the Group's 2012 Annual Report. This brief report laid out a road map for our long-term CSR policy and commitments. Consisting of five pillars — People, Place, Profit, Planet and Professionalism — in the ensuing years these pillars have continued to grow and develop as we have fine-tuned our initiatives.

In 2014, we launched Pico Global Care in Action, a set of CSR initiatives that contribute to helping people build better lives and in doing so, build a better world.

Underpinning our CSR commitments is our firm belief in treating our staff, our stakeholders, the wider community and the environment with care and respect. This care and respect lies at the heart of every business decision we make, every project we embark upon and every branding campaign we create.

During the 2017 financial year, we continued to make solid progress in each of our three key CSR focus areas — Environment, Employees and Communities — and continued to ensure that responsible business practices were prioritised in every one of our global offices.

On behalf of the Board, I would like to thank our partners and stakeholders for their support and feedback and our employees for the outstanding effort they put into creating our first ESG report.

Looking ahead, we will continue to deliver innovative and effective solutions that exceed our clients' expectations, and continuously work to deliver a sustainable future for our clients, our staff and the communities that we impact.

**Lawrence Chia Song Huat**  
**Chairman**  
**Pico Far East Holdings Limited**

## SUSTAINABILITY AT A GLANCE



### Driving Business Excellence

Listed on the Hong Kong Stock Exchange for

**25** years



### Driving Business Excellence

Operations span

**40** cities worldwide



### Driving Business Excellence

Over **20** international awards



### Nurturing Our Talent

Over **2,000** permanent employees worldwide



### Nurturing Our Talent

Workforce by gender:

Female: **46%**

Male: **54%**



### Nurturing Our Talent

Pico's Talent Acceleration Programme has been running for over **30** years and has over **1,000** graduates



### Caring for Our Communities

Nearly **20** volunteer activities in our main operations in Beijing, Dongguan, Hong Kong and Shanghai\*



### Caring for Our Communities

Awarded the Hong Kong 'Caring Company' designation for

**10** consecutive years



### Caring for Our Communities

Supported over **3,000** children in three years

\* As defined in the 'Report Scope and Boundaries' section on page 6 of this report.

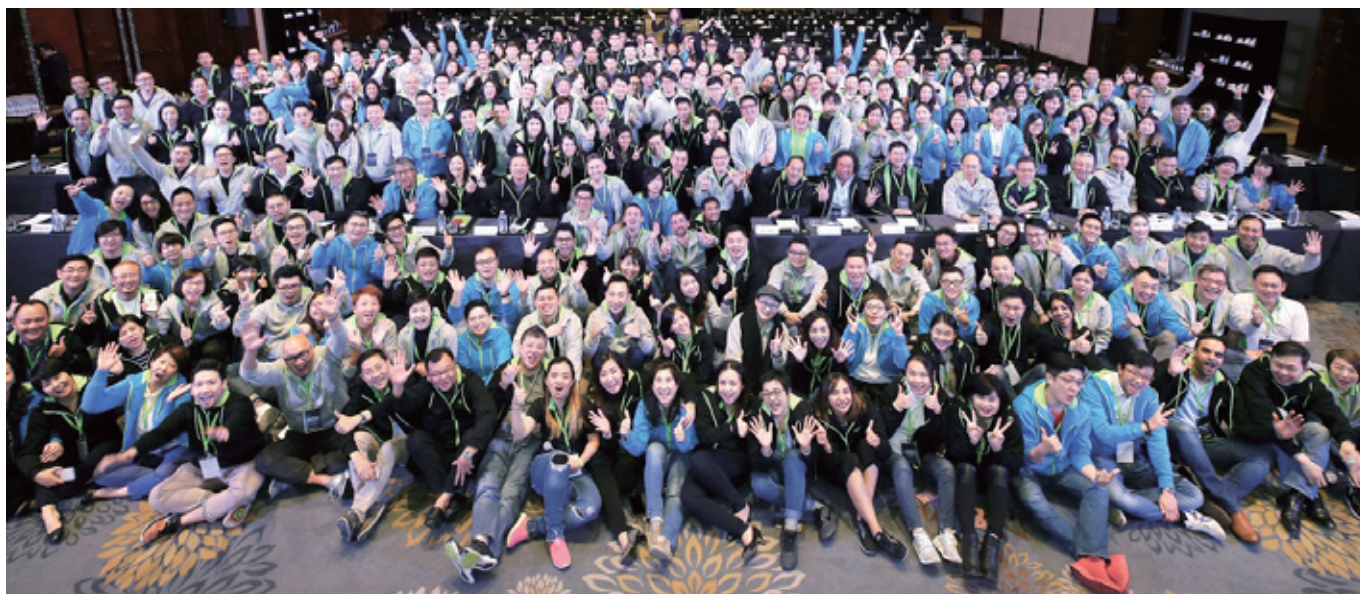
Unless otherwise stated, information in this section covers the financial year ended 31 October 2017.



