

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Pico Far East Holdings Limited Stock Code 752 (Incorporated in the Cayman Islands with Limited Liability)

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CHAIRMAN'S MESSAGE

I am pleased to present the Pico Group's Environmental, Social and Governance (ESG) Report 2018.

In 2012, the Group began reporting our Corporate Social Responsibility (CSR) initiatives on a voluntary basis and publishing updates in our annual reports. During the reporting period, the Group has made further significant progress in defining and striving to achieve a new level in terms of our CSR goals. Over the past six years, we have continued to strengthen our corporate governance and clearly defined our position on material environmental and social issues through the introduction of a number of CSR and environmental policies.

During the reporting period, which spans the Group's 2018 financial year — running from 1 November 2017 to 31 October 2018 — we increased our investment in human resources, technologies and systems, including our new centralised deployment centre model. These investments will allow us to effectively run our business strategies, save resources, create operational efficiencies and empower our staff with new sets of skills and new capabilities to be used in high-growth areas. On the client side, we are also pleased to report that client satisfaction levels are on the rise, with compliments from satisfied clients increasing and complaints dropping.



All our offices, production plants and business units have strengthened their implementation of measures to promote the reduction, reuse and recycling of resources and material in our internal operations, through proposing more eco-friendly solutions to our clients and collaborating on environmental initiatives with vendors and external parties.

Our Pico Global Care in Action CSR initiative reported 32 volunteer actions during the reporting period. Initiatives from our local offices around the world have been on the rise, both in number and diversity, while staying focused on creating benefits for the environment, the communities in which we operate and our employees.

During the reporting period, we placed an even greater emphasis on sustainability by extending our reporting scope to cover more regions and operating units. Though the journey to sustainability is a long one, we will strive to achieve this goal, while continuing to deliver innovative and effective solutions that exceed our clients' expectations.

2019 marks Pico's 50th anniversary. While celebrating five decades of success, the Group remains aware of the need to continue aligning our vision of the future with the basic ESG concepts of sustainability, ethical governance and fairness. One way to achieve this alignment and continue our industry-leading sustainability practices is through Pico X, our new strategic digital integration initiative. Providing a clear direction for the Group, Pico X allows us to select the latest and best technologies and integrate these with our external offerings and our internal operations to enhance efficiencies.

On behalf of the Board, I would like to take this opportunity to thank our partners and stakeholders for their support and feedback, and our employees for the outstanding effort they have put into creating a better and more sustainable tomorrow.

Lawrence Chia Song Huat Chairman Pico Far East Holdings Limited

SUSTAINABILITY AT A GLANCE



[#] Total donations made to a programme providing stationery to children run by the Child's Dream, as of December 2018.

* The Group's main operations encompass Beijing, Dongguan, Hong Kong, Shanghai and Singapore.

Unless otherwise stated, information in this section applies to the financial year ended 31 October 2018.

ABOUT THIS REPORT

Corporate Profile

Pico is a global total brand activation company listed on The Stock Exchange of Hong Kong Limited ('HKEX') 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 37 major cities worldwide, and from the depth of our understanding of different cultures and industry practices.

Core Business





Mission and Vision

The Group's vision is to develop 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

Group's goals.

Our core values define the attitudes and behaviours that are required to make our vision 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. These factors will continue to play an ever greater and more interconnected role in the future.

		CREATING A SUSTAINABLE FUTURE	SUSTAINABILITY INITIATIVES
in Action	EMPLOYEES	Taking care of our PEOPLE while building their character	Employment Health and Safety Learning and Development Labour Standards
Global Care in	COMMUNITIES	Working with and NURTURING the communities in which we operate	Voluntary work to support local charitable organisations Engage clients and vendors as stakeholders in these initiatives
Pico Glo	ENVIRONMENT	Helping our clients' businesses grow and operate in a SUSTAINABLE way	Implement the '3Rs' REDUCE REUSE RECYCLE in both our production and operational processes

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 ensuring we create optimal results for our clients, stakeholders, communities and the planet, we aim to drive positive change as we build and sustain a better world for all of us.

Report Scope and Boundaries

This is the Environmental, Social and Governance (ESG) report of Pico Far East Holdings Limited and its subsidiaries ('the Pico Group', 'Pico' and 'the Group').

This report details the Group's ESG commitments, our management's approach to ESG and the Group's overall ESG performance between 1 November 2017 and 31 October 2018, matching the financial year of the Group. This is also the same period covered in the Group's annual report.

In order to emphasise our care and respect for our employees, the wider community and the environment, for this reporting period, the coverage of this report has been extended to cover the global operations of the Group, unless otherwise stated.

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 this 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.

