



黎氏建築

Lai Si Construction

Lai Si Enterprise Holding Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code:2266)

Hong Kong | Macau



Environmental, Social and
Governance Report **2018**

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ABOUT THE GROUP

Lai Si Enterprise Holding Limited (“Lai Si Enterprise” or the “Company”, together with its subsidiaries, the “Group”) provides services of (i) fitting-out works as an integrated fitting-out contractor; (ii) construction works as a main contractor; and (iii) repair and maintenance works, mainly in Macau.

During the Year ended 31 December 2018 (“the Year”), the Group completed 57 projects and was awarded 56 projects. The Group’s revenue was approximately MOP173.7 million, with a drop of 36.7% over the previous financial year. The Group’s profit after tax was approximately MOP2.3 million, excluding the listing expenses incurred, with a fall of 87.2% recorded. In view of the gradually shrinking fitting-out market in Macau, the Group expanded its efforts in developing the Hong Kong market and broadening its customer base and market coverage in 2018 to achieve a turnaround.

Looking ahead, the Group will be involved in various new business areas, such as electrical and mechanical works, to diversify the Group’s development. The Group will also capture business opportunities arising from the development of Guangdong-Hong Kong-Macao Greater Bay Area and expand its market share in the area.

ABOUT THIS REPORT

This is the third Environmental, Social and Governance Report (the “Report”) published by Lai Si Enterprise. By reporting the policies, measures and performances of the Group in environmental, social and governance (“ESG”) aspects, the Report allows all stakeholders to better understand the progress of the Group towards sustainability. The Report is prepared in both English and Chinese, and is available on the website of the Stock Exchange of Hong Kong Limited (“SEHK”) and the Company website www.lai-si.com. If there is any inconsistency or ambiguity between the English version and the Chinese version, the Chinese version shall prevail.

REPORTING BOUNDARY

The Report focuses on the operations of the Group’s fitting-out, alteration and addition works, construction works and repair and maintenance works¹ in the Macau headquarters during the Year. The Group will continue to improve the internal data collection procedure and gradually expand the scope of disclosure.

REPORTING STANDARDS

The Report is prepared in accordance with the ‘comply or explain’ provisions of the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) contained in Appendix 27 of the Rules Governing the Listing of Securities on the SEHK. The four reporting principles: (i) Materiality; (ii) Quantitative; (iii) Balance; and (iv) Consistency form the backbone of this Report.

Selected key performance indicators that are categorised by the ESG Reporting Guide as ‘recommended disclosures’ are included for enhanced reporting. To ensure the accuracy of environmental key performance indicators, the Group commissioned a professional consultant, Carbon Care Asia (“CCA”), to conduct a carbon assessment. A complete index is included in the last chapter hereof for the reader’s quick reference.

CONFIRMATION AND APPROVAL

The information documented in the Report is sourced from the official documents, statistical data, management and operation information of and collected by the Group and its subsidiaries according to the policies and procedures of the Group. The Report has been confirmed and approved by the Board of Directors (the “Board”) of the Company on 30 June 2019.

OPINION AND FEEDBACK

The Group values the opinions of stakeholders. If you have any questions, comments, or suggestions regarding the content or format of the Report, please contact the Group through the following channels:

Address: Lai Si Enterprise Centre, Rua Da Ribeira Do Patane No. 54, Macau
Tel: (853) 2855 9783
Fax: (853) 2830 9173
Email: info@lai-si.com

¹ Operated by Lai Si Construction & Engineering Company Limited (Macau) and Constructor Civil Lai Ieng Man (Macau).

MESSAGE FROM THE MANAGEMENT

In 2018, Lai Si Enterprise is honoured to receive the CarbonCare® ESG Label for the second year. Internationally, a consensus was reached with regard to the issue of global warming. Embracing the same vision, we strive to manage the risks brought by climate change. We understand that the choices we made influence the community where we operate. We have always prioritised employee health and safety in our business operation. More than a moral obligation, it is crucial to the sustainable development of our business. We proactively contribute to the community, especially on sports, community care and charity.