## ABOUT THIS REPORT

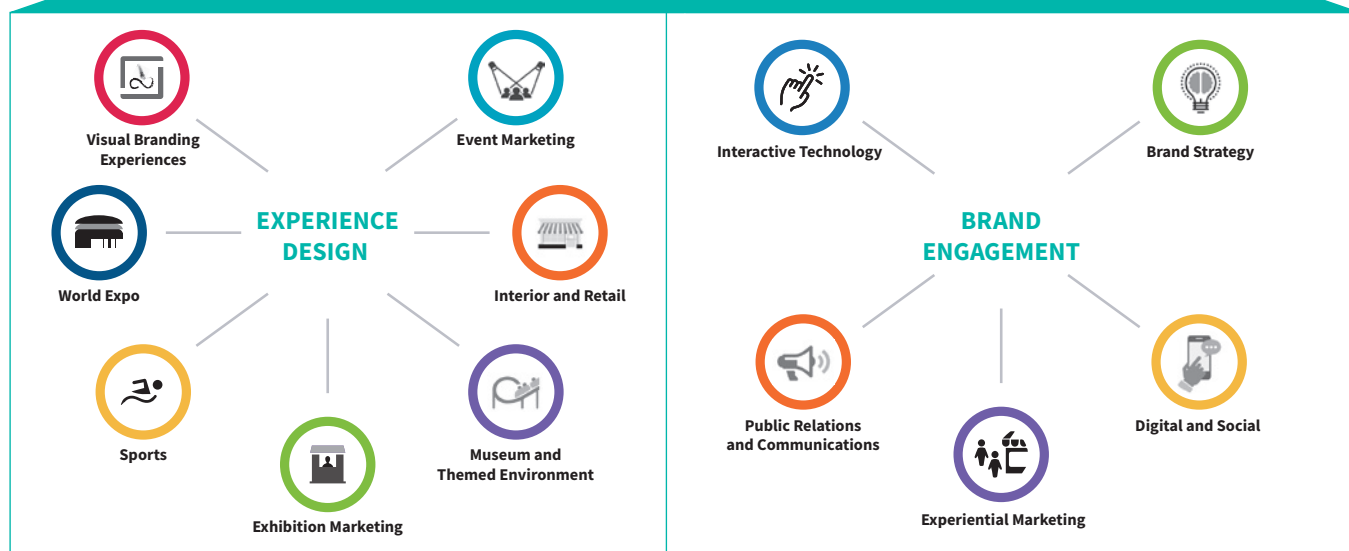
### CORPORATE PROFILE

Pico is a global brand activation company listed on the Hong Kong Stock Exchange since 1992 (stock code: 752). Over the past five decades, the company has enjoyed significant growth and has developed a presence around the world. Our strength comes from the diversity of our some 2,000 professionals working in around 40 major cities worldwide and from the depth of our understanding of different cultures and industry practices.



### CORE BUSINESS

A global leader in  
**TOTAL BRAND ACTIVATION**,  
we specialise in  
engaging people, creating experiences and activating brands



## VISION 2020

The Group's Vision 2020 statement provides a sustainable long-term growth path and a roadmap for our staff and stakeholders to refer to as we prepare for the challenges of tomorrow.

## Mission

Our mission is to be our clients' partner of choice by delivering innovative and effective solutions that continuously exceed their expectations.

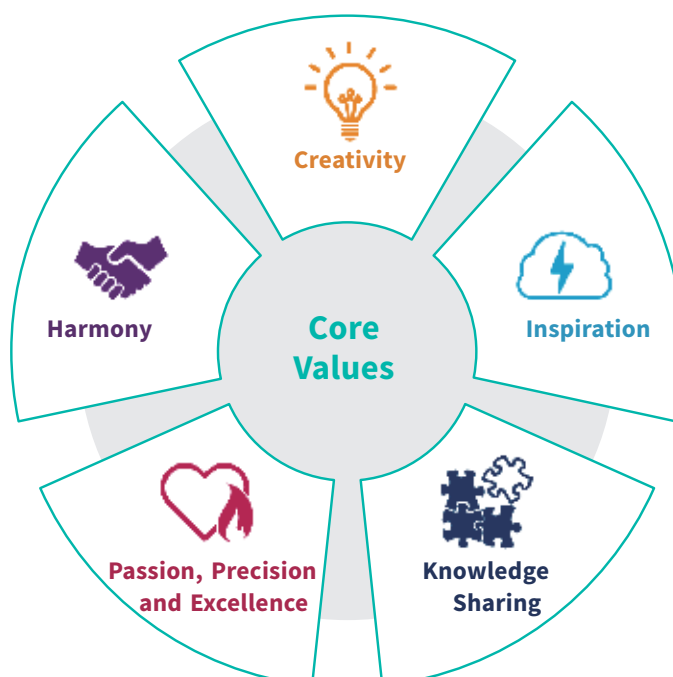
## Vision

Our vision guides every aspect of our business, providing a roadmap to sustainable and healthy growth.



## Core Values

Our core values define the attitudes and behaviours that are required to make Vision 2020 a reality.



## OUR APPROACH

Pico believes in treating our employees, the wider community and the environment with care and respect. The trust of our staff, the support of our stakeholders and the continuing health of the communities we operate in and the environment that surrounds and sustains us have been crucial to the Pico Group's global success, and will continue to play an ever greater and more interconnected role in the future.

### Pico Global Care in Action

| CREATING A SUSTAINABLE FUTURE                                   |   |  |
|---|---|--|
| Engaging with our <b>EMPLOYEES</b>                              | Engaging with our <b>COMMUNITIES</b>                                | Engaging with our <b>ENVIRONMENT</b>   |
| Taking care of our <b>PEOPLE</b> while building their character | Working with and nurturing the <b>COMMUNITIES</b> we operate within | Helping our clients' businesses grow and operate in a <b>SUSTAINABLE</b> way |
| SUSTAINABILITY INITIATIVES                                      |   |  |
| Employment  | Voluntary work to support local charitable organisations            | Implement the 3Rs<br>REDUCE<br>REUSE<br>RECYCLE                              |
| Health and Safety   | Create employment opportunities for special needs groups            | in both our production and operational processes                             |
| Learning and Development  | Engage clients and vendors as stakeholders in these initiatives     |  |
| Labour Standards  |   |  |

The Pico Group is committed to working with our business partners in long-term, mutually respectful relationships, now and in the future. By adhering to responsible business practices and putting all our efforts into creating optimal results for our clients, stakeholders, communities and the planet, we aim to build and sustain a better world for all of us as we drive positive change.