Board of Directors

- 1. Develops sustainability policies and strategies
- 2. Ensures sustainability risks and opportunities are integrated into the Group's long-term business plan

Corporate Steering Committee

- 1. Steers and monitors overall sustainability performance in three key aspects: Environment, Employees and Communities
- 2. Formulates targets and action plans for operational enhancement and measures to create corresponding effectiveness for regular review

Business and Operating Units

- 1. Execution and operational performance tracking
- 2. Law and regulatory compliance

TOP-DOWN: DELEGATION

BOTTOM-UP: FLOW OF INFORMATION

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:



RESPONSIBLE BUSINESS PRACTICES

RESPONSIBLE BUSINESS PRACTICES

Committing to best practices ensures not only the success of a business, but that other businesses in the industry will follow their lead. Underpinning the Pico Group's purpose, strategy, reputation and ability to deliver long-term shareholder returns is our clear commitment to responsible business practices.

Product and Service Quality

Client satisfaction

We are constantly working to upgrade and improve our capabilities as part of our mission to be our clients' partner of choice. The Pico Client Care Centre ('CCC') is an important client communication tool. Operated by the Group's headquarters, the CCC centralises the management of 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, staff of the CCC proactively communicate with our clients. 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 client satisfaction 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. To ensure as many clients complete the survey as possible, the survey is conducted in a number of languages: Arabic, Chinese, English, Japanese and Korean.

During the reporting period, we reached out to 3,748 clients, an increase of 21.7% over the previous period. The number of compliments we received on the surveys increased by 13.8%, while the number of complaints dropped by 9.4%. Both statistics indicate an improvement in client satisfaction over the previous reporting period.

Standards of production and business operations

Our production plants operate under regulations and guidelines which standardise the production process and the quality of all materials used in order to ensure quality, health and safety. Inspections and tests are conducted by production supervisors to ensure that quality is maintained during the fabrication of all items. Any exceptions or irregularities are reported and followed up according to established procedures.

During the reporting period, no cases of non-compliance were recorded related to health and safety. Pico continued to act in compliance with all relevant laws and regulations such as the Construction Sites (Safety) Regulations in Hong Kong.

In order to ensure the continuous delivery of critical services, in all of our operations, we have established clear Disaster Management Guidelines which set out strategies and procedures to deal with emergencies or disasters.

We are committed to delivering professional, high-quality services to our clients. Through quality management programmes and certification processes such as ISO9001 Quality Management Certification, we are constantly upgrading and improving our capabilities. More accreditations are listed in the **INTERNATIONAL EXCELLENCE** section of this report.

Creating efficiencies through centralising processes and digital integration

The Group also took another progressive and industry-leading step by consolidating our project management, procurement and production processes into a centralised deployment centre model. This deployment centre brings cost benefits to the Group by overseeing and managing cost validation, procurement, the vendor network and in-house production throughout a project's work flow. As time goes by, this system will accumulate substantial amounts of data, allowing it to run on its own as a high-velocity operations machine — a powerful tool to service our clients in a smarter, lower cost way. In the long run, this centre will become a sustainable and healthy ecosystem that creates value for all our stakeholders.

Aiming to consolidate our leadership position in the industry, during the reporting period, the Group embarked on a strategic digital integration initiative called Pico X. Through a focus on data intelligence, analytic technologies and applications, Pico X draws on the latest technologies and integrates these with both our external offerings and our internal operations to better achieve our clients' objectives and our own corporate objectives. For our clients, Pico X develops digital products, platforms and tools which add value to our Pico+ strategies and our experience design solutions. Internally, Pico X is strategically accelerating our digital transformation, efficiently pairing the relevant expertise with the right technology to ensure efficiencies, cost savings and greater client satisfaction.

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 policies and other policies and guidelines. 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 Group'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 or non-compliance case regarding corrupt practices, bribery, extortion, fraud and money laundering was brought against the Group or its employees. Pico will continue to observe relevant laws and regulations such as the Prevention of Bribery Ordinance in Hong Kong and the Law on Anti-money Laundering in mainland China.



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, as well as that of our clients and 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. Pico will continue to act in accordance with the relevant laws and regulations, such as the Trademark Law, Copyright Law and Anti-unfair Competition Law in mainland China and the Trade Marks Ordinance of Hong Kong.

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 clearly state 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 include measures which strengthen information security and minimise the risk of information leakage. These include the installation of anti-virus software and computer firewalls, mandatory periodic changes of passwords and the provision of cyber-security training to employees. Any exceptions or irregularities should be reported and followed up according to established policies. Our Legal and Compliance Department provides internal education and monitor and implements any relevant consumer data protection and privacy policies.