The business environment is filled with different types of risks that could potentially impact each area of our businesses. To continuously achieve our business goals, we must act to understand, analyse and handle these risks. Our corporate risk management structure clearly divides the responsibilities of each department to effectively prevent risks of different kinds. In response to the diminishing of the Macau market, we will increase investment in other markets. At the same time, we pay close attention to legal and regulatory changes in Mainland China, to avoid the risks concerned.

According to the estimates of the United Nations, by 2050, over two thirds of global population will reside in cities. As cities account for two thirds of global energy consumption, energy saving is indispensable to sustainable development. To mitigate climate change, we emphasise the energy efficiency in the operation while exploring ways to improve our works to ensure the safety of users and the community as a whole.

To ensure that our Report can respond to issues that concern stakeholders the most, we commissioned an independent consultant to conduct a management interview to identify the material issues to be the focus of the Report. We understand the importance of stakeholder engagement to sustainable development and encourage internal and external stakeholders to raise their opinion. Next, we will consider expanding the scale of stakeholder engagement to collect broader feedback in order to align our work more closely to their expectations.

While a corporate restructuring of Lai Si Enterprise is underway, a designated ESG working group comprising our management team will be established with the duty to coordinate the ESG affairs and development of the Group as a whole. The working group will formulate a sustainability strategy, lead the sustainability direction and approach of the Group while supervising progress in all business segments, and guide Lai Si Enterprise to improve its social and environmental performance continuously.

Lai Si Enterprise Holding Limited
Chief Executive Officer and Executive Director
Lai Meng San

ESG GOVERNANCE

The Board is collectively responsible for leading and overseeing the ESG affairs of the Group. The Board leads and provides direction to management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance.

The Board continues to explore ways to further strengthen the ESG governance of the Group. It is on its agenda to establish an ESG working group to assist the Board in coordinating ESG affairs, including environmental protection, employment and labour practices, operating practices, and community investment, and to make recommendations to the Board where appropriate to enhance the Group's ESG performance.

RISK MANAGEMENT

The Group considers risk management as a fundamental part of sound corporate governance and its long-term business viability. The Board is responsible for overseeing and maintaining effective risk management and internal control systems, with the assistance of the Audit Committee. During the Year, the Group engaged an external independent consultant to conduct a review of the systems. The Group considered the systems in place to be effective and adequate. For details of risk management and internal control systems, please refer to the Annual Report 2018 of Lai Si Enterprise.

The Group noted that the current risk assessment and internal control systems do not cover environmental and social issues. Looking ahead, the Group plans to identify potential ESG risks to further enhance risk management and enable formulation of timely responses to those risks.

STAKEHOLDER ENGAGEMENT

The Group’s stakeholders are groups or individuals who have a significant influence on the Group’s business, or those who are materially affected by the Group’s business. Stakeholder engagement serves as a channel for the Group to understand stakeholders’ needs and expectations. This guides the Group to develop actions to manage potential risks and opportunities in respect of sustainability. To collect stakeholders’ views, the Group constantly communicates with its internal and external stakeholders through a variety of channels, such as meetings, emails, hotlines, interviews and advice box.

Employees	Suppliers
Engage employees through creating a safe and healthy workplace with learning and development opportunities.	Inform suppliers of the Group’s environmental and social standards by communicating relevant policies and guidelines during supplier selection and assessment.
Customers	Communities
Monitor service quality and handle customer feedback in a timely manner to enhance customer satisfaction.	Support the community through participating in voluntary services and making charitable efforts, such as donation.

MATERIALITY ASSESSMENT

To identify the most important environmental and social issues concerning the Group and its stakeholders, the Group appointed CCA to conduct a materiality assessment. Evaluating the insights of the management interview and expert advice, the Group has identified three material issues from the 11 environmental and social aspects of the ESG Reporting Guide to be the focus of the reporting.



Looking ahead, the Group will continue to explore different forms of engagement channels that facilitate quality exchanges with stakeholders and stakeholder feedback on the Group.

PROTECTING THE ENVIRONMENT

The Group attaches importance to environmental protection and resources management. The Group has obtained ISO 14001 environmental management system certification since 2014 for its building construction and decoration works. With reference to the requirements under ISO 14001, the Group formulated the Integrated Management System Policy and the Internal Environmental Monitoring Procedure which prescribe measures to properly manage emissions and the use of resources.