## REPORT SCOPE AND BOUNDARIES

This report is the first Environmental, Social and Governance (ESG) report of Pico Far East Holdings Limited and its subsidiaries ('the Pico Group', 'Pico' or 'the Group'). The report details the Group's ESG commitments, our management's approach to ESG and the Group's overall ESG performance between 1 November 2016 and 31 October 2017, matching the financial year of the Group. This is also the same period covered in the Group's annual report. The content of this report covers our headquarters' operations in Hong Kong and several of our main operations in mainland China — specifically Beijing, Dongguan and Shanghai.

This report has been prepared in accordance with the requirements of the Environmental, Social and Governance Reporting Guide ('the Guide'), Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

During the development of our first report, Pico engaged with a wide range of stakeholders to ensure that we fulfilled the requirements of the Guide. The information disclosed in this report represents the most relevant ESG issues identified by our key stakeholders, with the issues divided into broad environmental and social categories, as suggested by the Guide.

Going forward, we will continue to communicate our progress and gradually enhance the transparency and scope of our sustainability performance in future reports.

## GOVERNANCE STRUCTURE

The Group is governed by the Board of Directors ('the Board'), which is made up of three executive directors including the Chairman and four independent non-executive directors. The Board is responsible for setting the strategic direction and policies of the Group to ensure the effective delivery of sustainability-related initiatives via the Corporate Steering Committee. Members of the Board are committed to ensuring that our business operates responsibly and that the Group acts in the best interests of our stakeholders and shareholders.

The Board delegates the day-to-day management of all ESG aspects of our operations to the Corporate Steering Committee, which includes representatives from senior management representing different focuses of our operations. This committee oversees our ESG performance, leads our long-term ESG strategic development and reports back to the Board. Our ESG performance is also reviewed and evaluated regularly.



## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

Our stakeholders are an integral part of our continuing success: they are both the reason for and the motivation behind this success. Engaging with our stakeholders — including our senior management, employees and others — through multiple channels and on multiple levels allows us to obtain valuable input and feedback. In turn, this allows us to consistently update our procedures, approaches and business practices.

Material topics identified by our stakeholders:

| Area                           | Topic  |
|--------------------------------|--|
| Responsible Business Practices | Product and service quality<br>Ethical conduct<br>Intellectual property rights protection<br>Confidentiality, privacy and data protection<br>Managing the environmental and social risks of our supply chain   |
| Environment                    | Protecting our environment<br>Providing environmentally-friendly solutions for our clients<br>Environmentally-friendly operations and office practices<br>Emissions and waste management<br>Impact on the environment<br>Promoting environmental protection in our communities |
| Employees                      | Employer of choice<br>Equality and diversity<br>Labour standards<br>Employee health, safety and well being<br>Learning and development   |
| Communities                    | Supporting communities<br>Engaging our clients in charitable causes<br>Group-wide CSR efforts<br>Local office initiatives  |





# Responsible Business Practices

## RESPONSIBLE BUSINESS PRACTICES

Committing to best practices ensures the success of our business.

### Product and Service Quality

#### Client Satisfaction

We bring our mission to be our clients' partner of choice to life in a number of ways and we are constantly working to upgrade and improve our capabilities.

The Pico Client Care Centre ('CCC') is operated by the Group's headquarters, thus centralising the management and administration of the client satisfaction surveys for our global offices. All responses, complaints and compliments are reviewed by the Group Chairman and the relevant country and unit heads to ensure that the voices of our customers are heard and handled at the highest levels.

Appointed by the Group Chairman, the CCC proactively communicates with our clients to ensure that their experiences with our services are optimal. For every complaint, the CCC ensures that rectifications are promptly conducted. Where repeated problems are identified, the CCC communicates directly with unit heads to identify whether there is a need for staff re-training.

Through a standardised electronic survey, the CCC seeks the views of our clients in several areas: account servicing, design, production and workmanship. The information obtained by the surveys indicates how each team and each individual has performed, how satisfied our clients are, and how we can make improvements. The survey is conducted in a number of languages: Arabic, Chinese, English, Japanese and Korean.

We believe that service recovery after initial service failure is the best way to win clients back. As such, our client satisfaction survey is a powerful tool that helps us identify problem areas and proactively look for ways to improve our service standards.

#### Standard of Production

Our production facilities have established regulations and guidelines which standardise the production process and the quality of all materials used. Inspections and tests are conducted by production supervisors to ensure that quality is maintained during the fabrication of all items.

During the reporting period, no cases of non-compliance were recorded related to service quality.

### Ethical Conduct

All individuals associated with Pico are required to conduct themselves in accordance with the letter and spirit of our ethics, anti-corruption practices, anti-money laundering and other compliance policies. Under no circumstances do we ever offer or accept bribes or other similar types of consideration, directly or indirectly, during the course of conducting any business.

Employees are expected to perform their duties under the company's Code of Ethics and Business Conduct.

The Group regularly organises seminars and training programmes for staff on anti-corruption practices, sound operational practices and business ethics. We have also established the Pico Whistle-blower Line to encourage the reporting of any suspected ethical violations. Any report received will be brought to our Internal Audit Department and Legal and Compliance Department for investigation. The Pico Whistle-blower Line is promoted through regular training and the Group intranet. A set of frequently asked questions is provided to ensure the transparency of the Line's procedures.

The Code of Ethics and Business Conduct is available on the Group intranet and can be accessed by all staff.

During the reporting period, no legal case regarding corruption practices, extortion, fraud and money laundering was brought against the Group or its employees.



