

2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



RIVERA (HOLDINGS) LIMITED
川河集團有限公司

Stock Code : 281

INTRODUCTION

Rivera (Holdings) Limited (Stock Code: 281) (the “Company”) is an investment holding company established in Hong Kong, and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Property development and investment as well as securities trading and investment are the two principal business streams of the Company and its subsidiaries (collectively the “Group”).

This is the third Environmental, Social and Governance Report (“ESG Report”) issued by the Company. The content of this ESG Report has been prepared in compliance with the requirements of the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange.

REPORTING PERIOD AND SCOPE

This ESG Report reflects the Group’s practices in sustainable development and social responsibility for the year from 1st January, 2018 to 31st December, 2018 (the “Reporting Period”). During the Reporting Period, the Group was mainly engaged in securities trading and investment in Hong Kong and Shanghai, as well as property development and investment in Shanghai and Macau. These operations set the scope of this ESG Report, which covers the Company and its key operating subsidiaries and associate in property development and investment below:

- (i) Shanghai Boulevard Real Estate Co., Limited, a 93.53% indirectly-owned subsidiary incorporated in Shanghai;
- (ii) Shanghai Zhangjiang Micro-electronics Port Co. Ltd. (“SZMP”), a 37% indirectly-owned associate incorporated in Shanghai;
- (iii) SOFIL – Sociedade de Fomento Industrial de Macau, Limitada, a wholly-owned subsidiary incorporated in Macau; and
- (iv) Rivera Holdings (Macau) – Sociedade de Investimentos e Fomento Predial Limitada, a 60% indirectly-owned subsidiary incorporated in Macau.

The calculations of the environmental key performance indicators are based on the Group’s offices in Hong Kong, Macau and Shanghai. While the Company only owns a 37% interest in the registered capital of SZMP, relevant apportionment of the consumptions is adopted.

STAKEHOLDER ENGAGEMENT

In order to better understand the preferences of stakeholders, several major stakeholders of the Company were asked for their priorities on the reporting items in this ESG Report. The stakeholders include tenants, suppliers, and employees of the Group and its associate, who were all selected to provide their comments by means of questionnaires. The questionnaires set out eleven aspects of the ESG scope and the stakeholders were asked to rank three aspects that concerned them the most and provide their reasoning. The results show that “Use of Resources”, “Environment and Natural Resources”, “Employment”, “Health and Safety”, “Development and Training”, “Labour Standards” and “Product Responsibility” are of the most concern to the stakeholders as these are the fundamental elements for sustainable business. The Company aims to continue improving these areas to satisfy stakeholders’ needs.

ENVIRONMENTAL PROTECTION

Given the nature of the Group’s principal activities in 2018, the Group’s operations did not give rise to any material adverse impacts on the environment. However, the Group realizes that even operations of small offices consume energy, paper, and office supplies, which ultimately will have some effect on the environment in the long run. Striving for improved energy efficiency and reduced carbon footprint in its offices, the Group adopts green office practices to conserve resources and protect the environment.

A1. Emissions and Wastes

The Group has complied with the applicable laws and regulations related to environmental protection. It was not involved in any industrial production during the Reporting Period. Emissions produced directly by the Group were primarily limited to domestic waste water and solid wastes generated by the general operation of the Group’s offices.

The Group strictly controls the emission in accordance with the requirements as stipulated in the Air Pollution Control Ordinance of Hong Kong and the Law of the Mainland of the People’s Republic of China (the “Mainland China”) on the Prevention and Control of Atmospheric Pollution.

The Group disposes of solid wastes in accordance with the provisions of the Solid Waste Environmental Pollution Prevention and Control Law of the Mainland China and other relevant laws and regulations in the cities in which the Group operates.

Air emissions

The air emissions were mainly from vehicles (approximately):

	Nitrogen oxides	Sulphur oxides	Particulate Matter
2017	2,187 g	54 g	161 g
2018	1,940 g	55 g	143 g

The overall trend of air emissions remains steady.

Greenhouse gas emissions

Scope 1 emissions were mainly from vehicles (approximately):

CO₂ equivalent emissions	Carbon dioxide	Methane	Nitrous oxide
2017	8,744 kg	20 kg	1,269 kg
2018	8,869 kg	20 kg	1,287 kg

For Scope 2 energy indirect emissions, the CO₂ equivalent emissions mainly from purchased electricity were approximately 37,794 kg (2017: 132,894 kg). The drop of electricity usage was mainly attributable to the close of the sales office of the property development project of SZMP, the associate of the Group, in Fengxian District of Shanghai. The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 47.97 tonnes (2017: 142.93 tonnes). The Group does not report Scope 3 emissions because of lack of complete and accurate data.

Non-hazardous solid wastes, mainly domestic and commercial wastes, generated in the Group's offices in Hong Kong and Macau during their operations in the Reporting Period amounted to about 794 kg (2017: 733 kg). No hazardous waste was recorded.

A2. Use of Resources

The Group adheres to the principles of recycling and reduction, and implements green office practices where practical. The Group strives to raise employee awareness of energy saving and water conservation, as well as encourages all staff to participate in various green office initiatives.

