



2017

Environmental,
Social and
Governance Report



四海國際集團有限公司
Cosmopolitan
International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 120)

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ESG Reporting Guide Content Index

ABOUT THIS REPORT

REPORTING STANDARD

This report was prepared in accordance with the “comply or explain” provision set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). To meet this standard, this report was prepared in adherence to the following reporting principles: Materiality, Quantitative, Balance and Consistency.

REPORTING SCOPE AND BOUNDARY

This is the second annual standalone environmental, social and governance (“ESG”) report of Cosmopolitan International Holdings Limited (“Cosmopolitan” or the “Company” and together with its subsidiaries, the “Group” or the “Cosmopolitan Group”). This report serves as a benchmark for improving our ESG performance. We aim at providing to our stakeholders in this report a holistic overview of our ESG impacts, and highlighting the initiatives that we have taken in those respects in our ongoing development projects.

REPORTING PERIOD

Unless otherwise specified, this report encapsulates the highlights of our progress and performance on ESG issues for the period from 1 January 2017 to 31 December 2017.

ACCESSIBILITY OF THE REPORT

An electronic version of this report can also be downloaded from Cosmopolitan’s website at www.cosmoholdings.com. If you have any questions about the report or opinions on Cosmopolitan’s ESG performance, please feel free to contact us via info@cosmoholdings.com.

BOARD APPROVAL

This report was approved by the Board of Directors of the Company (the “Board”) on 30 July 2018.



CHAIRMAN'S STATEMENT

I am pleased to present the Company's ESG report for the year ended 31 December 2017.

As a real estate developer, we do not just build for our business objective, but also craft for a sustainable community. To create the maximum value for our stakeholders, from shareholders and employees to our supply chain and community, we believe sustainability is an essential part of our business operations.

To uphold our mission in sustainability, we established a group-wide sustainability governance framework which were aimed to enable the Group to manage sustainability-related issues from environmental, social as well as economic aspects.

In terms of Environmental Responsibility, we strive to reduce our impacts on the environment, including energy consumption, water management, waste management and noise control. We dedicated resources to greening our development projects and made use of technologies to curb our environmental detriments. Through green building design, environmental monitoring and mitigation measures, we expect to generate a positive outcome for our projects in their operational phase.

And in terms of Social Responsibility, thanks to the ongoing support of the communities where we operate, we continued with our community investment programmes including poverty alleviation measures and employee volunteerism activities to share our successful results with the community.

Lastly, in terms of Economic Responsibility, while we aim to pursue profit maximisation for our shareholders, we also endeavour to care for our employees, who made significant contribution to our business. At the same time, our Group places utmost importance on business integrity and fair market competition and we work closely with our supplier and contractors in those aspects.

With the ongoing construction of our two major projects in Chengdu and Tianjin, we will continue with our efforts to uphold our sustainability mission and to create long-term value for our stakeholders. I hereby express my gratitude for your support and sincerely welcome you to join us on the path of sustainability.

LO YUK SUI

Chairman

Hong Kong
30 July 2018

ABOUT COSMOPOLITAN

OUR BUSINESS

Founded in 1991, the Group's core business includes property development, property investment, financial investment and other investments, with main focus on Mainland China. We engage in large-scale development projects, including upmarket residential properties, top-grade offices, high-class hotels, serviced apartments and shopping centres.

We strive to create long-term value for our stakeholders. The Group is steadily moving forward with its two major real estate development projects, which are anticipated to generate economic benefits for and promote the long-term development of the communities in which they are situated.

The Group believes that sustainability is the cornerstone of our successful development and we incorporate sustainable practices into our operations. We are committed to working in a socially responsible way, including participation in various charitable events and social welfare programmes to contribute to the community.

OUR PRESENCE

Headquartered in Hong Kong, the business of the Group principally comprises three projects in Mainland China, namely, two composite property development projects under development in Chengdu and Tianjin and a reforestation project in Xinjiang.

CHENGDU PROJECT - REGAL COSMOPOLITAN CITY

Located in the Xindu District in Chengdu, Sichuan Province, the project is a mixed use development consisting of residential, hotel, commercial and office components, with an overall total gross floor area of approximately 497,000 square metres (5,350,000 square feet).

The construction of the nine residential towers in the first and second stages was completed in 2017, most of which units have been presold and handed over to the purchasers.

