



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **2018**



大昌行集團有限公司  
DAH CHONG HONG HOLDINGS LIMITED

Stock Code: 01828



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



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## ABOUT THE REPORT

### Our Vision for Sustainability

As a leading trading and distribution company with over 70 years of history, Dah Chong Hong Holdings Limited (“DCH” or “the Group”) is deeply committed to the highest standards of corporate governance as well as environmental and social responsibility. We recognise the importance of integrity, transparency, professionalism and accountability as cornerstones of creating sustainable value for all of our stakeholders.

Our multi-dimensional approach to sustainability is driven by our core values to deliver quality products with caring service and supported by an evolving framework of best practices that extends across our operations, finance, human resources, risk management, investor relations and corporate communications functions. Our commitment to leadership in social responsibility is further supported by our many efforts on behalf of our customers, employees and communities.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Compliance and Scope

DCH prepared this Environmental, Social and Governance (“ESG”) report with reference and in compliance to the provisions set out in the *ESG Reporting Guide Appendix 27 to the Rules Governing the Listing of Securities* on The Stock Exchange of Hong Kong. The Board of Directors has overall responsibility for the Group’s ESG strategy and reporting.

This ESG report covers the period from 1 January 2018 to 31 December 2018 with best effort employed to ensure the completeness and accuracy of all information included. While qualitative and social disclosures reflect the entire Group, DCH is in the process of enhancing its environmental data collection systems. In 2018, the environmental data collection scope was expanded to include 67 operationally-controlled 4S shops in mainland China, in addition to data for our headquarters and businesses based in Hong Kong. To improve the usefulness and clarity of the report, we have also amended the scope and definition of certain environmental Key Performance Indicators (“KPIs”) as set out on pages 16-17 of this report. CECEP Environmental Consulting Group Limited was commissioned by DCH to review the materiality, completeness and accuracy of reported ESG data.

The table below indicates business units and geographies represented in the environmental KPIs on page 16 of this ESG report.

### Operations included in the 2017 and 2018 environmental KPI reporting scope

Location	Company Name	Operations
	Dah Chong Hong Holdings Limited	Management and administration
	Dah Chong Hong Motors (Binli) Limited	Dealership and distribution of motor vehicles
	Dah Chong Hong (Engineering) Limited	Industrial projects and appliance installation
	Honest Motors Limited	Dealership and distribution of motor vehicles
	Dah Chong Hong Motors (China) Limited	Dealership and distribution of motor vehicles
	Dah Chong Hong (Motor Service Centre) Limited	Vehicle maintenance and repair
	Premium Motors Limited	Dealership and distribution of motor vehicles
	Princess Yachts Greater China Limited	Sales and distribution of yachts
	Reliance Motors Limited	Dealership and distribution of motor vehicles
	Triangle Motors Limited	Dealership and distribution of motor vehicles
	Motormech Service Station Limited	Vehicle maintenance and repair
	Regal Motors Limited	Dealership and distribution of motor vehicles
	Confidence Motors Limited	Dealership and distribution of motor vehicles
	Hup On Motors Limited	Dealership and distribution of motor vehicles
Hong Kong	Dah Chong Hong-Dragonair Airport GSE Service Limited	Aviation support vehicles and services
	DCH Motors (Used Car Centre) Limited	Retail and purchase of pre-owned vehicles
	Dah Chong Hong (Motor Leasing) Limited	Vehicle leasing and rental
	Dah Chong Hong, Limited	Food and fast-moving consumer goods import, wholesale and distribution Wholesale, distribution, retail and service of electrical products
	DCH Food Marts Limited	Food retail chain – Food Mart and Food Mart Deluxe
	SIMS Trading Company Limited	Wholesaling and distribution of food and fast-moving consumer goods
	Integrated Market Services Asia Limited	Food and fast-moving consumer goods distribution
	DCH Auriga (Hong Kong) Limited	Distribution of medical and pharmaceutical products
	DCH Logistics Company Limited	Warehousing, transportation, freight forwarding, cold chain logistics, processing and repacking services
	International Gourmet Foods Limited	Food manufacturing and trading