During the reporting period, no cases of non-compliance were recorded related to confidentiality, privacy or data protection. Pico will continue to act in accordance with the relevant laws and regulations, such as the Personal Data (Privacy) Ordinance in Hong Kong.

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. Our stringent sourcing process ensures that our production materials are as environmentally friendly as possible.

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

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. These evaluation results form the basis of our supplier selection process.



ENVIRONMENT

Today, protecting the environment should be a top responsibility for every corporation. Pico believes that addressing and mitigating the environmental impact of our operations is an essential part of doing business, and this requires our continuous attention and effort as we work to address important environmental issues like global climate change, pollution and the overuse of natural resources.

Protecting Our Environment

Pico is committed to the principles of sustainable development. Our Group Environmental Policy outlines our commitment to using water, electricity and other natural resources efficiently; properly disposing of waste and reducing our emissions into the atmosphere; and reducing the use of energy in our daily operations and in 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, there were no non-compliance incidents in relation to air or greenhouse gas emissions, discharges into water or on land, and the generation of hazardous and non-hazardous waste. Pico will continue to observe all relevant laws and regulations, such as the Environmental Protection Law, the Atmospheric Pollution Prevention and Control Law, and the Prevention and Control of Environmental Pollution by Solid Waste Law in mainland China.

Providing Environmentally-Friendly Solutions for Our Clients

The Group's business involves providing custom-made solutions to address the needs of our large and diverse client base. Within this business model, we offer 'eco-positive' encouragement to our clients, suggesting that they adopt energy-saving devices and eco-friendly exhibition materials, and use resources efficiently.

Reducing the use of wood

Wood is frequently used throughout our operations. In order to reduce waste at source, Pico's business units promote the use of a reusable metal wall-frame system to replace wood-based systems. In the event that clients still opt to use wood, all wooden platforms and wooden panels are reused whenever possible.

In Hong Kong, we also promote the use of our Pico-branded SMART Lightbox, a reusable lightbox containing no wooden materials. This alternative to traditional wood-based display panels is reusable and durable, while the lifespan of wooden display panels is generally shorter.

We also provide our clients with other eco-friendly options, such as using furniture made from reclaimed wood and using reusable LED screens and light projections to reduce the use of wooden display materials.

Reducing electricity consumption

Lighting is vastly important to the services we offer our clients and to our daily operations. Lighting also requires a certain level of electricity consumption. We encourage all our clients to use energy-efficient LED lights instead of other lights, like halogen lights and fluorescent tubes. Our SMART Lightbox uses LED lighting, which uses less electricity.

To save energy wherever possible, during internal activities in all our business units and at all events and exhibitions that we manage, we encourage our clients, our suppliers and our teams to switch off all unnecessary lights and electrical appliances during non-operation hours.

Being considerate with our use of resources

The events and exhibitions industry traditionally uses a number of resources to create the right ambiance and ensure excellent audience experiences. These resources include utensils, furniture, carpet and a wide variety of other decorative items. Pico encourages all our clients to reuse these items where possible. In cases where items cannot be reused, we pursue other options. For example, in Hong Kong, used furniture and equipment are sold on an online second-hand goods platform to give these items a second life.

Ultimately, our clients make the final decision regarding the methods and materials used for their solutions, but thanks to increasing public awareness and support for environmentally-friendly initiatives, more clients are adopting eco-friendly solutions. To build further awareness, we have allocated space on our Pico Group website, www.pico.com, where we circulate eco-friendly case studies under a 'Sustainability' subheading.



Environmentally-Friendly Operations and Office Practices

The Group actively implements eco-friendly practices in all our offices and production plants in order to minimise the impact of our business operations on the environment.

Use of electricity

Electricity is by far the most significant energy resource consumed in our offices and production plants, and also our largest source of carbon emissions.

In our offices, we set timers and temperature controls for air conditioners to avoid unnecessary energy consumption. Insulation is installed on air conditioning ducts and equipment is cleaned regularly to ensure power is being used efficiently. LED lights have been installed to replace some traditional lighting, and motion detectors in corridors ensure lights are switched off when nobody is around. In our Dubai operations, solar powered lights are used in outdoor areas to harness the abundant solar energy.

Proper zoning of lighting systems allows more efficient control of lighting in smaller areas, while in certain other areas, unnecessary lights have been removed to ensure that sections of our offices are not excessively bright. Computer equipment is programmed to default to sleep mode after being idle for a certain period of time. Reminders are posted asking employees to switch off electric appliances when not in use, such as during lunch time and after work, and office support staff are instructed to check that equipment has been switched off. In some offices, including Hong Kong and Los Angeles, natural sunlight is utilised in areas with windows.