To cope with the changing market conditions, the business profile of the 317-room hotel has been revised and the corresponding interior design and guestroom mock-up works are in progress. The hotel is scheduled to open in phases from early 2019. The planning approval of the remaining ten residential towers in the third stage of the development and the related construction permit have been obtained. The construction works have been commenced as scheduled. The presale programme of these residential units is planned to be launched before the end of 2018. The planning approval of the other components within the development, comprising primarily commercial and office space, has also been obtained and the associated construction works are expected to commence in early 2019.



Chengdu Project - Regal Cosmopolitan City

TIANJIN PROJECT - REGAL RENAISSANCE

Located in the Hedong District in Tianjin, the project entails a development site with total site area of about 31,700 square metres (341,000 square feet), which is being developed into a mixed use development comprising residential, commercial and office components with total gross floor area of about 145,000 square metres (1,561,000 square feet).

The construction works of the four residential towers, the commercial complex and the associated car parking spaces have recently been completed. The presold residential units and car parking spaces have been handed over to the individual purchasers. The presale of the unsold commercial complex, comprising mainly shops of about 19,000 square metres (205,000 square feet), and the remaining residential car parking spaces is continuing.

The superstructure works of the two office towers have been suspended due to the tightened government planning controls. The Group is devising contingent plans and conducting negotiations with the local government with an aim to minimise any adverse impacts on the design and to have the construction works resumed as soon as possible.



Artist impression of the Tianjin Project
- Regal Renaissance



The completed residential towers and commercial complex of Regal Renaissance

XINJIANG PROJECT

This project is a re-forestation and land grant project for a land parcel with site area of about 7,600 mu in accordance with the relevant laws and policies in Urumqi, Xinjiang Uygur Autonomous Region. The Group has re-forested an aggregate area of about 4,300 mu within the project site and in accordance with the relevant government policies of Urumqi, a parcel of land with an area of about 1,843 mu (equivalent to approximately 1,228,700 square metres) within the project site will be available for real estate development after the requisite inspection, land grant listing and tender procedures are completed.

OUR ESG APPROACH

Cosmopolitan believes that sustainability is a cornerstone of a successful business. In support of the Company's goal of constructing sustainable communities in which we develop and operate, we incorporate sustainable approaches into our day-to-day operations. To maintain sustainable practices across our businesses, we adopt a sound corporate governance structure and promulgate policies to ensure that our activities demonstrate a high level of ethics and integrity. We periodically review these procedures and practices to see if there is any needs to introduce and implement appropriate new measures.

CORPORATE GOVERNANCE

Good corporate governance is an issue of concern to our stakeholders. Cosmopolitan has adopted the Code Provisions in the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The Board has three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, to perform different functions delegated by the Board. All major policies and practices in relation to management and corporate matters are reviewed by the Board on a regular basis for compliance with stipulated requirements. In addition, new measures are introduced and implemented where appropriate.

More information about our governance matters and as regards the Board of Directors can be found in our Annual Report 2017.

SUSTAINABILITY GOVERNANCE

Over the past few years, sustainability has been a priority in the Group's objectives. The Group consults and shares our sustainability performance with key stakeholders and balances their interests with our common goals.

To enhance the sustainability governance of the Group, we established a sustainability governance framework to manage the sustainability performance of the Group. The Board of Directors oversees the sustainability performance and disclosure of the Group. The Executive Directors, with the assistance of senior managers from key divisions, are delegated with the responsibilities to implementing the sustainability planning of the Group under three major objectives: economic sustainability, environmental sustainability and social sustainability. The sustainability plan will then be executed by different operating divisions of the Group to achieve the goals and priorities set.