AIR EMISSIONS MANAGEMENT

The main source of air emissions of the Group is dust produced by its operations. In the Year, air pollutants mainly included nitrogen oxides, sulphur oxides and respirable suspended particulates.

Air pollutants	Emissions of 2018 (kg)
Nitrogen oxides	165.40
Sulphur oxides	6.19
Respirable suspended particulates	2.31

To reduce and control the air pollutants emitted from construction materials and operations, the Group implemented the following measures in line with the *Operating Procedures for Internal Environmental Regulations*:

Operation

- Spray working area of earthworks, tree uprooting or removal of street lights with water;
- Spray water on the surface during power-driven drilling, cutting, polishing and mechanical breaking operation, unless the process is accompanied by an effective dust extraction and filtering device; and
- Cover demolished items entirely by sheeting or place in an area sheltered on the top and on three sides within a day of demolition.

Cement and debris

- For storage of over 20 bags of cement, they shall be covered entirely by sheeting or placed in an area sheltered on the top and all covered with protection;
- Cover debris entirely by sheeting or store it in an area sheltered on the top and on three sides; and
- Spray debris with water before dumping into a debris chute, which shall be enclosed by sheeting.

PROTECTING THE ENVIRONMENT

Dust producing materials

- Collect dusting producing materials by air pollution control system and dispose of in totally enclosed containers;
- Cover stockpile of dusty materials entirely by sheeting or place in an area sheltered on the top and the three sides; and
- Spray with water or a dust suppression chemical to keep the entire surface wet, particularly during loading, unloading or transfer.

Vehicles

- Use lead-free fuel whenever possible; and
- Perform regular inspection and maintenance of vehicles.

Refrigerants and fire suppression equipment

- Require the use of environment-friendly refrigerants and fire suppression equipment; and
- Regularly inspect air-conditioning system and fire suppression system to prevent leakage of refrigerants and fire extinguishing agents.

GREENHOUSE GAS EMISSIONS

Greenhouse gas (“GHG”) emissions are closely related to climate change. To quantify the GHG emissions generated, the Group commissioned an independent consultant to conduct a carbon assessment with reference to Guidance for Accounting and Reporting Corporate GHG Emissions and the international standard ISO 14064-1. The quantification results were as follows:

GHG emissions	Emissions of 2018 (tonne of CO ₂ -e)
Scope 1 – Direct emissions	21.9
Scope 2 – Energy indirect emissions	60.6
Scope 3 – Other indirect emissions	2.4
Total GHG emissions	84.9
GHG emissions intensity (by employee number, i.e. tonne of CO ₂ -e/employee)	1.89

During the Year, total GHG emissions of the Group were 84.9 tonnes of CO₂-e, and the GHG emissions intensity was 1.89 tonnes of CO₂-e per employee. The primary source of GHG emissions was purchased electricity in Scope 2, accounting for approximately 71.3% of the total emissions. Another major source was fossil fuel combustion in vehicles in Scope 1, which accounts for 23.5% of the total emissions.

PROTECTING THE ENVIRONMENT

ENERGY MANAGEMENT

During the Year, the total energy consumption was 153.2 MWh-equivalent (“MWh-e”), and the energy intensity was 3.41 MWh-e per employee. Energy consumed included petrol and purchased electricity, accounting for approximately 53% and 47% of total consumption respectively.

Energy consumption		Consumption of 2018
Direct energy	Petrol (MWh-e)	80.9
Indirect energy	Purchased electricity (MWh)	72.3
Total energy consumption (MWh-e)		153.2
Energy Intensity (by employee number, i.e. MWh-e/employee)		3.41

To properly manage the use of energy and the associated GHG emissions, the Group implemented the following energy saving measures according to the *Operating Procedures for Internal Environmental Regulations*:

Fuel

- Switch off welding machines and furnaces during breaks or not in use; and
- Handle fuel leakage immediately and properly.

Electricity

- Turn off all unused electrical and electronic appliances in unoccupied rooms.

Awareness

- Educate employees on wise use of energy.

WASTE MANAGEMENT

Raw materials used by the Group in construction works mainly include wood boards, plasterboard, iron plate and iron framework. The main types of waste produced by the Group include general office waste, large electrical appliances and machinery, and general construction waste. During the Year, total non-hazardous waste generated by the Group was 0.1 tonnes and the non-hazardous waste intensity was 0.002 tonnes per employee. There was no hazardous waste produced during the Year.