## Intellectual Property Rights Protection

We expect all business decisions made on behalf of the Group to be made in an honest and ethical manner. These practices are clearly laid out in our Code of Ethics and Business Conduct. The Code requires that our employees strictly adhere to established security measures and internal controls which safeguard the integrity and validity of Pico's intellectual property, that of our clients and that of third parties.

All trademarks and patents are centrally managed by our Legal and Compliance Department. Established management systems ensure the proper protection of intellectual property rights, safeguard the traceability of documents and allow us to remain up to date with the latest relevant laws and regulations.

During the reporting period, no cases of non-compliance were recorded related to intellectual property rights.

## Confidentiality, Privacy and Data Protection

It is a top priority of the Group to protect proprietary company information and personal data. Our Code of Ethics and Business Conduct and our Personal Data Policy outline clearly that proprietary information and personal data about other companies, suppliers and customers must be treated with sensitivity and discretion.

Unauthorised disclosure of any confidential information is strictly forbidden and may lead to disciplinary or legal action being taken. Our information technology policies provide a number of measures which strengthen information security and minimise the risk of information leakage. Such measures include the installation of anti-virus software and computer firewalls, mandatory periodic changes of passwords and the provision of cyber-security training to employees.

During the reporting period, no cases of non-compliance were recorded related to confidentiality, privacy and data protection.

## Managing the Environmental and Social Risks of Our Supply Chain

The Group is committed to reducing, as much as possible, the environmental and social risks inherent in our supply chain in every part of the world. The Pico Group Environmental Policy specifies that the environmental performance of our suppliers and our partners is one of our highest concerns. We are committed to executing a stringent sourcing process which ensures that our production materials are as environmentally friendly as possible.

Regarding social risks, our Code of Ethics and Business Conduct requires that our personnel and suppliers comply with all applicable anti-bribery and corruption laws. The selection of our partners, subcontractors and suppliers is made using objective and impartial criteria. Our goal is to ensure that everything the Group and our suppliers and partners do is consistent with good and ethical business practices.

Evaluations are performed on potential and existing suppliers regarding their performance in terms of quality, environmental impact, occupational health and safety, social responsibility and other factors. Their performance during these evaluations forms the basis of our supplier selection process.

# Environment





## ENVIRONMENT

The need to address environmental issues such as climate change, pollution and the overuse of natural resources is becoming more and more critical. As a responsible corporate citizen, Pico believes that addressing and mitigating our environmental impact now is an essential part of doing business.

### Protecting Our Environment

By helping our clients' businesses grow and operate in a sustainable way, we are contributing to the health of the planet and the global economy, and ensuring that the world is a better place for humankind's next generation. As such, we have committed to numerous environmental measures, including reducing and recycling the waste that we generate, to incorporating environmentally-friendly procedures and measures in our operations, and to employing innovative technologies and practices at every level to reduce resource consumption.

In 2009, we announced our first Group environmental policy which outlined our commitment to using water, electricity and other natural resources efficiently and conservatively. Becoming sustainable is a continuous process of improvement; as such, we actively seek out environmentally-friendly solutions whenever possible. Today, the Group takes steps to reduce our consumption of natural resources in our daily operations and during the development, production, marketing and distribution of our products and services. Our eco-friendly approaches are built around the '3Rs' philosophy: Reduce, Reuse, and Recycle.

During the reporting period, the Group was compliant with all applicable regulations related to emissions and waste disposal.

### Providing Environmentally-Friendly Solutions for Our Clients

Our business involves providing custom-made solutions which address our clients' needs. Within this business model, we offer 'eco-positive' encouragement to our clients, requesting that they adopt energy-saving devices and eco-friendly exhibition materials. One example is the development of our Pico-branded SMART Lightbox which provides clients with an eco-friendly and economical way of displaying their branding and product messages. The light box uses LED lighting which has a lower electricity consumption and is reusable and durable, with a minimum lifecycle of two years or 50,000 hours of use.

In all our services, we actively promote the use of energy-saving LED lights and other reusable, recycled or recyclable materials for events and exhibitions; such as furniture made of reclaimed wood, carpet made of recycled plastic bottles, reusable name badges and recycled paper. Ultimately our clients make the final decision regarding the materials used for their solution, but thanks to increasing public awareness and support for environmentally-friendly initiatives, we are seeing more clients adopting eco-friendly solutions. To build momentum around this awareness, we have allocated space on our Pico Group website [www.pico.com](http://www.pico.com) where we circulate eco-friendly case studies under a 'Sustainability' subheading.



In 2016, Pico developed our own online ordering platform to replace traditional paper-based ordering at exhibitions where Pico has been appointed the official service provider. We have been promoting this platform to all our clients and initial feedback has been positive.

On the production side, we have developed internal guidelines to encourage the reduction of the use of plywood by recycling waste materials, changing production methods and storing truss platforms in our warehouses. Also, conventional packaging and shipping logistics requires substantial amounts of packaging and protection to ensure items are safely delivered. In our manufacturing and production facilities, we promote the use of recyclable packaging and reduce unnecessary wrapping wherever possible. We are continuously researching new and more efficient eco-friendly ideas that can be used in the long run.

## Environmentally-Friendly Operations and Office Practices

The Group actively implements eco-friendly practices in all our offices.

We regularly monitor and report our carbon and energy footprints. To reduce energy consumption, we have installed equipment and facilities and put in place energy saving procedures, including timer controllers on lights, the use of LED lighting, and setting timers and temperature controls on air conditioners.

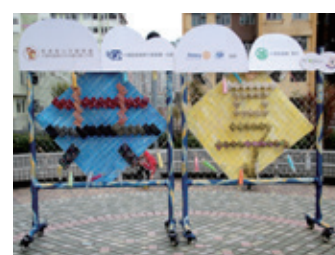
Reminders posted clearly throughout our offices request staff to use less water and electricity and ensure that electric appliances are off when they are not in use or when the majority of staff have left the office.