OUR SUSTAINABILITY CORE VALUES AND COMMITMENTS:

- Building an outstanding, environmentally-friendly and sustainable community for society
- Constructing a superior living space and warm and comfortable homes for our customers
- Creating brand value for the enterprise, steady cash flow and room for long-term value addition for investors
- Providing appropriate development platforms and professional training to nurture outstanding staff teams

STAKEHOLDER ENGAGEMENT

We believe that transparent and regular communications with stakeholders can help to drive Cosmopolitan's growth and improvement. Each of our material subsidiaries has developed communication channels with their respective key stakeholder groups, which are reviewed on a regular basis to ensure that the stakeholders' views are collected effectively. The common communication channels for each of the stakeholder groups are presented below:


Stakeholder Group Engaged		Methods of Engagement
Internal Stakeholders	Management	<ul style="list-style-type: none"> Regular meetings
	General Staff	<ul style="list-style-type: none"> Regular meetings Orientation activities Notice boards Annual appraisal meetings Employee engagement activities
External Stakeholders	Customers	<ul style="list-style-type: none"> Guest satisfaction surveys Corporate website Day-to-day communication with front-line staff Customer feedback mechanism Hotlines
	Investors/Shareholders	<ul style="list-style-type: none"> Analyst briefings Investor meetings General meetings Annual and interim reports Press releases/announcements
	Media	<ul style="list-style-type: none"> Press releases Corporate website
	Industrial Associations	<ul style="list-style-type: none"> Industry forums
	Suppliers/Contractors/ Business Partners	<ul style="list-style-type: none"> Regular meetings Progress meetings

MATERIALITY ASSESSMENT


In alignment with the framework and as set forth in the ESG guidelines, we commissioned an independent consultant to conduct interviews with our stakeholders and review the stakeholder engagement results last year to help identify stakeholders' key areas of concerns and develop the framework of this ESG report.

Based on the findings of the survey and stakeholder interviews, observations during the site visits, together with documentation review, media review, and peer analysis, the consultant identified 16 issues which are material to Cosmopolitan. The following 16 material issues will be discussed throughout this report.


ENVIRONMENTAL

- 
- Environmental Impact
 - Waste Management
 - Energy Management
 - Greenhouse Gas Emissions
 - Emission Reduction

OPERATING PRACTICES

- 
- Anti-corruption
 - Product and Service Quality
 - Customer Data Protection
 - Supply Chain Management
 - Customer Health and Safety
 - Customer Feedback Mechanism

EMPLOYEES

- 
- Employment Relations
 - Employee Retention
 - Employee Training and Development
 - Occupational Health and Safety
 - Labour Standard Compliance

ENVIRONMENTAL RESPONSIBILITY

Environmental responsibility is fundamental for everyone to live and to thrive. We only have one planet, and it is our duty to take care of it.

COMMITMENT TO THE ENVIRONMENT

Cosmopolitan Group recognises the impact of our operation on the environment. Our business activities inevitably add to energy consumption, emissions, water use, waste and noise pollution. Serving as the basic requirements to safeguard environmental quality, we comply with all relevant laws and regulations. Adhering to our environmental policy, we implemented a number of measures to mitigate our environmental impact. Considering the industry practices and our business operations, we believe that through applying the environmental impact assessment methodology, we can effectively identify the potential impacts of our projects starting from the design phase and can adopt suitable measures during the construction and operation stages to alleviate the adverse effects.

During the reporting period, we were in compliance with all relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

ENVIRONMENTAL MANAGEMENT

Cosmopolitan has formulated a group-wide policy for all of its development projects and construction sites to follow. One of the principal objectives of the stated policies is to deliver quality services with minimal impact on the environment. For this purpose, our policy focuses on the prevention of pollution. We strictly comply with all applicable local legislation and requirements relevant to environmental protection. Keeping our policy up-to-date, we continue to carry out regular performance reviews to ensure environmental objectives and requirements are met. The following sections exhibit our environmental initiatives in energy saving, water management and waste management.

ENERGY AND EMISSIONS

Optimising the energy performance of our business operations and products is our priority. Whether in the construction or operational phase, we strive to apply energy-saving technologies to our projects to curb consumption and emissions.

The Tianjin Project adopted a wide range of measures to lower energy consumption and emissions. During construction, we used solar-powered and LED lighting on our construction sites. The construction materials and component parts used were certified with Construction Energy Efficiency Performance Labelling Certificates. A variety of measures, including the adoption of low-e windows, LED lighting, building automation systems and equipment with energy-saving features, were incorporated to reduce the consumption of energy during the operational phase. Our projects fulfil the Design Standard for Energy Efficiency of Public Buildings and the Design Standard for Energy Efficiency of Residential Buildings.