Electricity is a major resource the office operations consume every day. The Group promotes reduction in energy consumption by using various efficiency measures, which include switching off idle lightings and electrical appliances, as well as using programmed energy-saving modes to control electric and electronic devices (including but not limited to computers, printers, photocopiers and air-conditioners, etc.). In addition, SZMP, the associate of the Group, has

adopted LED lighting for nearly 50% of the lighting in its property development project in Fengxian District of Shanghai, Tomson Ginkgo Garden. Going forward, the Group plans to adopt LED lighting or other energy-saving alternatives in other projects and offices when the times come for lighting replacement.

To reduce paper consumption, the Group encourages the use of digital documents and double-sided printing and copying. Recycling bins are provided in the offices to promote paper recycling and minimize paper wastes.

The Group recognizes the carbon footprint arising from travels to business meetings. Emails and phone calls are the preferred modes of communication. Furthermore, we have set up video and audio conferencing facilities in the offices to conduct most business meetings. Business travels are therefore reduced, where possible, to where meetings in person are necessary.

Water is essential to all communities. The Group promotes water conservation to employees. Reminders of water-saving responsibilities and actions, in form of notices and signs, are posted near where the water resources are in the offices. Raindrops are collected using a built-in system for recycling and use in the commercial-cum-office building of Tomson Ginkgo Garden developed by SZMP, the associate of the Group, in Shanghai.

Use of resources	Unit	2018 (approximately)
Electricity	kWh	52,690
Electricity intensity	kWh per revenue of HK\$1 thousand	0.16
Water	Cubic meter	268
Water intensity	Cubic meter per revenue of HK\$1 thousand	0.0008

As water consumed in the offices in Hong Kong and Macau is supplied by their respective landlords, so only information of the office of the associate in Shanghai is available.

Since the Group is mainly engaged in service industry, no traceable packaging material is used.

A3. Managing Significant Impacts on the Environment and Natural Resources

During 2018, the Group's principal businesses were primarily carried out at the offices in Hong Kong, Macau and Shanghai. Apart from sharing administrative resources with a core connected person of the Company in Hong Kong on a cost basis, five salaried directors and employees were engaged to run the daily operations of the businesses which, we believe, had no direct significant impact on the environment and natural resources.

EMPLOYMENT AND LABOUR PRACTICES

B1. Employment

Employees are valuable assets that contribute to the success of the Group. The Group is in strict compliance with relevant labour regulations in the Mainland China and Hong Kong, including the Labour Law, Labour Contract Law, Social Insurance Law and Regulation on Work-Related Injury Insurances of the Mainland China, as well as Employment Ordinance of Hong Kong, which assure that employees' basic legal rights and interests are being protected.

Recruitment, Compensation, and Benefits

The Group emphasizes the importance of an efficient staff management and incentive structure. The Group recruits employees based on a number of factors, such as professional experience, educational background and capabilities. The Group provides competitive remuneration package and makes regular review to attract and motivate the employees. Emoluments paid to salaried staff and directors of the Group are determined by reference to market terms, individual responsibilities and performance. Discretionary bonus may be paid based on individual contribution. Moreover, the Company has adopted a share option scheme pursuant to which options may be granted to directors and employees of the Group, when appropriate, to subscribe for shares of the Company as a long-term incentive.

The Company also participates in a pension scheme, which was registered under Mandatory Provident Fund Schemes Ordinance of Hong Kong (the "MPF Ordinance"), for its employees in Hong Kong. The scheme is funded by contributions from employer and employees pursuant to the provisions of the MPF Ordinance. Employees of the Group and its associated company in the Mainland China are members of respective state-managed defined contribution retirement benefits schemes operated by the local government. The employer and the employees are obliged to make contributions at a certain percentage of the payroll under rules of the schemes. In addition, the Group makes contribution to social security fund for its employees in Macau in accordance with the laws of Macau.

Employees are eligible for stipulated annual leave, sick leave and other types of leave in accordance with national and local laws applicable in the cities where the Group operates.

Anti-Discrimination, Equal Opportunity and Diversity

The Group promotes a diverse workplace where people of different backgrounds are valued and respected. The Group does not discriminate on the basis of race, colour, national or ethnic origin, gender, sexual orientation, religion, disability, age, cultural background, social group, marital status, family status or other factors.

The Group has complied with the applicable labour laws and regulations in all material aspects, including, inter alia, dismissal and working hours.

B2. Health and Safety

Health and safety of the employees is the Group's top priority. One of the approaches is to create a strong culture of safety awareness by implementing high safety standards and providing appropriate training and education to the employees. The Group has also stringently abided to other relevant labour health and safety regulations in the Mainland China and Hong Kong, including the Law on the Prevention and Control of Occupational Diseases of the Mainland China, Production Safety Law of the Mainland China and Occupational Safety and Health Ordinance of Hong Kong, etc. The Group cares about its employees and their families, and therefore the Group strives to provide a safe and healthy working environment to them. Medical insurance is provided to the employees.