In all our production plants, equipment is regularly maintained and upgraded to enhance electricity efficiency. Production is scheduled in batches to optimise electricity consumption.

Use of water

We are committed to using water resources efficiently. In our offices, push-type water taps avoid the unnecessary consumption of water, and water flow is controlled to appropriate levels to reduce water use. Reminders are also posted to promote the wise use of water. Regular maintenance is performed on all plumbing to avoid water leaks. In our Beijing and Dubai operations, wastewater is reused to wash sewage pipes and for irrigation. In our production plants, the water used in the water curtain paint spray booths is reused in the water circulation system.

Reducing our carbon footprint

During the course of our regular operations, it is important to conduct meetings with clients and staff from other offices. To minimise the carbon emissions associated with travelling to and from such meetings, the Group encourages video conferencing and the use of online telecommunication platforms to conduct meetings to avoid travel. Several offices, including Shanghai and Shenzhen, have implemented advanced solutions which can connect multiple terminals and multiple people in digital meetings.

Other environmental initiatives

The Group also has a number of other initiatives, large and small, designed to minimise the impact on the environment of our daily business operations and staff work life. Our Hong Kong office has an electric vehicle charging station which acts as an incentive for staff to consider driving electric cars. At our Yangon Convention Centre in Myanmar, we are promoting the use of biodegradable plastic rubbish bags. And in our office canteens, we are advocating that staff do not use plastic straws.

Emissions and Waste Management

The Group is committed to reducing the impact of emissions and the production of waste from our business activities. During the course of our operations, the air emissions produced are primarily exhaust gases generated from sawing, spray painting and welding from our production plants in Beijing, Dongguan and Shanghai; while the major source of greenhouse gas emissions is primarily the consumption of electricity in our offices. Measures taken to reduce and control consumption of electricity have been explained in previous sections.

In order to reduce the pollutants generated from spray painting, we promote the use of melamine faced board, UV board and wallpaper instead of ordinary timber which requires more paint during finishing. When spray painting is still needed, we promote the use of water-based paints instead of oil-based paints, since water-based paints contain lower levels of hazardous substances.

In compliance with local laws and regulations, all emissions are treated before discharge. Exhaust gases 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 is performed on these systems to ensure they are functioning optimally. Filtered exhaust gases are discharged at high altitudes in compliance with local laws and regulations.

In our production plants, various types of hazardous waste are generated. These are mainly used activated carbon generated during exhaust gas filtration, wastewater used in water curtain paint spray booths, and paint buckets which contain paint residue. To minimise waste generation, wastewater is reused until the hazardous chemicals it contains reach a certain concentration, while paint buckets are reused whenever possible. All hazardous waste is collected and processed by qualified waste disposal companies who comply with government regulations.

The Group's business operations also generate non-hazardous waste products, mainly wood scraps from our production plants and paper from our offices. These waste products are either reused or passed to qualified parties for recycling whenever possible.

Advanced cutting machines and optimised software are used to ensure that wood products are cut accurately and wood waste is minimised. Larger wood scraps are either used to make smaller panels or used as structural supports in exhibition and event projects. Used melamine flooring is frequently reused as structural walls for exhibition booths. Wood scraps that cannot be further reused are passed to qualified parties for recycling whenever possible.

To reduce paper consumption, we promote digitalisation in our internal and external business operations. We have developed a number of online applications and mobile applications for use in our internal process flow to reduce the need for paper documentation in areas such as knowledge management, accounting and human resources management. We have also developed our own digital platform to replace traditional paper-based orders at exhibitions where Pico is the official service provider. We issue electronic invoices and customer surveys to our clients, and issue electronic purchase orders to vendors. We use e-greeting cards to send holiday greetings to clients and other stakeholders.

Different offices are adopting different approaches to reducing waste. In London, staff are provided with reusable cups to reduce their use of disposable drink containers. In Hong Kong and Singapore, we have installed printers with a 'tap and print' function, which means that documents are only printed when staff tap on the printers — this helps to reduce 'accidental' printing. Reminders are also posted in offices requesting that staff use double-sided printing and print on reused paper. Recycling bins are provided to promote and augment recycling efforts.

Driving Environmental Sustainability

Many of our clients' external activities have a strong sustainability component. As our clients' advocate and partner, we are often able to help organise, facilitate and participate in these activities which contribute to the global environmental protection movement.

For example, during the reporting period, we helped our clients promote their brands and products and promote renewable energy at the same time at the SNEC PV Power Expo Dialogue, Conference and Exhibition in mainland China; at Renewable Energy India Expo 2018 in India; and at Solar Power International 2018 in the United States.

We were also engaged to promote electric cars at a client's showroom in mainland China, and promote electric cars and hybrid electric vehicles at the Guangzhou International Motor Show.