PROTECTING THE ENVIRONMENT

The Group handled the waste generated in its operation with caution. The Group required proper collection, handling and documentation of waste in accordance with the *Operating Procedures for Internal Environmental Regulations*. The methods of handling are shown below:

General office waste	<ul style="list-style-type: none">Sorted waste paper and arranged recyclers to collect and reuse; andArranged environmental contractors to collect toner cartridges and ink cartridges for further handling.
Large electrical appliances and machinery	<ul style="list-style-type: none">Collected by waste collectors, electrical appliance recyclers or social welfare organisations for recycling or reuse.
General construction waste	<ul style="list-style-type: none">Reused construction waste on site, such as hoarding, formwork and scaffolding;Collected and sorted recyclable materials for recycling; andSent non-recyclable waste and landfill materials to public landfills.

PROTECTING THE ENVIRONMENT

Construction and demolition waste is produced by construction and fitting-out works. The Group seeks to reuse and recycle the waste on site as far as practicable. Waste that cannot serve such purpose is collected by qualified recyclers or transported to dumping areas if needed. The type, weight and disposal method are categorised in the table below:

Waste type	2018	2017 (tonne)	2016	Disposal method
Cement and sediment for brick wall and the ground	14	15	20	Transporting to dumping areas
Gypsum board	1	1	1	Transporting to dumping areas
Planks	3.5	4	5	Recycling and reusing (some planks are transported to dumping areas)
Iron plate, iron frame, and others	10	12	15	Recycling and reusing
Electric wire	0.5	0.5	0.5	Recycling and reusing
Plastic film for site protective facilities	0.1	0.15	0.15	Recycling and reusing
Cardboard box for goods packing	2	3	3.5	Recycling and reusing
Total	31.10	35.65	45.15	–

WATER MANAGEMENT

During the Year, the total water consumption of the Group was 6.7 cubic metres, the water intensity was 0.149 cubic metres per employee. The Group sourced water from the municipal supply and had no issue in sourcing water fit for purpose. With regard to water conservation, the Group required employees to use water wisely and report water leakage for timely repair. Water conservation notices are posted at construction sites to remind employees of conserving water and avoiding wastage.

Due to the nature of its business activities, the Group did not produce wastewater in significant amount. Wastewater was mainly produced during cleaning of construction sites and by cooling equipment. To prevent wastewater pollution or clogged drains, the Group prohibited direct discharge of construction wastewater into the rainwater gutter, as well as dumping of waste, sand, dust sedimentary materials and materials harmful to the environment at the sewage pipe. Wastewater pre-treatment was carried out to remove gravel and sand before discharging to the sewage pipe.

PROTECTING THE ENVIRONMENT

THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands the importance of protecting the environment surrounding its operations and using natural resources efficiently. The Group strives to prevent environmental pollution and ensures its compliance with the relevant local laws and regulations through implementing the ISO 14001:2015 environmental management system.

To reduce and manage environmental risks, the Group established the *Procedures to Identify Environmental Factors* to identify the environmental impact of its day-to-day operations in respect of seven environmental factors, namely resources consumption, waste production, air emissions, water pollution, noise pollution, soil pollution and lifecycle.

In addition, the Group gives priority to purchasing environment-friendly office supplies or project raw materials as prescribed in the *Operating Procedures for Internal Environmental Regulations*, including products with environmental labels verified by independent third parties, products made with environment-friendly or recyclable materials, and energy saving or noise reducing machinery or electrical appliances.

The Group abided by environmental laws and regulations, including but not limited to Law no. 2/91/M, Administrative Regulation No. 28/2004: the General Regulations Governing Public Places, the pollution-related crimes prescribed in the Penal Code, Decree Law no. 46/96/M and Decree Law no. 54/94/M of Macau. During the Year, there was no non-compliance case in relation to emissions within the Group.

CARING FOR EMPLOYEES

Employees' dedication is the cornerstone of the Group's long-term viability. The Group respects its employees and is committed to creating a fair and safe workplace with ample learning and development opportunities.