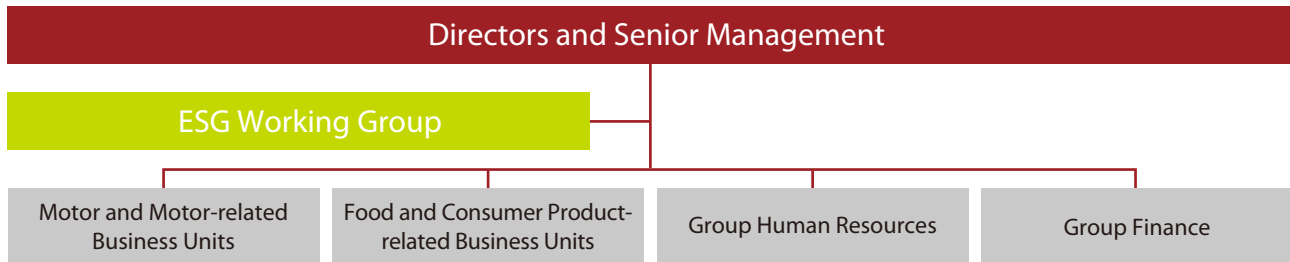
### Operations added to the 2018 environmental KPI reporting scope

Location	Company Name	Operations
Mainland China	Dah Chong Hong Motors (China) Limited	Dealership and distribution of motor vehicles and supporting motor related services including rental, maintenance and repair

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Sustainability Committee

We endeavour to promote sustainable development at DCH and have established an ESG Steering Committee comprising directors and senior management, business representatives, human resources and finance to oversee DCH's ESG-related matters. Under this committee, we have established an ESG Working Group, which is responsible for driving the collation, management and reporting of ESG-related data from our business units.



### ESG Materiality Assessment

In preparation for this report, ESG issues were collated from industry benchmarking and international reporting guidelines, reviewed by internal stakeholders and subjected to screening by the ESG Steering Committee. Selected ESG issues were incorporated in questionnaires and distributed to employees and senior management to determine materiality. Respondents were required to review the list of ESG issues (categorised into those relating to the Operating Practices, Employment Practices, Corporate Governance and Environmental Performance) and rank them based on their level of relevance. Responses were analysed and our most material issues were validated by the ESG Steering Committee to ensure the rationality, balance and completeness of this ESG report.

These validated material ESG issues are the focus of this report and are respectively disclosed in the sections relating to Operating Practices, Employment Practices, Corporate Governance and Environmental Performance.

ESG issues deemed material to DCH





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## OPERATING PRACTICES

### Supply Chain Management



As a leading distributor and trading company, DCH sources products worldwide and manages complex supply chains across the motor, food, consumer goods, healthcare and electrical products industries. Accordingly, supply chain excellence and best practices are essential to our long-term sustainability and business performance. We endeavour to provide customers with products and services of the highest quality and regularly review each supplier's and business partner's operational and product standards to ensure they are in compliance with safety standards and regulatory requirements, as well as to manage their environmental and social risks.

### Product Safety



End-to-end food traceability is an increasingly important part of food quality and safety management. To optimise visibility in our supply chains, DCH adopts international standards and technology for food management systems to enable a high level of quality assurance and traceability. In 2018, DCH Logistics, SIMS and Food Mart garnered Gold Awards in GS1's Quality Good Traceability Scheme in recognition of our outstanding food safety systems.

Our food manufacturing facilities in Hong Kong are HACCP and ISO 22000 certified and our products are examined regularly by accredited external laboratories for additional quality assurance. Furthermore, we train employees at all levels to be responsible for food quality and safety, vigilant of any quality concerns and responsive to customer feedback in compliance to all regulatory requirements. These expectations are set out in our processes and policies.

In our healthcare business, DCH Auriga follows the Hong Kong Guide to Good Manufacturing Practice for the Secondary Packaging of Pharmaceutical Products, which sets out sampling, specifications and testing requirements. Furthermore, quality management systems have been established and assessed to meet the requirements of the EU Guidelines on Good Distribution Practice of Medicinal Products for Human Use, World Health Organisation Good Distribution Practice, World Health Organisation Good Manufacturing Practices and ISO 13485:2016 Quality Management Systems for Medical Devices.

### Customer Service



We are committed to providing the best service experience to our customers and conduct regular customer service surveys in both our motor and consumer products businesses to continually improve our performance. In the event of any consumer concerns, our customer service department follows up directly with consumers in a timely manner, enabling us to take requisite precautions to prevent related issues from reoccurrence.

We also attach great importance to protecting the privacy of our customers and ensure that clear and stringent guidelines for the use of customer information have been defined and communicated to relevant employees.