We have also helped clients of local governments and communities at events by producing videos on such topics as promoting a second life for retired electric vehicle batteries; raising awareness about food waste, waste reduction and recycling; raising awareness of urban hygiene issues; and promoting used clothes recycling.

Promoting Environmental Protection in Our Communities

Every year since 2014, Pico has supported WWF's Earth Hour by mobilising our offices and subsidiaries around the world to turn off non-essential lights for this global event which highlights the importance of reducing our energy footprint and inspiring people to live more sustainably.

In Beijing and Shanghai, we have planted over 600 trees to help offset carbon emissions and improve the natural environment for the benefit of climate, wildlife and people.

In December 2018, more than 200 delegates at the annual Pico Group International Conference visited Taman Tugu Park in Kuala Lumpur, Malaysia, as part of our annual Pico Global Care in Action initiative. Their mission was to conserve the natural environment of this urban forest. During the visit, our delegates planted over 200 forest shrubs and trees, some of which were endangered or critically endangered species. By 2050, these trees and shrubs will have absorbed around 300 tonnes of carbon dioxide^{*}.

* Source: Taman Tugu Project

Activity	Engaging Organisation	Operation
Earth Hour	WWF	Worldwide
Tree PlantingBeijing Gardening and Greening Bureau and othersBeijing and Shanghai		Beijing and Shanghai



Environmental Performance Summary #1

HKEX ESG Reporting Guide Reference	Indicator	Unit	Year ended 31 October 2018
KPI A1.1	Emission of exhaust gas from production plants #2	kg	880
	Greenhouse gas (GHG) emissions in main operations ^{#3, #4}		
KPI A1.2	Indirect emissions (Scope 2 ^{#5}) - purchased electricity ^{#3}	tonnes	5,799
	GHG emissions per employee #3	tonnes/employee	3.8
GHG emissions per floor area #3 to		tonnes/m ²	0.05
	Total hazardous waste produced from production plants #2	tonnes	6
KPI A1.3	Total hazardous waste produced per floor area #2	kg/m²	0.09
	Total non-hazardous waste produced from main operations - paper ^{#3}	tonnes	14
	Paper consumption per employee ^{#3}	kg/employee	9
KPI A1.4	Total non-hazardous waste produced - wood scrap #2	tonnes	77
	Total non-hazardous waste produced per floor area - wood scrap #2	kg/m²	1.1
	Indirect energy consumption in main operations #3	kWh	8,874,819
KPI A2.1 Indirect energy consumption per employee #3		kWh/employee	5,850
	Indirect energy consumption per floor area #3	kWh/m²	75
	Water consumption in main operations #3	m ³	39,899
KPI A2.2	Water consumption per employee #3	m³/employee	26
	Water consumption per floor area #3	m ³ /m ²	0.34

Remarks:

- #1 This is the Pico Group's first report which discloses environmental performance indicators. We will continue to report on these indicators and any results achieved in subsequent years.
- #2 These production plants are located in Beijing, Dongguan and Shanghai.
- #3 The data was collected from our 'main operations' which refers to our operations in Beijing, Dongguan, Hong Kong, Shanghai and Singapore.
- #4 Given that 1) our major energy source is purchased electricity, 2) we do not own a significant number of vehicles, and 3) we do not conduct other business activities involving significant direct emissions, the data on our Scope 1^{#5} emissions is not significant and thus is not disclosed.
- #5 Scopes of emissions are defined in accordance with the international reporting framework published by the World Resources Institute/World Business Council for Sustainable Development, as reported in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*.



EMPLOYEES

Our talented, passionate and determined people are the driving force behind Pico's 50 years of constant growth and success. Pico's fast-paced, inclusive and exciting company culture attracts visionary thinkers and team players, while our management team nurtures talented people, helping them grow with the organisation through a clear and well-defined career advancement plan.

Employer of Choice

Our aspiration to become an employer of choice for all our people - present and future - is outlined in the Pico Group Corporate Social Responsibility Global Guidelines and Policy. This document explains how our vision is to be a harmonious and inspiring place in which everyone can share and contribute in order to continuously attract and retain talent worldwide.

First and foremost, every Pico office is obliged to provide all staff with a safe, healthy and caring environment. New staff orientation programmes help welcome newcomers and share with them our values. Systems are in place to quickly identify employees with business acumen and leadership qualities and help them reach their full potential.

Employee performance is evaluated during annual appraisals, which also build mutual understanding and serve as a basis for salary adjustments. Our compensation, dismissal, recruitment 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 that enables our staff to achieve the Group's mission.