HEALTH AND SAFETY

To safeguard the safety and health of employees, the Group put in place a series of policies and measures, covering safety risk management, safety at construction sites and offices, and safety education.

Safety risk management

The Group has achieved the OHSAS 18001:2007 occupational health and safety management system certification for its provision of building construction and decoration works. In line with the international standard, the Group developed the *Industrial Safety Management Policy* that sets out internal safety rules and measures.

The site safety committee is responsible for the implementation of safety management system and identification of safety risks at construction sites through regular safety risk assessments, inspections and meetings. It is also responsible for supervising safety operations to ensure employees comply with the relevant local laws and regulations and the Group's safety rules.

During the Year, the Group identified and monitored high-risk operating posts, including ceiling workers, workers operating at heights, electricians, welders, workers involved in other thermal processes and workers working in a noisy or dusty environment. There were a total of 79 employees working at high-risk positions, representing 48% of the total number of employees.

Safety at work

To protect employees from injury, the Group's *Inhouse OSH Guideline* gives guidance on occupational health and safety policies and guidance on safe work at offices and construction sites. At offices, the Group provided employees with occupational health and safety tips for using computers.

At construction sites, the Group implemented the *Industrial Safety Management Policy* to stipulate safety system and measures. Safety manual and the *Personal Protective Equipment Working Instruction* are distributed to employees for them to understand guidelines on safe operation and correct use of personal protective equipment, such as goggles, hearing protectors and safety harness. Specific safety rules of hazardous activities, such as welding, lifting operation and woodworking, are posted in the proximity of construction sites. To enhance safety awareness, the Group provided employees with induction training and regular training on topics such as safety policy, knowledge and practice, safety rules for fire and lifting, and personal protective equipment. Safety supervisors are responsible for identifying and reviewing training needs with regard to construction safety.

CARING FOR EMPLOYEES

To facilitate improvement of the relevant policies and measures, the Group encourages employees to raise suggestions or feedback by establishing an employee feedback channel.

During the Year, there were no cases of work injury or fatality. The Group abided by laws and regulations in relation to health and safety, including but not limited to Decree Law No. 37/89/M, Decree Law No. 44/91/M and Decree Law No. 40/95/M: Employees' Compensation Insurance Ordinance of Macau. During the Year, there was no non-compliance case in relation to health and safety within the Group.

EMPLOYMENT

A sound employment system is key to talent attraction and retention. The Group's employment policies and terms, including but not limited to compensation and dismissal, recruitment and promotion, working hours, rest periods, and other benefits and welfare, are communicated to employees through the *Staff Handbook*, *Human Resources and Payroll Policy* and written employment contracts.

The Group offers competitive remuneration and benefits. In addition to mandatory holidays, the Group offers paid annual leave, marriage leave, compassionate leave and maternity leave to eligible employees. The Group also provides performance bonus on top of basic salary. Remuneration packages and benefits are reviewed periodically.

Equal opportunity, anti-discrimination and diversity

The Group dedicates itself to creating a workplace with fairness and equal opportunities, and does not permit any form of discrimination. Employees are treated equally regardless of factors such as gender, pregnancy, disability, race, religion, age, marital status or family role. Employment and remuneration are determined based on employees' qualifications, relevant experience, position and seniority.

The Group established the *Board Diversity Policy* outlining the approach in achieving the Board's composition of diversified perspectives, including but not limited to gender, age, cultural and educational background, as well as professional qualifications and experience. To drive diversity at the workplace, the Group plans to introduce the relevant policies and operation guidelines to its *Environment, Social and Governance Regulations*.

Employee communication

Keeping communication open is vital to employee engagement and developing a corporate culture. The Group expects every department to meet with their employees on a regular basis to understand their concerns and ideas. Employees can raise suggestions via meeting, email or letter to the department head, Financial Controller or Director. With regard to internal complaints regarding the management or the Group, employees can raise them to the audit committee. The Group will investigate the reported matters in confidentiality and inform the employee(s) concerned of the results in a written form within three months. During the Year, there were no cases of complaint related to discrimination and harassment.

CARING FOR EMPLOYEES

DEVELOPMENT AND TRAINING

The Group strives to provide employees with adequate learning and training opportunities in support of their career development, as outlined in one of the Group's employee training and development policies, the *Integrated Management System Handbook*. The administrative and purchasing manager is responsible for formulating an annual training programme to address employees' learning needs. The Group assesses the effectiveness of the training through review meetings, knowledge tests or trainer assessments.