### Anti-corruption



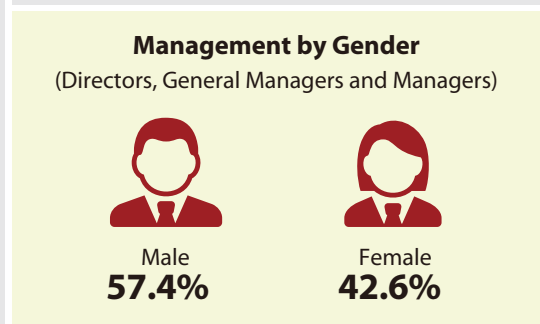
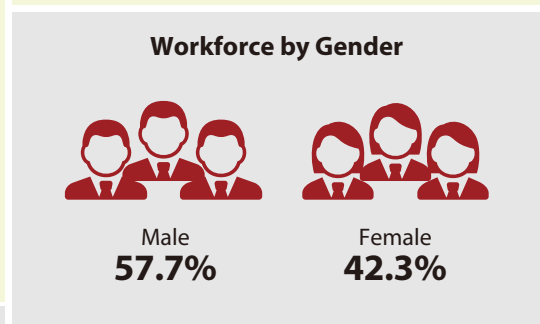
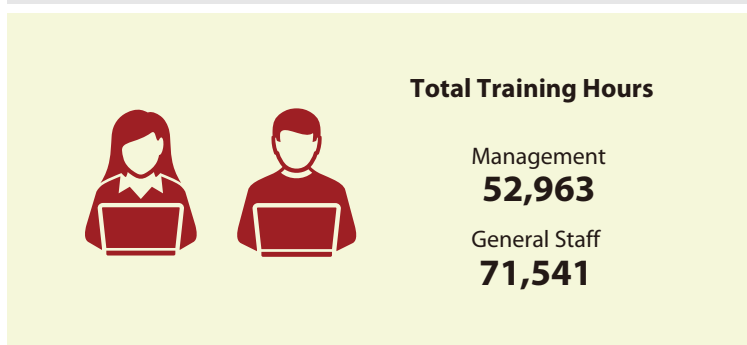
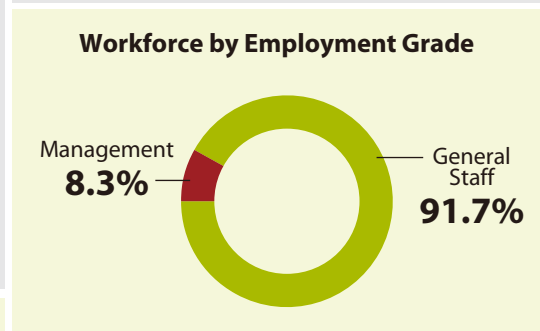
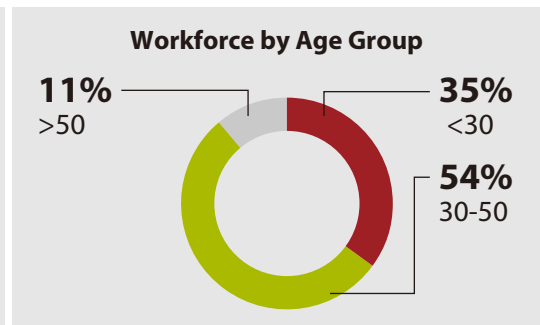
At DCH, we consider honesty and integrity to be an important part of our corporate culture. DCH has adopted a code of conduct, which provides employees with a set of behavioral guidelines and enables us to uphold a high standard of integrity across our business operations.

For more information on operational risk management, please refer to pages 37-38 of the 2018 Annual Report.

## EMPLOYMENT PRACTICES

### Diversity and Equal Opportunity

In alignment with our business growth and management objectives, DCH fosters a strong working culture by promoting employee well-being, providing fair opportunities and building a platform for growth and development. We advocate the use of equal, just and transparent employment practices and do not discriminate against gender, ethnicity, age, race, disability, skin colour or family status. Our employees have standardised working hours and enjoy paid leave, maternity leave, sick leave, paternity leave, public holidays and designated rest periods in accordance with national laws and regulations. We resolutely prohibit the use of child and forced labour in the workplace and enforce this by reviewing the identification of personnel in strict compliance with governing laws and regulations. Any non-compliance with our Code of Conduct may result in summary dismissal.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Employee Benefits and Welfare

To attract, motivate and retain talented employees, we regularly review our compensation and benefits programs, ensuring they are competitive with the external market and internally equitable among colleagues. In addition to annual reviews, mid-year reviews are conducted for selected functions and individuals in response to market and labour conditions. We also conduct special reviews to offer pay packages and promotions to employees which are commensurate with their performance. Merit-based compensation is the key principle adopted to link rewards to the achievement of key performance indicators and motivate employees to work towards the Group's goals and objectives. As a caring employer, we aim to provide benefit programmes that meet employee needs, including medical, life and personal accident insurance, pension contributions and staff purchase discounts.

Understanding the important relationship between employee wellness and engagement, we also organise social, recreational and wellness activities for employees and their family members to enrich work and family life.