The Group treasures long-term relationships with our staff. To express our appreciation and admiration for long-serving staff, a Long Service Award is presented to staff who have worked at the Group for five or more years, with staff receiving recognitions every five years. As at the end of the reporting period, 38 per cent of our staff had been with the Group for more than five years, with 17 per cent of the total workforce having been with the Group for more than 10 years.

During the reporting period, there were no non-compliance incidents relating to compensation, dismissal, recruitment and promotion, other benefits and welfare. Pico will continue to observe all relevant laws and regulations, such as the Labour Law in mainland China, the Employment Ordinance in Hong Kong and the Employment Act in Singapore.

Diversity and Inclusion

The Group is committed 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. As stated in our Corporate Human Resources Manual, all employees are treated as individuals and are assessed solely based on their capabilities of performing 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 equal opportunity, diversity and antidiscrimination cases. Pico will continue to observe relevant laws and regulations, such as the Law on the Protection of Women's Rights and Interests in mainland China; and the Family Status Discrimination Ordinance, and the Disability Discrimination Ordinance and Race Discrimination Ordinance in Hong Kong.

Employee Profiles





The charts depict full-time, permanent employee figures as at 31 October 2018.

Labour Standards

It is a Group-wide policy that all our entities in every country and city in which we operate strictly comply with all employment and related legislation. Child and forced labour are strictly prohibited, and we conduct stringent identity verification procedures during the recruitment process. We also strictly comply with laws and regulations on working hours and rest periods. 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 on working hours, rest periods, child and forced labour. Pico will continue to observe the relevant laws and regulations regarding working hours and rest periods, including the Decision of the State Council on Working Hours of Workers and Staff in mainland China, the Employment Act in Malaysia, and the relevant laws and regulations regarding child and forced labour, such as the Law on the Protection of Minors in mainland China, Provisions on the Prohibition of Using Child Labour in mainland China and the Employment Ordinance in Hong Kong.

Employee Health, Safety and Well Being

Health and safety is a priority for everyone in the Group, from top management down. We keep a close eye on current and upcoming developments in safety legislation in all our jurisdictions to ensure that we continuously meet our obligations. Our Corporate Human Resources Manual sets out the Group's health and safety commitments in detail.

The Group continuously strives to ensure that the safety, health and welfare of all our employees is 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 responsibilities regarding their safety and the safety of others, and of the importance of maintaining proper safety conditions.

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

Automated external defibrillators are installed in some of our workplaces. Along with maintaining the equipment in good working order and training employees how to use these devices, we are committed to working to improve the survival odds of victims suffering cardiac emergencies.

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 'safety aware' and prepared for any emergencies. Production facilities and on-site safety conditions are regularly inspected by safety officers.

Along with life-saving equipment and procedures, we also work to ensure that staff are taken care of during their day-to-day activities. At our Shenzhen office, we have installed adjustable-height desks which allow staff to work using their bodies' optimal neutral posture — this reduces fatigue and the risk of injury caused by working in one position for too long.

Meanwhile in Singapore, a health check-up kiosk lets staff regularly monitor their health condition; and in our Malaysia office, staircases display the number of calories burned on each step, reminding staff to 'take the stairs and stay fit'. In our London office, staff took part in a global fitness challenge, competing with more than 53,000 teams around the world to complete a variety of fitness activities.



In order to ensure staff involved in fabrication and other construction-related duties are kept safe, these staff in Hong Kong are equipped with a Construction Industry Safety Training Certificate, commonly known as a '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. Regular safety training and forums are organised with staff, vendors and other parties to raise awareness on work safety. On-site workers are also required to wear protective clothing and equipment such as protective masks, goggles and earmuffs where necessary.

The Group also organises social activities to enhance staff well being. For example, teams of paddlers made up of staff from Dongguan, Hong Kong and Shenzhen compete in the annual Dragon Boat Festival in Hong Kong. Our global offices also from time to time organise sessions and forums for staff on topics such as physical fitness, yoga and a healthy diet. We have also organised activities such as art workshops, happy hour gatherings, incentive trips and other social activities to care for the mental health of our staff.

During the reporting period, no cases of non-compliance were recorded related to providing a safe working environment and protecting employees from occupational hazards. Pico will continue to observe the relevant laws and regulations, including Measures for the Supervision and Administration of Employers' Occupational Health Surveillance and Law on the Prevention and Control of Occupational Diseases in mainland China, and the Fire Safety Act in Singapore.

Learning and Development

Pico believes in helping all of our staff grow and realise their true potential. We offer a number of programmes to help our managers and staff with their careers and personal development. 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 performance measurement parameters.

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.