Percentage of employees who
received training
25.2%

Average hours of training received
by each employee
0.25 hours

During the Year, the Group organised a number of training courses:

Management Systems

- Integrated management systems;
- ISO 27001 information security management;
- ISO 45001 occupational health and safety management system, basic awareness and legal requirements in Macau; and
- ISO 14001 environmental management system, basic awareness and legal requirements in Macau.

Worker Health and Safety

- Safety in demolition work, work at heights and woodworking machinery;
- Use of personal protective equipment; and
- Fire drills.

CARING FOR EMPLOYEES

LABOUR STANDARDS

The Group does not tolerate any forms of child and forced labour in its operations. In line with the *Management Regulations on the Ban on Using Child Labour and Underage Workers*, the Group inspects the identity documents of applicants to verify their age during recruitment as a preventive measure.

The Management System for the Ban on Forced Labour provides clear guidance to every department and employee on preventing forced labour. The Group does not restrict the employment relationship with employees in any unfair way. Employees may resign within the notification period stipulated in their employment agreement. The Staff Handbook and written employment contracts list provisions such as working hours, overtime work and compensation, so that employees understand the employment terms.

The Group abided by laws and regulations in relation to employment and labour standards, including but not limited to Law No. 7/2008: Labour Relations Law and Law No. 4/98/M: Framework Law on Employment Policy and Worker's Rights of Macau. During the Year, there was no non-compliance case in relation to employment and labour standards.

GIVING BACK TO THE COMMUNITY

Supporting the community and driving business growth are inextricably linked. As a responsible enterprise, the Group strives to support the local community while meeting business needs. Its commitment is underlined in the *Provision on the Community Investment Management* that sets out a common approach and framework among all departments and subsidiaries for community investment activities.

The Group seeks to make contributions and create positive impact in the areas including environmental protection, education, culture, science, health, community building and poverty relief. The Group encourages its employees to apply their skills to community initiatives, and participate in voluntary services and charitable activities. During the Year, the Group focused its support on culture and sports, and made approximately HK\$34,500² worth of community donations.

²

Converting MOP\$1 to HK\$0.97

OPERATING RESPONSIBLY

The Group dedicates itself to enhancing its supply chain and quality management to deliver quality products and services to customers. In addition to placing emphasis on constant communication with suppliers and customers, the Group has in place a range of quality control and operational measures covering the supply chain, buildings and decoration works, and after-sales service.

SUPPLY CHAIN MANAGEMENT

During the Year, the Group's 362 suppliers were distributed across Macau, Hong Kong and Mainland China. They were mainly contractors, subcontractors, material suppliers and service providers. The Group pays attention to the environmental and social performance of its suppliers, and take the relevant factors into account in its supplier selection and assessment processes as outlined in the *Procedure on Management System* to reduce environmental and social risks in its supply chain.

When selecting suppliers, the Group gives priority to those who adopt environmental, health and safety, and quality standards, and achieve the relevant certifications, such as the ISO 14001 environmental management system, OHSAS 18001 occupational health and safety management system and ISO 9001 quality management system.

The quality of fitting-out materials has a significant impact on product quality and users' health and safety. The Group assesses the suppliers and evaluates their technical competence, previous performance, experience, personnel qualification, product quality and other relevant criteria periodically. Site inspection and quality check on materials and product samples are conducted where applicable. For suppliers who fail to meet the assessment standards, the Group may terminate their partnership.

The Group informs suppliers of its requirements on environmental and social performance by communicating the *Subcontractor Working Guideline*. Suppliers are prohibited from supplying any material, product or service which fails to comply with applicable environmental laws and regulations, or contains hazardous or toxic substances. Suppliers are expected to maintain a safe working environment for their workers, such as by providing adequate personal protective equipment. The Group requests suppliers to sign the *Subcontractor Working Guideline* to acknowledge the Group's requirements.