## Occupational Health and Safety

At DCH, we strive to provide a safe and healthy working environment for all employees and eliminate workplace hazards which could result in injury or ill health. To this end, we have established safety management systems, which include Occupational Health and Safety ("OHS") policies and standard operating procedures for Environment, Health and Safety ("EHS"). Our policies outline our commitment to identify, assess and eliminate workplace-related dangers, and to provide information, training and protective equipment to ensure employees' safety. We conform to all applicable local health and safety regulations and our safety management systems are audited on an annual basis by a third-party auditor.



As part of our commitment to safety, our Hong Kong motor business provided first aid refresher courses for employees, aiming to equip them with the latest technical knowledge in case of emergency.



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Training, Education and Development

Talent development and retention are fundamental to our continued success. In support of business development, we provide a wide range of internal and external training courses for our employees to enhance their individual knowledge and skillsets, transform our culture and strengthen our management capabilities.

In 2018, more than 48,000 participants attended over 120,000 hours of training programmes focusing on leadership and management, cultural transformation, sales and services, personal effectiveness, professional knowledge, information technology, compliance and occupational health and safety. We conducted training through various means such as orientations and field trips, dialogues with the CEO, interactive workshops, forums and on-site training. To enable staff across our regions to access training programmes remotely, we continued to operate our app-based mobile learning centre and had over 9,000 activated accounts in 2018.

As a result of our dedicated efforts towards staff development during the year, we were recognised as a “Manpower Developer” by the Hong Kong Employees Retraining Board (“ERB”).



DCH is proud to administer an annual Management Trainee Programme to help talented individuals develop themselves and their careers. We provide trainees with an accelerated learning experience through a wide range of technical disciplines and business rotations, facilitating growth through a targeted performance and development management process and one-to-one mentorship.



Each year, as part of a long-running program to train the next generation of technical leaders, DCH selects students from Hong Kong's Vocational Training Council (“VTC”) to join a four year DCH Mechanic Apprenticeship program which enables students to gain valuable on-the-job experience and ultimately join the DCH team. During their apprenticeship, the students develop a wide range of important technical skills in the motor service industry, learning from experienced professionals. They are also encouraged to participate in a wide range of industry competitions including the “Best Apprentice Competition” and “Outstanding Apprentice Award” organised by VTC to test their knowledge and skill.



In October 2018, we organised a DCH Motor Group Sales Congress and the 2nd DCH Motor Distinguished Salesperson Awards Presentation Ceremony in Shenzhen. Over one thousand professionals representing 13 motor brands gathered at the event, competing for prestigious sales and marketing awards.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## CORPORATE GOVERNANCE

DCH endeavors to uphold high standards of corporate governance, and in the process, promote investor confidence and protect the interests of shareholders. We are committed to complying with the laws and regulations of each country and area in which we operate and enforce this through our Code of Conduct, corporate policies and corporate management, which form the basis of our governance practices. For more information on our corporate governance policies and practices, please refer to pages 64-87 in the 2018 Annual Report.

In 2018, DCH was recognised for excellence in corporate governance and investor relations by various awarding bodies.

## 2018 Corporate Governance and Investor Relations Awards

Award	Awarding Body
Best Listed Company 2018	PR Asia, AM 730, Road Show
Listed Company Award of Excellence 2018	Hong Kong Economic Journal
Quamnet Outstanding Enterprise Award 2017	Oceanwide Financial Media
Directors of the Year Awards 2018, Board Directors of the Year Awards 2018, Chairman Directors of the Year Awards 2018, CEO	The Hong Kong Institute of Directors
Best IR Company, 4th HKIRA Investor Relations Awards Best IR in Corporate Transaction, 4th HKIRA Investor Relations Awards Best IR by CEO, 4th HKIRA Investor Relations Awards Best IR by CFO, 4th HKIRA Investor Relations Awards	Hong Kong Investor Relations Association
Best IR Company (HK), 8th Asian Excellence Award 2018 Asia's Best CEO (IR), 8th Asian Excellence Award 2018 Asia's Best CFO (IR), 8th Asian Excellence Award 2018	Corporate Governance Asia New Initiative Media Ltd
Quam IR Awards 2017 – Main Board Category	Oceanwide Financial Media
Industry Award – Platinum for Automobile Category, 2017 LACP Vision Awards #36 for Top 100 Annual Reports Worldwide, 2017 LACP Vision Awards	League of American Communications Professionals LLC
Excellence Award for H Shares & Red Chip Entries, 2018 Best Annual Report Award	Hong Kong Management Association
Best Overall Investor Relations (Small to Mid-cap) – Greater China 2018	IR Magazine





## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## STAKEHOLDER ENGAGEMENT

We believe that trust is built on transparency. Ongoing communication with stakeholders is an integral part of our day to day operations and communication channels such as meetings, interviews, surveys enable stakeholders to express their ideas, opinions and suggestions. Our identified stakeholders include investors, employees, customers, suppliers, business partners, media, government agencies, regulators and the wider community.