One initiative we have developed ourselves is the Talent Acceleration Programme ('TAP'), an intensive two-week course which brings together young and talented managers from across the world. Having run 34 editions over the past 30 years, this fast-paced interactive programme has evolved into different versions to meet specific needs of different target participants, including an advanced version for senior executives. Run by university professors and internal and external trainers, TAP covers project management, customer relationship management, leadership and creative sales techniques.

We constantly review and reform our training initiatives. With creativity being an essential core competency for the Group, design forums are conducted regularly on a Group-wide basis and on an as-need basis tailored for specific regional offices. This forum serves to provide training and fosters network-wide teamwork and knowledge sharing.

Training is provided to all staff, whether they are newly-joined, existing, general and managerial staff. These up-to-date and highly relevant training programmes are either developed and delivered in house or provided by local and overseas external training organisations. Subsidies are also given to staff to allow them to participate in external training programmes. This training covers numerous aspects: industrial and technical knowledge, health and safety, business administration, and other types of internal knowledge sharing. Sample course contents include environmental protection, the application of artificial intelligence, data analytics, virtual reality, stage design, risk management, digital entrepreneur leadership, tax and business law.

Programmes specifically designed to nurture executives include the week-long Emerging Leaders Programme and the fourday Adaptive Leadership Workshop, both of which aim to establish within our leadership culture the identification, recruitment and development of the talent we need now and in the foreseeable future.

High-potential staff have also been sent to participate in executive education courses at such renowned institutes as the MIT Sloan School of Management and the China Europe International Business School in order to enhance our executive pipeline and exchange industry insights.

From time to time, we invite academic professionals to speak at our design forums and participate in the Group's annual conferences as judges at the Pico Annual Awards presentation, particularly for the innovative design categories. Over the years, their insights and comments on our work have been the source of invaluable lessons which would not otherwise have been gained through traditional classroom workshops or programmes.



The Group will continue to develop our workforce in a variety of ways and through different channels and platforms. We are currently developing more learning and development programmes, including the enrichment of our e-learning programmes, distant learning, mentorship programmes and other workshops and programmes tailor-made for all levels of staff.

Activity	Operation
Talent Acceleration Programme	Worldwide
Dragon Boat Races	Dongguan, Hong Kong and Shenzhen
Music @ the Lounge	Singapore
Team-building Sports Day	Dubai
Health Consultation	Shanghai

Awards and Recognitions

Pico strives to develop training programmes and provide on-going learning and development opportunities that allow our staff to continuously grow their knowledge, skills and leadership abilities. We are honoured to be recognised again for our efforts during the reporting period.

The 'Happiness-at-Work Promotional Scheme', a joint 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.

Pico Hong Kong has also been accredited as a 'Manpower Developer' by Hong Kong's Employees Retraining Board, an accreditation which we have received multiple times since 2013. Valid from 2017 to 2019, our latest 'Manpower Developer' recognises the fact that Pico develops training programmes and provides on-going learning opportunities for our staff and fosters an organisational culture that embraces life-long learning.

COMMUNITIES



COMMUNITIES

Giving back to the communities in which we operate is extremely important to Pico. The Group's Pico Global Care in Action initiative involves staff over the world in a wide variety of community-focused activities — from engaging in charity work and sponsorship activities, to donating time, money and effort to causes like disaster relief and improving health and education in communities in need. During the reporting period, Pico Global Care in Action conducted a total of 32 volunteer actions.

Supporting Communities through Group-Driven CSR Efforts

The annual Pico Group International Conference, held every year in cities around Asia, illustrates how Pico Global Care in Action is a truly group effort, with all attendees helping to spread love and care to communities in need. Starting in 2014, conference delegates began supporting the educational needs of vulnerable children. During the conference, delegates conduct different outreach and fundraising activities to support local children's education programmes. Pico Global Care in Action and our other CSR initiatives demonstrate how we not only give back to communities, but how these initiatives also allow us to stay aligned with the Group's staff development policy, of which building staff character is an important element.

Year	Funds Raised	Beneficiary Organisation	Achievement
FY2015 (December 2014)	THB270,000	Child's Dream	Supporting a school stationery programme in the Mekong sub-region
FY2016 (December 2015)	MYR69,500	Rumah Kanak-Kanak Beringgis Children's Shelter in Kota Kinabalu, Malaysia	Subsidising the cost of a new bus for the shelter
FY2017 (December 2016)	RMB70,000	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
FY2018 (December 2017)	RMB88,000	P&G Hope School in Chengdu, China	Supporting students in need at the P&G Hope School in Chengdu by participating in a sports day with the students; supported the 'Project Hope 1+1' campaign to alleviate students' family economic difficulties

Engaging Our Clients in Charitable Causes

Our corporate client satisfaction survey is part of an on-going CSR initiative which continued to be a major income stream for Pico Global Care in Action during the reporting period. Whenever a survey is completed by our clients, the Group makes a donation to Pico Global Care in Action. Income from this initiative generates funds for people in need and allows more clients to become aware of our CSR efforts, creating a virtuous cycle and helping to set an example for other clients.