We encourage paperless offices by reducing paper printing and using soft copies whenever possible. We also provide collection bins to promote the reuse and recycling of paper. For more than ten years, we have used e-greeting cards to deliver seasonal messages to staff and clients, when using paper cards is still common practice in our industry.

Another '3R initiative' involved giving old office chairs a new life by refurbishing and distributing these chairs to different community service organisations.

An electric vehicle charging station is installed at our Hong Kong office premises to act as an incentive to staff driving electric cars.

In our production plants, we reduce energy consumption by using a high efficiency heat pipe in our blister machine to reduce preheating electricity usage.





## Emissions and Waste Management

Production-wise, we consistently strive to create efficiencies in logistics management — by combining delivery orders to reduce both transportation-related greenhouse gas emissions and transportation costs, for example. Other examples include reducing waste generation by recycling wood waste and reusing standard items such as truss platforms.

In our on-site work operations, we also promote the donation of non-reusable materials for events and exhibitions, like custom-made furniture, to charitable organisations; this prevents these items from being thrown away. Comprehensive policies are in place to provide emissions and waste management controls in different locations, such as the ‘Factory Noise, Waste and Pollutants Control’ policy in Dongguan, and the ‘Solid Waste Disposal Control’ policy in Beijing.

Our production plants have various measures in place to control hazardous substances. For example, exhaust gases generated from sawing, spray painting and welding are treated by filtration systems such as activated carbon absorption, water curtain paint spray booths, wet spray de-dusting towers and UV photocatalyst purifiers. Regular monitoring and maintenance on these systems are performed to ensure they are functioning optimally. Filtered exhaust gases are discharged at a high altitude in compliance with local laws and regulations, while residue containing useful materials collected during filtration is reused in production processes. Waste activated carbon and wastewater collected by the filtration processes are collected and passed to qualified parties for handling. No discharge of hazardous substances or wastewater into public lands or waterways is tolerated.

Wood scraps and other non-hazardous materials generated during production are either reused internally or passed to qualified parties if possible.

## Impact on the Environment

As a socially responsible citizen, we are concerned about our impact on the environment and while conducting business, we strive to minimise these impacts whenever possible. Our determination to promote a healthy environment is reflected in our environmental policy statement as well as in our continuing investment in ways to reduce waste and emissions and source eco-friendly materials and solutions.

On top of complying with the relevant regulatory requirements, our Corporate Steering Committee constantly monitors the implementation progress of our environmental policies.

## Promoting Environmental Protection in Our Communities

Every year since 2014, Pico has supported WWF’s Earth Hour by mobilising our offices and subsidiaries in 40 major cities around the world to turn off non-essential lights for this global event highlighting environmental issues and inspiring people to live more sustainably.

In Hong Kong, Pico has also been a volunteer partner in the ‘Sharing Platform’ programme organised by Hong Kong Children and Youth Services. The event promotes waste reduction by encouraging participants to share second-hand items.

| Environment  |   |                |
|--|---|----------------|
| Activity   | Engaging Organisation   | Pico Office    |
| Tree planting  | Shunyi District Bureau of Landscape and Forestry<br>— Beijing Anlilong Mountain Villa | Pico Beijing   |
| Earth Hour 2017  | WWF   | Pico Global    |
| ‘Sharing Platform’ event: collecting and sharing second-hand items | Hong Kong Children and Youth Services   | Pico Hong Kong |

# Employees





## EMPLOYEES

Behind Pico's many achievements lie our talented, passionate and determined people. Our fast-paced, inclusive and exciting company culture attracts visionary thinkers and team players, while our management nurtures talented people, helping them grow with the organisation through a clear, targeted career advancement plan.

### Employer of Choice

Pico recognises that success of the Group depends on the contributions of all our employees. Our Pico Group Corporate Social Responsibility Global Guidelines and Policy outlines our aspiration to become an employer of choice, explaining how our vision is to be a harmonious and inspiring place where people can share and contribute so that we can continuously attract and retain talent worldwide. Every Pico office is obliged to provide all staff with a safe, healthy and caring environment.

New staff orientation programmes are organised to welcome newcomers, and to share and align our values. There are systems in place to identify employees with business acumen and leadership qualities and help them reach their full potential in the succession pipeline.

Annual appraisals facilitate the evaluation of employees' performance, build mutual understanding and serve as a basis for salary adjustment. Our compensation and promotion practices are transparent and take into consideration various factors spanning four perspectives: Financial, Customer, Internal Process, and Learning and Growth. Collectively, these factors are known as Pico's Balanced Scorecard — a performance measurement system adopted in all our offices around the world.

### Equality and Diversity

In Pico's versatile community, employees will find opportunities that resonate with their personal skills and their unique way of thinking.

Our recruitment policies, as stated in our Corporate Human Resources Manual, outline our commitment to providing equal opportunities to all staff in terms of employment, learning and development, career progression, welfare and benefits programmes regardless of race, colour, religion, gender, age, disability, family status, nationality and employability status. All employees will be treated as individuals and be assessed solely based on their capabilities to perform to expectations.

Discrimination in any form is prohibited in all areas of our business, including recruitment, remuneration and promotion opportunities. We also strive to provide an inclusive working environment for employees with special needs.

During the reporting period, no cases of non-compliance were recorded related to employment ordinances.