## Our stakeholders and methods of communication

**Shareholders and Investors**

- Annual reports, quarterly results, interim reports, public announcements, press releases, annual general meetings, roadshows, and individual and group meetings

**Government and Regulators**

- Government meetings, supervision, assessments, questionnaires and on-site visits

**Suppliers and Business Partners**

- Partner meetings, questionnaires, seminars and on-site visits

**Media**

- Press releases, interviews and announcements

**Customers**

- Customer meetings, customer satisfaction surveys and on-site visits

**Employees**

- Company meetings and departmental meetings, annual staff meetings, questionnaires and internal emails



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COMMUNITY ENGAGEMENT

As a retailer, distributor and manufacturer of products that touch the lives of millions, we fully embrace our role as an active and responsible contributor to the community.

DCH Volunteer Team and Community Activities

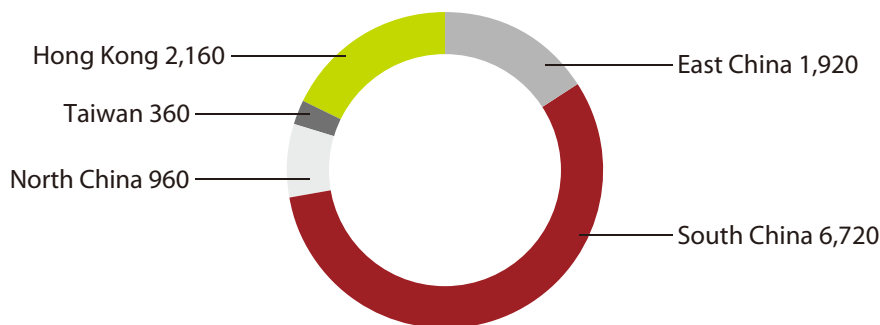
DCH has a long history of working with our communities to help enrich the quality of living for all. Over the years, we have developed a strong culture of community service across our offices. In 2018, more than 1,100 volunteer team members served over 12,000 hours and supported more than 20 charitable organisations in a wide range of events and activities.

NGO Partners in 2018



During the year, DCH leveraged unique business capabilities to serve our communities. For example, as a food sourcing and distribution leader in Hong Kong, we regularly donate to the Gleaners – Community Food Bank Service in partnership with the Kwun Tong Methodist Social Service. With support from the motor business, the DCH volunteers teamed up with Nissan to join a barrier-free outing with the Hong Kong Society for Rehabilitation, providing support and handicap accessible vehicles for an exciting visit to the Big Buddha on Lantau Island. Our Food Mart team also arranged a luncheon for the elderly at the Methodist Centre in Wan Chai, providing wholesome ingredients including abalone, vegetables and rice.

Volunteer Hours Served in 2018



This year, DCH was recognised with the following corporate social responsibility designations:






## 2018 Oxfam Charity Rice Sale

For more than 10 years, DCH has supported the Oxfam Charity Rice Sale to raise community awareness about issues relating to the poverty of subsistence farmers. This year, we leveraged our food sourcing expertise to donate more than 12.5 tonnes of rice to the charity. Our logistics and motor businesses helped to deliver rice to 50 retail booths across Hong Kong and Macao, including our DCH Food Mart locations. Our volunteer team also pitched in, orchestrating public and staff sales to make DCH a leading sponsor of the fundraising event.



**12.5**  
tonnes of  
rice donated





## 2018 Tree Planting

On 19 May 2018, a team of over 80 DCH volunteers and DCH Motor Club members travelled to Wan Tsai South Campsite in Sai Kung, Hong Kong to promote environmental protection and plant native trees in association with the World Green Organization. During the event, our customers and team members learned about forest enrichment and the value of native species. Through this event, and in collaboration with our Southern China volunteer team, we planted more than 300 trees to offset carbon emissions and preserve our natural environment.

**300+**  
trees planted





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL PERFORMANCE

Because we believe that quality living is about enriching lives today as well as caring for future generations, environmental protection is a fundamental part of our sustainable development.


During the course of normal operations, we actively seek to reduce any negative impact to the environment. We have adopted managerial best practices across our businesses to improve resource utilisation, reduce our emissions and manage waste responsibly, receiving a number of environmental certifications in recognition of our commitment to environmental protection.