Also during the reporting period, hotel bookings made through the Group website (www.pico.com) with Booking.com (our affiliate partner) continued to generate commission revenue to support Pico Global Care in Action.

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

Local Office Initiatives

On top of making donations to numerous charitable organisations throughout the reporting period, Pico staff in local offices around the world also participated in a wide variety of CSR activities, giving back in their own regionally-appropriate ways.

These activities included child and youth development, caring for the elderly and promoting healthy culture.

Child and youth development

Young people are the future of humankind and should be given every opportunity to live healthy, happy and productive lives. During the reporting period, our local offices continued to support child and youth development through donations of money and materials, and through physical visits to children to spread love and care.

Activity	Engaging Organisation	Operation
Donated RMB20,000 and organised a staff visit to Shunyi Children's Welfare Homes in Beijing.	Shunyi Children's Welfare Homes	Beijing
Twenty-one staff joined the 'Wardrobe of Love' event and donated more than 340 items, including padded clothes, sweaters, scarves, hats, shoes, school bags and toys.	China Youth Development Foundation	Beijing
Donated NTD165,000 to World Vision Taiwan to support the 'Pico Taiwan Red Packet for Educational Subsidy Plan'.	World Vision Taiwan	Taiwan
Donated more than 200 lunch boxes to elementary school children.	Ming Dao Elementary School	Taiwan



Caring for the elderly

In cultures across the world, elderly people are treated with reverence and respect. As a way of thanking the older generation for the contributions they have made for the next generations, our local offices initiated a variety of visits to care for the elderly.

Activity	Engaging Organisation	Operation
Twenty-five staff organised a visit to an elderly centre to 'give warmth to the elderly'. The staff performed cultural shows and gave gifts to 50 elderly people in Shanghai, China.	An elderly centre in Shanghai	Shanghai
Ten staff visited the elderly and gave support to the elderly and those suffering from dementia. During the Mid-Autumn Festival, staff participated in activities with them, and gave them gifts of mooncakes, fruit and festive lanterns.	The Salvation Army's Tai Po Multi-Service Centre for Senior Citizens	Hong Kong

Promoting healthy culture

Living a healthy lifestyle not only promotes mental and physical health in individuals; it also helps organisations work better and become more productive. During the reporting period, local offices initiated a number of programmes to raise awareness of health issues and encourage staff to adopt healthy habits.

Activity	Engaging Organisation	Operation
Fifteen female staff members competed in the 'Pink Ladies Games' in Dubai. The Games were created to unite women of all ages and cultures in healthy activity and promote breast cancer awareness.	Allied Medical Center	Dubai
Added our name to a signatory campaign calling for a total ban on e-cigarettes and other new tobacco products initiated by the Hong Kong Council on Smoking and Health.	The Lok Sin Tong Benevolent Society, Kowloon	Hong Kong

Our community-related charitable work has received frequent acclaim, and we have been given certificates of appreciation from several charitable organisations. For instance, 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. We will continue to organise and arrange social and charitable activities which benefit the wider community and those in need around the world.



INTERNATIONAL EXCELLENCE

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

Responsible Business Practices	
ISO 9001 Quality Management Certification	Pico Australia Pico Beijing Pico Dongguan Pico Dubai Pico Hong Kong Pico Malaysia Pico Shanghai Pico Singapore Pico Taiwan Pico Thailand A.E. Smith Shanghai Xi'an Greenland Pico International Convention and Exhibition Center

Environment	
ISO 20121 Event Sustainability Management Certification	Pico Dubai Pico Taiwan
ISO 14001 Environmental Management Certification	Pico Beijing Pico Dongguan Pico Dubai Pico Malaysia Pico Singapore A.E. Smith Shanghai 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 Pico Dubai Pico Malaysia Pico Shanghai Pico Singapore A.E. Smith Shanghai Xi'an Greenland Pico International Convention and Exhibition Center

Communities	
'Caring Company' award	Pico Hong Kong

HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

ESG Aspects

A. Environmental

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КРІ А2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmentally-Friendly Operations and Office Practices (page 15-16) Environmental Performance Summary (page 18) Issue in sourcing of water is	
		not applicable to the Group's business	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable to the Group's business	
Aspect A3. The Enviro	onment and Natural Resources		
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and a second s		
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Aspect B7: Anti-corruption		
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KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Ethical Conduct (page 11)

Aspect B8: Community Investment		
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