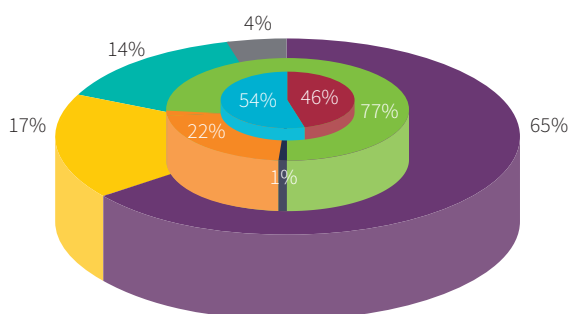


## Employee Profiles

### Main Operations

Total Workforce  
as at 31 October 2017

**1,000+**



#### Breakdown by gender

|        |     |
|--------|-----|
| Female | 46% |
| Male   | 54% |

#### Breakdown by age

|       |     |
|-------|-----|
| <40   | 77% |
| 40-60 | 22% |
| >60   | 1%  |

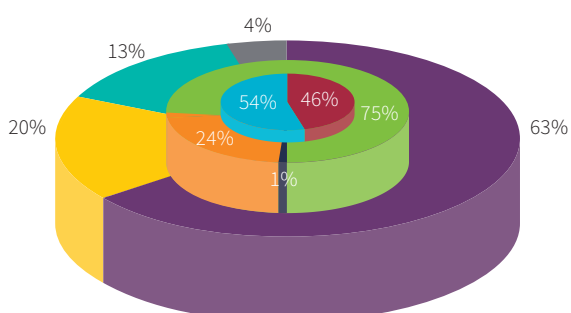
#### Breakdown by years worked in Pico

|       |     |
|-------|-----|
| <5    | 65% |
| 5-10  | 17% |
| 11-20 | 14% |
| >20   | 4%  |

### The Group

Total Workforce  
as at 31 October 2017

**2,000+**



#### Breakdown by gender

|        |     |
|--------|-----|
| Female | 46% |
| Male   | 54% |

#### Breakdown by age

|       |     |
|-------|-----|
| <40   | 75% |
| 40-60 | 24% |
| >60   | 1%  |

#### Breakdown by years worked in Pico

|       |     |
|-------|-----|
| <5    | 63% |
| 5-10  | 20% |
| 11-20 | 13% |
| >20   | 4%  |

\* The charts depict full-time, permanent employee profiles as at 31 October 2017. These profiles include our main operations in Beijing, Dongguan, Hong Kong, and Shanghai and the Group and are organised by gender, age and years worked in Pico.

## Labour Standards

Company policy states that all employment and related legislation in the countries and cities where we operate are to be strictly complied with. Child and forced labour are strictly prohibited, and we conduct stringent identity verification procedures during the recruitment process. The details of these procedures appear in our Corporate Human Resources Manual.

During the reporting period, no cases of non-compliance were recorded related to labour standards.

## Employee Health, Safety and Well Being

Health and safety is a priority for everyone in the Group. Our Corporate Human Resources Manual sets out our health and safety commitments in detail. We keep close track of current safety legislation and ensure that we continuously meet our obligations arising from these laws.

We work to ensure that, as far as it is reasonably practicable, the safety, health and welfare of all our employees are secure and that persons other than the company's employees are protected from any risks to their health and safety arising from the Group's operations. We also work to ensure that staff of all levels are aware of their personal responsibility for the safety of themselves and others to maintain proper safety conditions.

The Group has established health and safety committees which perform on-going reviews of the relevant management systems and policies for different operations in different locations. These include our Safety Policy in Hong Kong, Factory Safety Control in Shanghai and the Emergency Handling Procedure in Dongguan. Comprehensive regulations and guidelines have been established for different types of work involving fire, electricity, machines and other operational practices. Emergency Response Teams have been established to handle emergency incidents.

Facilities such as fire service equipment and signage are regularly inspected and maintained to ensure they are functioning properly. Fire drills and other safety training exercises are also conducted regularly to ensure employees are trained in safety awareness and prepared for emergencies. Production facilities and on-site safety conditions are regularly inspected by safety officers.

Workers are required to wear protective clothing and equipment such as protective masks, goggles and earmuffs where necessary, while health checks are organised each year for employees.

In order to ensure on-site safety, staff with on-site duties in Hong Kong are equipped with the Construction Industry Safety Training Certificate, commonly known as the 'Green Card'. In 2010, Pico became the first exhibition industry practitioner in Hong Kong to be awarded a qualification to conduct mandatory basic safety training and revalidation courses and to issue these certificates.

The Group also organises social activities to enhance staff well being. For example, teams of paddlers composed of staff from Hong Kong and Shenzhen compete in the annual Dragon Boat Festival in Hong Kong. Our global offices also regularly organise sessions and forums for staff on topics such as physical fitness, yoga and a healthy diet.

During the reporting period, no cases of non-compliance were recorded related to employee health and safety.





## Learning and Development

Pico offers a number of programmes to help staff with their career and personal development.

Our local learning and development programmes are an important part of career progression for our high-potential employees, while numerous corporate training courses help enhance the skills and abilities of all our employees.

Pico's Talent Acceleration Programme ('TAP') is a customised and intensive two-week course which brings together young and talented managers from across the world. This fast-paced interactive programme has been running for over 30 years and has over 1,000 graduates. Run by university professors, internal and external trainers, TAP covers project management, customer relationship management, leadership and creative sales techniques.

Up-to-date and relevant training is provided to newly-joined and existing staff and to general and managerial staff. These training programmes are either developed and delivered in house or provided by local and overseas external training organisations. Subsidies are given to staff to allow them to participate in external training programmes. The training covers numerous aspects: industrial and technical knowledge, health and safety, business administration, and other types of internal knowledge sharing. Sample course contents include green construction materials, the application of virtual reality, stage design, use of the Enterprise Resource Planning system, business etiquette and professionalism, tax and business law.