Energy Consumption Management


With hundreds of locations including warehouses, offices and retail outlets across Asia, we continually identify ways to improve energy efficiency by replacing energy intensive equipment, actively conserving energy and partnering with various organisations to champion eco-friendly practices.

As a retailer and distributor of motor vehicles, we offer consumers a wide range of fuel-efficient and electric vehicles. In our commercial vehicle business, we support improving emission standards and supply fuel-efficient and new energy vehicles for commercial and public transport including super-capacitor electric and lithium battery buses. We also supply and install selective catalytic reduction devices to reduce carbon emissions. DCH has 18 electric vehicles in our internal fleet with recharging stations installed at our headquarters and provides electric vehicles for rental in our motor leasing business.




During the reporting period, LED lights were used to replace existing T8 lights across our DCH Food Mart Deluxe Shops. Each new lightbulb is estimated to reduce our energy consumption by 2,102.4 kWh per year, a 44% reduction per bulb.

Less **2,102.4 kWh**  
Reduced by **44%**



We have outlined practical resource conservation measures for all staff including turning off lights, monitors and air conditioning when leaving the office, as well as maintaining an office temperature of 23-25°C.



In 2018, we received a platinum award for our participation in the Environment Bureau's Charter on External Lighting, which involves switching off external lightning from 11pm to 7am to reduce light pollution and energy costs.



DCH participates in the "Carbon Audit • Green Partner" scheme organised by the Environment Bureau and is a signatory of the Carbon Reduction Charter to reduce greenhouse gas emissions.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## Pollution Management

As one of the leading motor groups in Greater China and the operator of a wide distribution network across Asia, pollutants generated by our operations primarily consist of oxides from vehicular exhaust. In order to reduce our impact on the environment, we carefully monitor the fuel-efficiency of our in-house fleets. We have established policies which outline measures for employees to switch off engines for idle vehicles, advise drivers to plan routes to avoid heavy traffic and encourage employees to take public transportation when travelling locally.

Volatile organic compounds (VOCs) are sometimes generated through the use of paints, coating, and solvents and other chemicals used in the vehicle repair and maintenance process. In 2018, DCH Motor China minimised these emissions through the use of an emissions control system consisting of photocatalytic oxidation and activated carbon to remove organic compounds in indoor spaces, such as our paint rooms. Water-based paints are used in favour of solvent-based paints and constitute the majority of paints used in our operations.

## Waste Management

DCH ensures that all recyclable and non-recyclable waste generated during the course of business operations is properly managed. In regard to hazardous waste, our business units follow strict procedures for proper treatment and disposal. Waste materials including lube oil, filters, car batteries and used tyres are collected by our vehicle maintenance teams and passed to qualified contractors for proper disposal and recycling. For some of our business units, such as DCH Motor Hong Kong, industrial wastewater is generated as part of everyday operations and is properly treated in compliance with regulatory standards.

The Waste Electrical and Electronic Equipment Recycling Scheme, which requires manufacturers and distributors to be responsible for the proper disposal of electrical appliances, came into effect on 1 August 2018. Accordingly, DCH arranged for more than 450 consumer appliances including washing machines, refrigerators and air conditioners to be collected by a recycling facility operator for proper disposal during the reporting period.

We also promote the “4Rs”, Reduce, Reuse, Recycle and Replace, across our operations in order to reduce the amount of waste we generate, encouraging staff to recycle common office items like newspaper, magazines, plastic bottles and aluminium cans.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental Key Performance Indicators