We also made efforts to minimise our emissions. Dust is a major type of air pollutant generated during construction works. We monitor dust generation on a real-time basis, allowing us to arrange our construction activities to generate less dust. We also use construction materials which generate less dust. In addition, we apply shade cloth to cover waste to prevent dust from spreading. These arrangements minimise air-suspended dust, reducing air pollution. Landscaping is also employed to absorb pollutants. For our office operations, we appointed certified personnel to remove volatile organic compounds (VOC) and formaldehyde.

Greenhouse gas emissions represent another area of concern but can be lowered through the aforementioned energy reduction and other additional measures. To build low-carbon communities, our properties in Tianjin will be equipped with electric vehicle charging systems and bicycle parking areas, which allow residents to commute via low-carbon options.

Some of the aforementioned measures together with other additional measures were also adopted in the Chengdu Project. When disposing of materials in our Chengdu site, construction waste is centralised on-site to reduce the number of control points for effective management. The construction area is regularly sprayed and vehicles are required to drive through a washing bay before exiting the construction site.

WATER MANAGEMENT

We identified water efficiency enhancement opportunities in our operations as a means of water resources management. Similar to our approach to saving energy, our water efficiency enhancement measures begin with our construction activities. The wastewater generated from construction activities is collected, treated and reused on-site where possible.

In addition, considerable water use arises from domestic use by residents such as toilet flushing and washing cars. In the Tianjin Project, unconventional water from water recycling will, therefore, be applied to reduce our freshwater use. In terms of landscaping our properties, we will choose drought-resistant plants and adopt drip irrigation for watering. Ongoing monitoring is essential to assess our environmental performance. As such, we installed water meters which will allow us to review the water consumption on each floor of the buildings and for the entire project. To prevent water leakage, we use corrosion-resistant and durable water pipes. Regular water seepage tests are also conducted.

Another focus of our water management is on the protection of the water resources at source. Understanding that extracting water from the ground may cause severe problems for the nearby environment, we have undertaken groundwater replenishment measures (i.e., recharging the groundwater supplies with treated wastewater) in the Tianjin Project. We use reclaimed water in the development projects to reduce our dependence on freshwater.

We also take care of wastewater to ensure that discharge will not have negative impacts on the environment. Before discharging effluent into the municipal sewage system, wastewater is collected and handled in an on-site water treatment tank to ensure the effluent quality is up to standard.

WASTE MANAGEMENT

As a responsible property developer, we are aware of the waste generated on-site from construction activities, operational activities and by various types of users. Thus, relevant policies and guidelines have been implemented by relevant functions to achieve waste reduction in our operations. For example, the engineering functions of the Tianjin Project are responsible for the collection, separation and transportation of waste. To assess our environmental performance, we keep track of the amount of waste recycled and disposed of. In addition, we safeguard the environmental quality by using furniture and building materials that are environmentally-friendly.

We prioritise waste avoidance over other waste management methods. Measures for each project or different parts of our operations are assessed on an individual basis. For example, we make use of light-duty walls as room dividers to reduce waste in case of renovation in the Tianjin Project. We strive to use recyclable resources and durable construction materials, including steel, glass and aluminium alloy. During the refurbishment of our office, the office furniture was sent to the construction sites for reuse to reduce wastage.

For waste that cannot be recycled or reused, it is disposed of in a responsible manner. We generate domestic waste, construction waste and sludge in our construction phases. Procedures have been established to effectively handle different types of waste. General waste or municipal waste is gathered and transported from the garbage chambers in every building to designated collection points on a daily basis. Building debris and waste engine oil generated on construction sites are handled by qualified service vendors regularly. Sludge is cleared and sent to landfills regularly.

In 2017, there was no major construction work undertaken due to the completion of several phases of the projects and suspension of the superstructure works of the two office towers in the Tianjin Project due to tightened government planning controls. Therefore, the data of generated and recycled waste have not been disclosed in this report and will be collected after major construction works commence/resume.

NOISE CONTROL

We are dedicated to reducing the impact of noise from our operations through implementing noise mitigation measures. Powered mechanical equipment, machines and vehicles are the major sources of noise pollution in our operations.

Beyond complying with local environmental protection laws and regulations, we put in place a number of noise reduction practices. For example, during the construction phase, we erected noise barriers to reduce the noise level. We placed noise-generating equipment away from nearby residences. Honking and night-time construction work is prohibited. As a best practice, we reserved a 20-meter-wide green buffer zone around the construction sites to reduce the environmental impact and, particularly, to block noise transmission to the surroundings in the Tianjin Project. In the operational phase, water pumps, air-conditioning systems and other fixed noise-generating units are placed underground.