Memoranda and notices are given to the employees of the Group regarding the protocols of office security during and after office hours and personal safety during emergency situations and extreme weather conditions. For the properties held by the Group, property management companies are hired to manage the security operation and provide security personnel to safeguard the properties and the people in the properties.

During 2018, no severe injuries or fatalities of the Group's employees were reported. The Group was not subject to any material claim or penalty in relation to health and work safety, and has been in compliance with the relevant laws and regulations in all material aspects in the Mainland China, Hong Kong and Macau.

B3. Development and Training

To ensure the professionalism of employees at all levels, employees of the Group are encouraged and sponsored to attend training and development courses relevant to their jobs and responsibilities. Despite lacking a written policy in this area, the Group has been providing educational or training allowance to employees up to the full costs of the courses approved by the management and attended by the employees. The Group will formalize the policy on this subject in due course.

Besides, the Group not only offers new employees on-the-job training by experienced personnel but also provides continuous training to employees periodically, according to the nature of the jobs and the requirements of the respective industries. In addition, four in-house seminars are arranged for the directors and senior executives of the Company annually. Topics of these seminars revolve around the latest development and trends of the industry, regulatory compliance, macro-economic environment as well as finance and tax regulations.

B4. Labour Standards

The Group is well aware that child labour and forced labour violate fundamental human rights. The Group prohibits the use of child labour and validates the actual ages of job applicants in the recruitment process. Besides, the Group does not use unlawful or unfair means to restrict the employment relationship between the employees and the Group. Employees are free to leave employment upon giving reasonable notice as stipulated in the employment contracts.

The Group has been in compliance with relevant laws and regulations, and has not found any cases or been assessed any fines or penalties with regard to child labour and forced labour during 2018.

OPERATING PRACTICES

B5. Supply Chain Management

The Group hires property management companies to manage its properties and shares the administrative services and personnel resources with its core connected person on a shared cost basis. Other general business suppliers include vendors of office supplies and service providers of information technology, communication, legal and audit services. Procurement/engagement decisions are based on pricing, suitability as well as general reputation of the suppliers or service providers.

The Group is not aware of any non-compliance issues with its suppliers or service providers.

B6. Product Responsibility

The Group is committed to a responsible approach to advertising and marketing of the Group's properties for sale and lease. The Group strictly follows the Advertising Law of the Mainland China and other laws and regulations related to advertising products and services in the relevant jurisdictions. The Group's advertising and promotional materials must be reviewed to ensure accuracy and avoid misrepresentation of information for the prospective customers.

Customers are important to the Group. The Group makes every effort to understand its customers' needs and enhance their satisfaction and experience with its products and services. The Group welcomes any customer feedback on its business operations, and handles and resolves customer complaints in a timely manner.

The Group has been in compliance with relevant laws and regulations, and has not been assessed any fines or penalties that had a material and adverse impact on its business operation with regard to product safety, advertising, labelling and privacy matters.

B7. Anti-Bribery and Corruption

The Group is committed to ethical conduct in doing business. All forms of corruption, extortion, fraud and bribery are prohibited. The Group abides by the Anti-Unfair Competition Law, the Interim Provisions on Prohibiting Commercial Bribery and the Anti-Money Laundering Law of the Mainland China and other laws and regulations that call for integrity and ethical conducts in operating a business.

The Group makes clear its expectations on employees to ensure professional and ethical conducts of all staff. Employees are informed of the Group's expectations and guidelines in the normal course of business, as well as the applicable laws and regulations related to improper payment, frauds, and money-laundering.

Employees are expected to observe a high standard of ethics, integrity and professional conduct. The Group has adopted guidelines on arrangements for raising concerns about improprieties, which were formulated and approved by the Board of Directors of the Company (the "Board"). The Audit Committee of the Board is responsible for monitoring the implementation of the guidelines. The Company Secretary of the Company is authorized to handle the daily implementation and supervision of the guidelines.

The guidelines on arrangements for raising concerns about improprieties detail the protocols of reporting and handling improper or illegal behaviours within the Group that could be detrimental to the interests of shareholders, investors, customers and general public. It emphasizes protection of the whistle-blower's identity and confidentiality of the reported cases and information involved. It also sets out the available channels and methods for reporting concerns and the procedure of handling reported cases by the Group's designated personnel.

The Audit Committee of the Board meets regularly with the Company's senior management to consider the effectiveness of internal controls and risk management of the Company. As far as the Company is aware, there were no corruption or bribery incidents and fraudulent practices brought to the Company's attention during the Reporting Period.

COMMUNITY RESPONSIBILITY

B8. Community Investment

The Group strives to be a responsible corporate citizen in the society. Despite the absence of an explicit policy in this regard, the Group is supportive of employee's participation in volunteer services for good causes.

During the Reporting Period, the Group made charitable donations to international charitable organizations, namely World Wide Fund for Nature Hong Kong and Médecins Sans Frontières, to support their activities in saving endangered animals and their habitat and conservation and education work, and their provision of emergency medical assistance respectively.