<b>Emission type</b>	<b>Indicator</b>	<b>Unit</b>	<b>2018</b>
Greenhouse gas	Direct emissions (Scope 1) <sup>1</sup>	tonnes CO <sub>2</sub> equivalent <sup>1</sup>	<b>17,213</b>
	Indirect emissions (Scope 2) <sup>2</sup>	tonnes CO <sub>2</sub> equivalent <sup>1</sup>	<b>51,089</b>
Exhaust gas <sup>3</sup>	SO <sub>x</sub>	tonnes	<b>0.03</b>
	NO <sub>x</sub>	tonnes	<b>64</b>
	CO	tonnes	<b>23</b>
	PM <sub>2.5</sub>	tonnes	<b>1.4</b>
<b>Hazardous waste<sup>4</sup></b>		<b>Unit</b>	<b>2018</b>
Lube oil	litres		<b>402,028</b>
Used non-halogen solvents	litres		<b>1,600</b>
Oil filters	tonnes		<b>18</b>
Waste mineral oil and oil sludge	tonnes		<b>6.0</b>
Exhaust gas purification catalyst	tonnes		<b>1.7</b>
Industrial wastewater	cubic metres		<b>28,812</b>
Tyres	tonnes		<b>199</b>
Batteries	tonnes		<b>144</b>
Electrical appliances <sup>5</sup>	units		<b>461</b>
<b>Use of resources<sup>6</sup></b>		<b>Unit</b>	<b>2018</b>
Electricity	megawatt hours		<b>77,006</b>
Water (Domestic consumption) <sup>7</sup>	cubic metres		<b>5,156,134</b>
Towngas	megajoules		<b>1,763,700</b>
Unleaded petrol	litres		<b>1,131,501</b>
Diesel	litres		<b>1,077,276</b>
Refrigerants	tonnes		<b>6.1</b>
Paper (A4, A3 and other office paper) <sup>8</sup>	tonnes		<b>111</b>
<b>Product packaging usage<sup>9</sup></b>		<b>Unit</b>	<b>2018</b>
Paper (and cardboard)	tonnes		<b>695</b>
Plastics	tonnes		<b>256</b>
Metal	tonnes		<b>803</b>
<b>Recycled non-hazardous waste</b>		<b>Unit</b>	<b>2018</b>
Paper (and cardboard)	tonnes		<b>72</b>
Plastics	tonnes		<b>0.3</b>
Metal	tonnes		<b>90</b>



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Notes:

- 1 Scope 1 vehicular emissions generated by our operations in mainland China were calculated using the *Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Other Industrial Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. Scope 1 vehicular emissions generated by our operations in Hong Kong were calculated using the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 Edition* published by the Electrical and Mechanical Services Department. Scope 1 towngas and refrigerant emissions generated by our operations in Hong Kong were calculated using the *Global Warming Potential Values* adapted from the *IPCC Fifth Assessment Report* by the Greenhouse Gas Protocol and with reference to the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 Edition* published by the Electrical and Mechanical Services Department.
- 2 Scope 2 emissions generated by purchased electricity for our operations in mainland China were calculated using the *2011-2012 Regional Power Grid Average CO<sub>2</sub> Emission Factors in China* guidelines published by the National Development and Reform Commission of the People's Republic of China. Scope 2 emissions generated by purchased electricity for our operations in Hong Kong were calculated using the *2017 Sustainability Report* published by CLP Holdings Limited and the *2017 Sustainability Report* published by HK Electric Investments. Scope 2 emissions generated by purchased towngas for our operations in Hong Kong were calculated using the *2018 Sustainability Report* published by the Hong Kong and China Gas Company Limited and the *Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong 2010 Edition* published by the Electrical and Mechanical Services Department.
- 3 Exhaust gas vehicular emissions (SO<sub>x</sub>, NO<sub>x</sub>, CO and PM<sub>2.5</sub>) generated from our operations in mainland China were calculated using the *Technological Guidance for the Compilation of Emissions Inventory of Non-road Mobile Sources (Trial) and Calculation Method and Reporting Guidance on Greenhouse Gas Emissions by Overland Transportation Enterprises (Trial)* issued by the National Development and Reform Commission of the People's Republic of China. Exhaust gas vehicular emissions (SO<sub>x</sub>, NO<sub>x</sub>, CO and PM<sub>2.5</sub>) generated from our operations in Hong Kong were calculated using the *EMEP/EEA Air Pollutant Emission Inventory Guidebook 2016: Technical Guidance to Prepare National Emission Inventories* published by the European Environment Agency. Exhaust gas towngas emissions (SO<sub>x</sub> and NO<sub>x</sub>) generated from our operations in Hong Kong were calculated using the report entitled *How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs* published by the Stock Exchange of Hong Kong Limited.
- 4 All hazardous waste collected or generated by DCH in the normal course of business is properly recycled or disposed of by licenced third party vendors. In 2018, we widened our reporting scope to include waste mineral oil and oil sludge as well as exhaust gas purification catalyst collected by our Hong Kong motor business. As hazardous waste data collection processes are still being refined, hazardous waste collected or generated by DCH Motor China has been excluded from this report, with the exception of vehicle tyres and batteries.
- 5 The number of units for refrigerators, washing machines and air-conditioning units reported here are based upon levies paid by the Group and back-calculated against recycling levies for electrical equipment disclosed in *Product Eco-Responsibility (Regulated Electrical Equipment Regulation)*.
- 6 Domestic waste totals have been deemed immaterial to our operations and are not included in the scope of this report. The calculation of meaningful intensity factors for our use of resources including energy and water is under review given the complexity of our operations.
- 7 In 2018, domestic water consumption data was included in the data collection scope in addition to industrial wastewater and reflects domestic water consumption by DCH businesses within the reporting scope where they are directly responsible for overseeing utility bills. We had no issues sourcing water fit for purpose during the reporting period.
- 8 Paper usage reflects office paper purchased during the reporting period.
- 9 In 2018, we revised our definition of packaging materials to packaging materials used for finished products by DCH businesses identified in the environmental KPI reporting scope. Any existing packaging on products imported by the Group or product packaging consumed by third party vendors was excluded from 2018 calculations.