CASE STUDY:

GREEN ELEMENTS IN THE DESIGN AND CONSTRUCTION OF THE CHENGDU PROJECT



Construction waste control measure
• Reusing waste wood for trash bins and ashtrays



Air emission control measure
• Washing vehicles' wheels before exiting the construction site



Waste water control measure
• Treating and reusing waste water on-site



Construction site greenery
• Growing grass inside the construction site

To minimise the environmental impacts of our business operation, the Chengdu Project applied a series of green construction and building elements in the development's design and construction. Here are some of the examples illustrating how we reduce the environmental impact of our project:

SOCIAL RESPONSIBILITY

COMMUNITY COMMITMENT

The Group is engaged in the development of large-scale mixed-use projects. We attach importance to the communities where our business operates and actively seek opportunities to offer a helping hand to build a sustainable community. To achieve optimal outcomes in an efficient manner, we identified a few focus areas for our contribution to the community. During the past few years, we sponsored large-scale sports events and community activities, including the East Asian Games, with monetary and in-kind donations. In 2017, we organised a community programme in Chengdu to improve the living standards of some local residents.

COMMUNITY SERVICE IN CHENGDU

In order to support the development of the local community, the Group fosters municipal development by developing high-end integrated projects and at the same time supports underprivileged groups in the Xindu district of Chengdu. During the year, apart from monetary donation, we donated milk to the underprivileged households in the Xindu district. We believe that people can live healthy lives and strive for success only if they are provided with adequate resources. Through these activities, our volunteers understood more about the groups in need in society and developed higher awareness about charity.

We will actively look for community involvement programmes or activities in the foreseeable future. Our direction is to serve the society on our focus areas, expand the scope and the scale of the programmes, allocate our resources for long-term positive impact, and reach out to other underprivileged or targeted groups.

SOCIAL INCLUSION

We embrace inclusiveness and value everyone as an individual, regardless of their background or capability. Everyone should enjoy equality and be respected. In our project design and planning stage, we took into consideration social inclusion as part of the project elements.

For example, in our Chengdu Project, we considered the needs of the disabled when designing the residential towers. Ramps have been constructed for easy access to the residential towers. We hope that through these inclusive designs, the underprivileged and the disabled can also enjoy barrier-free access.



Ramps designed to assist the disabled access to our residential towers



ECONOMIC RESPONSIBILITY

COMMITMENT TO OUR EMPLOYEES

Our business success depends on our ability to attract and retain a dedicated staff team. To achieve this, we have established a fair employment and promotion policy. We ensure our employees' living quality with a solid welfare policy. Occupational health and safety is another safety net to protect our employees. Employees' careers and personal development, as well as their well-being, are as important as the aforementioned aspects.

The Company complies with all relevant laws and regulations with regard to employment and labour issues, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, provision of benefits and welfare, safe working environment and child and forced labour.

RECRUITMENT, RETENTION AND BENEFITS

Strictly complying with the recruitment and employment policy, we employ people only with reference to their ability, expertise and experience. An employee's background, age or gender is not a consideration for employment or promotion. In order to retain talent, we provide competitive remuneration.

In Mainland China, we also established appropriate welfare policies to motivate our employees. Apart from welfare and benefits that are required by law, we provide monetary rewards on major holidays such as the Mid-Autumn Festival and birthdays. We provide job security insurance for employees as well as occasional leave, including parental leave and wedding leave, where appropriate.

EMPLOYEE ADVANCEMENT

We understand employees are an important asset on which our business success depends. Improving their skills and abilities is mutually beneficial for their future development and our business performance. We provide internal training for employees. They may also take external courses or apply for professional qualifications that are relevant to their profession. The relevant details including the approval, types of training applicable, and yearly plans are readily accessible by our employees.

In Tianjin, we hired an external agency to provide tailor-made training for employees in the coming year. Our training policy also provided guidelines on the procedures, budget and the types of learning and development programmes for all employees. Annual staff training and development plans have been developed for the Tianjin Project to improve training effectiveness.