Pico encourages our managers to regularly attend monthly executive seminars and workshops given by the Asia Pacific Institute for Strategy's Executive Study Group in Hong Kong. These seminars and workshops allow our managers to learn about new trends in management, marketing and customer service through case studies, benchmarking and networking.

Our commitment to nurturing the growth of our employees is reflected in our Balanced Scorecard, mentioned earlier, which includes Learning and Growth as one of the four parameters for performance measurement.

## Awards and Recognition

The 'Happiness-at-Work' Promotional Scheme, a co-effort by the Hong Kong Productivity Council and the Promoting Happiness Index Foundation has designated Pico Hong Kong as a 'Happy Company' since 2015 in recognition of its healthy workplace culture and high level of employee morale.

During the reporting period, Pico Hong Kong was once again accredited as a Manpower Developer by Hong Kong's Employees Retraining Board, in recognition of the fact that we develop training programmes and provide on-going learning opportunities for our staff and foster an organisational culture that embraces life-long learning. We have received this accreditation since 2013.

The Group provides financial and administrative support to staff as they participate in various charitable activities. Our on-going corporate and regional initiatives not only give back to communities, they also allow us to stay aligned with the Group's staff development policy, of which building staff character is an important element.

| Employees                          |                               |
|------------------------------------|-------------------------------|
| Activity                           | Pico Office                   |
| Talent Acceleration Programme      | Pico Global                   |
| Dragon Boat Race                   | Pico Hong Kong                |
| Health Check and Physical Activity | Pico Hong Kong, Pico Shanghai |
| Book Sharing Corner                | Pico Shanghai                 |
| EliteRun                           | Pico Shanghai                 |

# Communities







## COMMUNITIES

The Group is committed to caring for every community in which we operate. We discharge our CSR duties through a wide variety of charitable activities, most of which are focused on helping people in need — particularly vulnerable groups like children and the elderly. These activities fall under the umbrella of Pico Global Care in Action, our Group-wide CSR initiative.

### Supporting Communities

'Giving back' is the essence of Pico Global Care in Action. To put this essence into action, starting in 2014 delegates at the annual Pico Group International Conference began contributing to supporting the educational needs of vulnerable children. During the conference, held every year in different cities around Asia, delegates conduct different outreach and fundraising activities to support local children's education programmes.

| Year                        | Funds Raised             | Beneficiary   | Achievement   |
|-----------------------------|--------------------------|---|---|
| <b>FY2015</b><br>(Dec 2014) | THB270,000<br>(USD7,600) | Child's Dream Foundation  | Supporting school stationery programme in the Mekong sub-region   |
| <b>FY2016</b><br>(Dec 2015) | MYR69,500<br>(USD17,800) | Rumah Kanak-Kanak Beringgis Children's Shelter in Kota Kinabalu, Malaysia | Subsidising the cost of a new bus for the shelter   |
| <b>FY2017</b><br>(Dec 2016) | RMB70,000<br>(USD10,600) | Guangyu Hope Primary School in Hangzhou, China                            | Supporting the 'Project Hope Mini-Library' campaign: added over 1,000 new books and enhanced the facilities of the school library; Supporting the 'Project Hope 1+1' campaign: improved the students' learning conditions and helped alleviate their family economic difficulties better enabled them to complete their studies |

### Engaging Our Clients in Charitable Causes

In 2016 we transformed our corporate client satisfaction survey to become a part of an on-going initiative: whenever a survey is completed by our clients, the Group donates USD10 to Pico Global Care in Action. This transformation has allowed us to generate more funds for people in need and enhance client awareness of our CSR efforts by simultaneously enabling and engaging our clients in the feedback process and setting an example for other clients by caring for those in need.

During the reporting period, we created Pico Global Care in Action-branded merchandise with all proceeds from the purchase of these items going to charitable initiatives. This merchandise is available for order through our 'Pico Marketplace' online store (marketplace.pico.com). In addition, hotel bookings made through the Group website (www.pico.com) and intranet with Booking.com (our affiliate partner) generated commission revenue to support Pico Global Care in Action.

Funds generated by Pico Global Care in Action are used to support charity projects in different communities where the Group has operations.

## Group-wide CSR Efforts

On top of making donations to numerous charitable organisations throughout the year, during the reporting period, Pico staff across the world participated in a wide variety of CSR activities, giving back in their own regionally-appropriate ways. These activities included fundraising flag days, charity walks, volunteer services, visits to low-income families and the elderly and more.

## Local Office Initiatives

At Pico Hong Kong's 2017 annual dinner, our staff were invited to share their love and care with elderly people who are living alone or are in a low income bracket by making a donation. The funds received were then used to contribute food to a Lunar New Year Dinner organised by an elderly centre which was attended by over 300 elderly people.

Pico Hong Kong volunteers participated in 'Sharing Platform' — an activity organised by Hong Kong Children and Youth Services to promote the reuse of unwanted items and help community members meet and share ideas.

Staff from Pico Shanghai visited a hundred elderly people at a social welfare centre in Shanghai, presenting birthday gifts to those having birthdays and celebrating the Mid-Autumn Festival together.

In Beijing, we subsidised tuition fees and living expenses for one year for students from poor families through the organisation, Educating Girls of Rural China.

In Shanghai, A.E. Smith, the Visual Branding Experiences business arm of the Group, sponsored the 'SHKA Charity Ride for a Million'. The funds collected were used to provide aid to students, the elderly and educational practitioners in need. At the event, A.E. Smith staff members organised charity sales and participated in both a charity ride and voluntary services.