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## APPENDIX

## Index of Disclosures and KPIs

General Disclosures and KPIs	Description	Relevant Page Number
<b>Environmental</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure	Policies and 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	14-17, 20
KPI A1.1	The types of emissions and respective emissions data	14-17
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity	16-17
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity	16-17
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity	16-17
KPI A1.5	Description of measures to mitigate emissions and results achieved	14-17
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	14-17
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	14-17
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity	16-17
KPI A2.2	Water consumption in total and intensity	16-17
KPI A2.3	Description of energy use efficiency initiatives and results achieved	14-17
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	14-17
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	16-17
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	14-17
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	13-17

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General Disclosures and KPIs	Description	Relevant Page Number
<b>Social</b>		
<b>Employment and Labour Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure	Policies and 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	6-8, 20
<b>Aspect B2: Health and Safety</b>		
General Disclosure	Policies and 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	7, 20
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities	8
<b>Aspect B4: Labour Standards</b>		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	6, 20
<b>Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	5
<b>Aspect B6: Product Responsibility</b>		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	5, 20
<b>Aspect B7: Anti-Corruption</b>		
General Disclosure	Policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	5, 20
<b>Community</b>		
<b>Aspect B8: Community Investment</b>		
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	9-13



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## Relevant Laws and Regulations

During the reporting period, we complied with the relevant laws and regulations listed below.

<b>Aspect</b>	<b>Operating location</b>	<b>Relevant laws and regulations</b>
Relating to air and greenhouse gas emissions, discharges into water and land and generation of hazardous and non-hazardous waste	Hong Kong	<i>Air Pollution Control Ordinance, Ozone Layer Protection Ordinance, Waste Disposal Ordinance, Water Pollution Control Ordinance, Hazardous Chemicals Control Ordinance, Promotion of Recycling and Proper Disposal (Electrical Equipment and Electronic Equipment) (Amendment) Ordinance 2016, Product Eco-Responsibility (Regulated Electrical Equipment) Regulation)</i>
	Mainland China	<i>Environmental Protection Law of the People's Republic of China, Atmospheric Pollution Prevention and Control Law of the People's Republic of China, Integrated Emission Standard of Air Pollutants (GB16297-1996), Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes, Standard for Pollution Control on Hazardous Waste Storage</i>
Relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare, and preventing child and forced labour	Hong Kong	<i>Employment Ordinance, Employee's Compensation Ordinance, Employment of Children Regulations</i>
	Mainland China	<i>Labour Law of the People's Republic of China, Labour Contract Law of the People's Republic of China, Provisions on the Prohibition of Using Child Labour</i>
Relating to providing a safe working environment and protecting employees from occupational hazards	Hong Kong	<i>Occupational Safety and Health Ordinance, Fire Safety (Commercial Premises) Ordinance, Buildings Ordinance, Dangerous Goods Ordinance</i>
	Mainland China	<i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, Occupational Exposure Limits for Hazardous Agents in the Workplace</i>
Relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Hong Kong	<i>Personal Data (Privacy) Ordinance, Consumer Goods Safety Ordinance, Trade Descriptions Ordinance, Product Eco-responsibility Ordinance, Sale of Goods Ordinance</i>
	Mainland China	<i>Advertising Law of the People's Republic of China, Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Product Quality Law of the People's Republic of China</i>
Relating to bribery, extortion, fraud, and money laundering	Hong Kong	<i>Prevention of Bribery Ordinance</i>
	Mainland China	<i>Anti-money Laundering Law of the People's Republic of China, Criminal Law of the People's Republic of China</i>

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### Disclaimer of the Report

All information disclosed in this report has been sourced from the Group's documents and statistics. DCH has followed the principles of "Materiality", "Quantitative", "Balance" and "Consistency" in preparing this ESG report and all data has been collected to the best of our ability for operations within the reporting scope. This report is published in English and Traditional Chinese versions. If there is any discrepancy between the two versions, the English version shall prevail.

### Comments and Feedback

DCH welcomes all stakeholders to provide valuable comments and suggestions in relation to this Report by contacting us at: [ir@ir.dch.com.hk](mailto:ir@ir.dch.com.hk)



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