EMPLOYEE ENGAGEMENT

We believe that our employees' well-being and physical health are as important as their work performance. Apart from providing necessary medical check-ups to our employees, we organised a variety of activities that cater to different employees' needs and interests throughout the year.

We organised sports activities including badminton and basketball games. Moreover, we also organised birthday parties to celebrate the birthdays of our employees. We believe that these activities are vital for team bonding among the staff. We also provided voluntary service opportunities for our employees to care for the community.

WORKPLACE HEALTH AND SAFETY

The Company is committed to providing a safe and comfortable working environment for our employees. We have established a comprehensive Safety Construction Management Policy and provide various safety training for our employees. To ensure the effectiveness of our health and safety policy, we engage with our suppliers through regular communication to discuss issues or risks related to safety.

The Company understands the importance of occupational health and safety in establishing a comfortable and safe working environment. We have zero tolerance for workplace hazards and strive to eliminate health and safety risks and incidents. We provide training to our workers where possible. Only qualified workers who passed our safety training courses are allowed to work on-site. Safety leaflets are also distributed to workers to remind them to operate vehicles and machines mindfully.

Apart from providing training to our workers, we understand suppliers play an important role in maintaining workplace health and safety. In view of this, we engage with our suppliers through meetings, workshops, and training. We require our suppliers to provide safety training and experience for every new worker, and our work has been recognised by the Ministry of Housing and Urban-Rural Development of the People's Republic of China and the Tianjin Municipal People's Government.

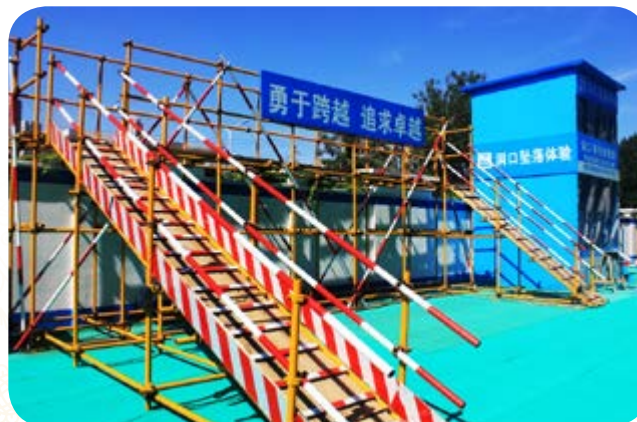
A comprehensive Safety Construction Management Policy was implemented at construction sites in the Chengdu Project and managed by the project manager. We undertake efforts to promote a safe working environment including, for example, placing signs to remind workers to prevent accidents and actively take preventive measures to avoid fire and other major hazards. Our fire-prevention system complies with relevant laws in Mainland China and is regularly maintained by qualified professionals. We also employ active on-site monitoring and implement mitigation measures if deficiencies are discovered to ensure our safety policies are properly followed.



Safety training



Safety education



Safety measures

COMMITMENT TO OUR CUSTOMERS

Our Group is dedicated to building superior living spaces and a warm and comfortable homes for our customers. We formulated policies regarding operating practices to ensure the quality of our products and services. We understand only a healthy and safe living environment can satisfy our customers and we are committed to achieving this.

PRODUCT AND SERVICE QUALITY

To demonstrate our commitment, we strive to assure building quality and prioritise customers' needs. Quality assurance and monitoring systems were put in place at our development projects. In addition to product quality, we attach great importance to customers' needs by collecting their feedback regularly. Customer opinions are well addressed and serve as the basis for future improvement.

We adopted a three-pronged quality management approach to ensure building quality. Quality management work is divided into stages, including the pre-construction phase, construction phase and post-construction phase. In the pre-construction phase, we have stringent control over the building plans and construction materials. The building plans are reviewed by architectural and construction experts. Projects can only be carried out when all issues have been addressed. We select construction materials carefully. Steel bars, concrete and cement are crucial to building strength. We require certificates of compliance and assessment reports for these materials to ensure the quality of the building, and thus protect the safety of the end-users. In the construction phase, we focus our monitoring on the structural work and information management with close monitoring throughout the whole construction process, to ensure that our buildings are completed with optimum quality. The post-construction phase serves as a critical procedure in our quality management approach. A set of criteria is required to be fulfilled in this phase to achieve a high level of safety and quality standards.