Our community-related charitable work has received frequent acclaim. Besides receiving certificates of appreciation from several charitable organisations, our devotion to community involvement and our commitment to social responsibility in Hong Kong has resulted in Pico being named a 'Caring Company' by the Hong Kong Council of Social Service since 2006/2007. We will continue to organise and arrange social and charitable activities which benefit the wider community and those in need around the world.

| Communities   |  |                |
|---|--|----------------|
| Activity  | Engaging Organisation  | Pico Office    |
| SHKA Charity Ride for a Million   | Hongkong Enterprises Association (Jiading, Shanghai)   | A.E. Smith     |
| Subsidies for financially-challenged students                               | Educating Girls of Rural China   | Pico Beijing   |
| Elderly centre visit during the Mid-Autumn Festival                         | The Salvation Army Tai Po Multi-service Centre for Senior Citizens   | Pico Hong Kong |
| Celebrating the Mid-Autumn Festival by sending warmth to the elderly        | Shanghai Anting Social Welfare   | Pico Shanghai  |
| Donation to supporting children with haemophilia                            | Hongkong Enterprises Association (Jiading, Shanghai)   | Pico Shanghai  |
| 2017 Chinese cultural tour summer camp                                      | Hongkong Enterprises Association (Jiading, Shanghai) and Jiading Overseas Friendship Association   | Pico Shanghai  |
| Sponsorship for Long Chin-san's photography art award charity photo contest | Shanghai Federation of Returned Overseas Chinese, Shanghai Overseas Chinese Photographer's Association, and Taiwan Federation of The Returned Overseas Chinese | Pico Shanghai  |



# INTERNATIONAL EXCELLENCE

The majority of our offices have received several quality, environment management and other professional accreditations.

## Responsible Business Practices

|   |  |
|---|--|
| ISO 9001 Quality Management Certification | Pico Australia<br>Pico Beijing<br>Pico Dubai<br>Pico Hong Kong<br>Pico Malaysia<br>Pico Shanghai<br>Pico Singapore<br>Pico Taiwan<br>Pico Thailand<br>A.E. Smith Shanghai<br>Xi'an Greenland Pico International Convention and Exhibition Center |
|---|--|

## Environment

|   |   |
|---|---|
| ISO 20121 Event Sustainability Management Certification | Pico Dubai<br>Pico Taiwan   |
| ISO 14001 Environmental Management Certification        | Pico Beijing<br>Pico Dubai<br>Pico Malaysia<br>Pico Singapore<br>A.E. Smith Shanghai<br>Xi'an Greenland Pico International Convention and Exhibition Center |
| LEED Silver member                                      | Pico Dubai  |
| Emirates Green Building Council member                  | Pico Dubai  |

## Employees

|   |  |
|---|--|
| GB/T 29490 Enterprise Intellectual Property Management Certification        | A.E. Smith Shanghai  |
| OHSAS 18001 Occupational Health and Safety Management Systems Certification | Pico Beijing<br>Pico Dubai<br>Pico Malaysia<br>Pico Shanghai<br>Pico Singapore<br>A.E. Smith Shanghai<br>Xi'an Greenland Pico International Convention and Exhibition Center |
| SA 8000 Social Accountability Management Certification                      | A.E. Smith Shanghai  |

## Communities

|                        |                |
|------------------------|----------------|
| 'Caring Company' award | Pico Hong Kong |
|------------------------|----------------|



# HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

## ESG Aspects

## Section

### A. Environmental

| Aspect A1: Emissions                             |  |  |
|--|--|--|
| General Disclosure                               | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Protecting Our Environment<br>Emissions and Waste Management   |
| Aspect A2: Use of Resources                      |  |  |
| General Disclosure                               | Policies on the efficient use of resources, including energy, water and other raw materials.   | Providing Environmentally-Friendly Solutions for Our Clients<br>Environmentally-Friendly Operations and Office Practices |
| Aspect A3: The Environment and Natural Resources |  |  |
| General Disclosure                               | Policies on minimising the issuer's significant impact on the environment and natural resources.   | Emissions and Waste Management   |
| KPI A3.1   | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.  | Emissions and Waste Management   |

### B. Social

| Aspect B1: Employment               |  |  |
|-------------------------------------|--|--|
| General Disclosure                  | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Employer of Choice<br>Equality and Diversity |
| Aspect B2: Health and Safety        |  |  |
| General Disclosure                  | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer<br><br>relating to providing a safe working environment and protecting employees from occupational hazards.   | Employee Health, Safety and Well Being       |
| KPI B2.3                            | Description of occupational health and safety measures adopted, how they are implemented and monitored.  | Employee Health, Safety and Well Being       |
| Aspect B3: Development and Training |  |  |
| General Disclosure                  | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  | Learning and Development                     |



| Aspect B4: Labour Standards        |   |   |
|------------------------------------|---|---|
| General Disclosure                 | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.  | Labour Standards  |
| Aspect B5: Supply Chain Management |   |   |
| General Disclosure                 | Policies on managing environmental and social risks of the supply chain.  | Managing the Environmental and Social Risks of Our Supply Chain |
| Aspect B6: Product Responsibility  |   |   |
| General Disclosure                 | Information on:<br>(a) the policies; and<br>(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. | Product and Service Quality                                     |
| KPI B6.3                           | Description of practices relating to observing and protecting intellectual property rights.   | Intellectual Property Rights Protection                         |
| KPI B6.4                           | Description of quality assurance process and recall procedures.   | Product and Service Quality                                     |
| KPI B6.5                           | Description of consumer data protection and privacy policies, how they are implemented and monitored.   | Confidentiality, Privacy and Data Protection                    |
| Aspect B7: Anti-corruption         |   |   |
| General Disclosure                 | Information on:<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.  | Ethical Conduct   |
| KPI B7.1                           | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.  | Ethical Conduct   |
| KPI B7.2                           | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.  | Ethical Conduct   |
| Aspect 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.  | Communities   |
| KPI B8.1                           | Focus areas of contribution.  | Communities   |