Apart from the building quality, premium service quality can further enhance customer satisfaction. This requires ongoing long-term effort. Customer opinions can contribute to our continuous improvement in service quality. We gather feedback from our customers through customer satisfaction surveys where appropriate and possible. This covers a range of aspects including staff attitude, technical skills and professional quality. Key areas for improvement can be identified after analysis of the survey result.



Quality inspection



Inspection by government representatives

ADVERTISEMENT

Our Group respects our customers' right to obtain complete and accurate information about the products they purchase. We strictly follow all relevant laws and regulations regarding advertisement. We prohibit our employees from selling in a dishonest and misleading way. Our customers can make informed purchasing decisions without concern only if they can obtain adequate and accurate information on our products. In response to this, our employees are well-trained to advise our potential customers in a professional manner. In addition to sales practice, our marketing materials have been carefully prepared. Information on the marketing materials is stated with accuracy after detailed verification.

For example, in our Chengdu Project, we have a standard selling speech for our salespeople to deliver the selling points of our project. We also monitor our sales staff. In case of any misconduct found, including deviation from our selling speech or inappropriate selling skills, the respective salesperson will be penalised. Also, during the monitoring process, immediate corrective actions will be taken in case of any inaccuracy or exaggeration discovered. Debriefings at the end of the day will also be given to sales staff to ensure our expectations for selling behaviour are practised.

PROTECTION OF PRIVACY

We place great significance on our customers' right to privacy. We fully comply with the laws and regulations regarding personal data privacy in Mainland China and Hong Kong. Under our policy, all personal data collected is handled with a high level of confidentiality. All our employees are committed to taking privacy issues seriously. Where appropriate, employees are requested to sign a confidentiality agreement stating that they have the legal responsibility to keep information confidential including trade and customer information. Any unauthorised disclosures of such personal information are strictly prohibited.

SUPPLY CHAIN MANAGEMENT

We are committed to adhering to high ethical standards and we also encourage our suppliers and contractors to share this as a common goal. The Company believes that through monitoring and engaging with our supply chain, we can better support and promote the adoption of fair and effective operating practices.

As a company pursuing a fair and competent environment, we have adopted a holistic approach in which tendering management and decision-making power are decentralised. The internal legal functions of the Chengdu Project are responsible for the efficient and collaborative operation of our purchasing and service delivery. To better manage the interfaces between different levels and groups involved in sustaining the supply chain, duties are clearly segregated and assigned. The cost control functions at different operating levels serve as a good communicator within the management system. All departments work together to oversee the financial policies and maintain a fair, standardised and transparent tendering process.

Throughout the reporting period, we adhered to the core principles of ESG responsibility in our procurement management strategy. All purchasing items are required to be subject to tender invitations in compliance with our policies and procedures. The Company upholds its responsibility in the performance of its contractual obligations and strives to promote a fair and competitive business environment.

We uphold a high standard of product quality and aim to ensure that the needs of our customers are satisfied efficiently by carrying out responsible screening practices in our supply chain. The Company assures stakeholders that we use qualified suppliers that are licensed by the government and relevant certification bodies. During contractor screening, the Tianjin Project gave preference to ISO-certified suppliers and those who undertake green initiatives and environmental standards where possible.

The performance of contractors and suppliers on sustainability is reviewed periodically and records are kept for future supplier selections in tendering processes. Assessments are conducted by the Engineering Department to ensure their compliance with legislation and guarantee that ongoing projects have high standards in safety and quality. Moreover, we give priority to local enterprises, where possible, to create local employment opportunities and to shorten transportation distances, and thus minimise our environmental footprint.

The quality and integrity of our properties are monitored at all stages of construction to ensure that the raw materials meet the standards on which we have earned our reputation. We maintain effective communication with suppliers and contractors by setting up long-term engagement and supervision systems. Quantitative scoring mechanisms have been adopted for suppliers of the Tianjin Project and for ongoing projects where information is available.

The Company takes a strong stance against corruption and misconduct. We require our suppliers and contractors to sign a “Sunlight Declaration (「陽光宣言」)” to ensure there is no corruption and misconduct in our business operations. Either the target total transaction value or target unit value is set for internal reference before tendering processes to avoid misconduct. A feedback mechanism and a telephone hotline are in place to receive suggestions, complaints and whistleblowing regarding our procurement management. During the reporting period, there were no incidents of corruption related to our supply chain reported which are of material importance.

Alongside our suppliers, customers, investors and employees, we aim to achieve a positive influence on our supply chain with our stakeholders’ support. We seek to engage and build long-term stable cooperative relationships with our suppliers and to create positive environmental and social impacts with respect to ESG performance.

ANTI-CORRUPTION

We set high standards for the integrity of our business operations. With a strong commitment to preventing bribery and corruption, we established anti-corruption policies in our operations. All of our employees are expected to uphold high standards of honesty and integrity in the performance of their duties in accordance with the provisions set out in the Employee Handbook. We have zero tolerance for violations of the code of conduct and any inappropriate behaviour. All subsidiaries, departments, business units and projects are subject to rigorous control mechanisms.

During the reporting period, there were no reported legal cases relating to bribery, extortion, fraud or money laundering in our operations. No legal cases regarding corrupt practices brought against the Group or its employees were recorded in 2017.

APPENDIX I – PERFORMANCE TABLE

ENVIRONMENTAL PERFORMANCE¹

	UNITS	PERFORMANCE IN 2017
Greenhouse gas (GHG) emissions		
Total GHG emissions ²	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	493
GHG emissions intensity	kg CO ₂ e/m ²	0.7
Energy consumption		
Electricity	kWh	705,251
	GJ	2,539
Energy intensity	GJ/m ²	0.039
Water consumption		
Total water consumption	m ³	24,520
Water intensity	m ³ /m ²	0.038

ECONOMIC RESPONSIBILITY PERFORMANCE¹

EMPLOYMENT PRACTICE

	UNITS	PERFORMANCE IN 2017
Total workforce by employment contract		
Contract	number of people	76
Total workforce by gender		
Male	number of people	41
Female	number of people	35
Total workforce by age group		
25 – less than 40	number of people	56
40 – less than 55	number of people	20
Total workforce by employment category		
Senior management	number of people	6
Middle management	number of people	16
General staff	number of people	54

OCCUPATIONAL HEALTH AND SAFETY

	UNITS	PERFORMANCE IN 2017
Total number of work related fatalities	number of people	0
Total number of lost day ³ due to work injuries	number of days	0

DEVELOPMENT AND TRAINING

	UNITS	PERFORMANCE IN 2017
Average training hours by gender		
Male	number of hours	11
Female	number of hours	10
Average training hours by employment category		
Senior management	number of hours	16
Middle management	number of hours	18
General staff	number of hours	7

SUPPLY CHAIN MANAGEMENT

	UNITS	PERFORMANCE IN 2017
Number of suppliers by geographical region		
Mainland China	number of suppliers	203

SERVICE RESPONSIBILITY

	UNITS	PERFORMANCE IN 2017
Number of complaints received from customers	number of complaints	0

Notes:

- 1 The data covers the operations in Chengdu Project and Tianjin Project.
- 2 GHG emissions generated from electricity consumption.
- 3 Lost days refer to sick leave due to all types of work-related injuries.

APPENDIX II – THE STOCK EXCHANGE OF HONG KONG LIMITED'S ESG REPORTING GUIDE CONTENT INDEX

INDICATORS		SECTION/ STATEMENT
<i>A. Environmental</i>		
Aspect 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.	Environmental Responsibility
	KPI A1.1 The types of emissions and respective emissions data.	Appendix I – Performance Table
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I – Performance Table
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibility
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibility



INDICATORS		SECTION/ STATEMENT
<i>A. Environmental</i>		
Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Responsibility
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix I – Performance Table
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I – Performance Table
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Responsibility
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Responsibility
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	It is not applicable to the core business of the Group
Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Responsibility
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility

INDICATORS		SECTION/ STATEMENT
B. Social		
Employment and Labour Practices		
Aspect 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.	Economic Responsibility
Aspect 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.	Economic Responsibility
Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Economic Responsibility
Aspect 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.	Economic Responsibility Child and forced labour are strictly prohibited in our organisation.
Operating Practices		
Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Economic Responsibility
Aspect 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.	Economic Responsibility

INDICATORS		SECTION/ STATEMENT
<i>B. Social</i>		
Aspect 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.	Economic Responsibility
<i>Community</i>		
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.	Social Responsibility



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