OPERATING RESPONSIBLY

PRODUCT RESPONSIBILITY

The Group offers buildings and decoration works of satisfactory quality in a responsible manner and ensures that its products and services are safe to users. The Group has established a quality management system with ISO 9001:2015 quality management system certification and developed a set of quality-related policies. The *Quality Assurance Plan and Incident, Non-conformity Control and Integrated Management System Policy (Quality Policy)* outline the quality measures and guidelines on meeting the Group's standards and customers' requirements.

Materials

- Inspect and record all materials upon arrival on site, and label them with supplier information for identification;
- Conduct visual material inspections and site testing; and
- Separately mark materials with spray paint for identification.

Works

- Identify and implement proper installation and construction methods to minimise rectification; and
- Conduct formal inspections by construction managers.

Storage

- Store materials in container or authorised storage space, keep away from water to prevent rusting; and
- Store ready-to-install fabricated items and completed works in designed area and protect them from damage caused by movement of materials or access to other parts of the works.

Non-conformity and quality matters

- Ensure timely handling of any non-compliance on site and non-conforming materials and works, through investigation, quality reassessment, separation and rectification.

To ensure the effectiveness of quality control, the quality assurance/quality control representative is responsible for day-to-day supervision and inspection. Internal quality audit is also carried out every three months.

OPERATING RESPONSIBLY

Customer feedback management

The Group values customer feedback and is committed to maintaining good relationships with customers. For fitting-out projects, the Group generally provides a warranty period of two to 12 months for monitoring service quality and customer feedback.

The *Integrated Management System Handbook* provides guidance on handling customer feedback. Non-complaint cases will be handed to the relevant departments for further handling. For complaint cases, the Group will conduct investigation and formulate corrective and preventive measures to enhance product and service quality. During the Year, the Group was not involved in any product recall or customer complaints.

Protection of customer privacy and intellectual property rights

The Group respects customers' privacy and intellectual property rights of third parties. The Group prohibits contractors and subcontractors from disclosing confidential information, such as client information, data information, know-how, methods, formulations and products. In the event of data loss or leakage, the Group will immediately inform customers concerned and initiate remedial measures.

The Group's business does not involve product advertising and labelling. The Group abided by laws and regulations in relation to product responsibility, including but not limited to the Commercial Code of Macau. During the Year, there was no non-compliance case in relation to product responsibility, including health and safety, advertising, labelling and privacy matters, within the Group.

ANTI-CORRUPTION

The Group prohibits any form of corruption such as bribery, extortion, fraud, money laundering or misappropriation of public funds. The *Staff Handbook* states clearly the Group's stance and expectations on employees and suppliers. They are required to abide by the Group's policy and all applicable anti-corruption laws and regulations.

The Group abided by laws and regulations in relation to anti-corruption, including but not limited to the Penal Code and the law entitled Prevention and Suppression of Bribery in the Private Sector of Macau. During the Year, there was no non-compliance case in relation to corruption within the Group and there was no corruption litigation case against the Group or its employees.

KEY PERFORMANCE INDICATORS SUMMARY

ENVIRONMENTAL PERFORMANCE

Environmental Key Performance Indicators	Quantity	Unit/remarks
Air emissions		
Nitrogen oxides	165.40	kg
Sulphur oxides	6.19	kg
Respirable suspended particulates	2.31	kg
GHG emissions		
Scope 1 – Direct emissions	21.9	tonne of CO ₂ -e
Scope 2 – Energy indirect emissions	60.6	tonne of CO ₂ -e
Scope 3 – Other indirect emissions	2.4	tonne of CO ₂ -e
Total GHG emissions	84.9	tonne of CO ₂ -e
GHG intensity (by number of employees)	1.89	tonne of CO ₂ -e/employee
Hazardous waste		
Total hazardous waste	0	No hazardous waste was produced
Hazardous waste intensity	0	during the Year
Non-hazardous waste		
Non-hazardous waste	0.1	tonne
Non-hazardous waste intensity (by number of employees)	0.002	tonne/employee
Energy consumption		
Petrol	80.9	MWh-e
Electricity	72.3	MWh
Total energy consumption	153.2	MWh-e
Energy intensity (by number of employees)	3.41	MWh-e/employee
Water consumption		
Total water consumption	6.7	cubic metre
Water intensity (by number of employees)	0.149	cubic metre/employee
Packaging material used for finished products		
Total packaging material used	Not applicable	No packaging materials were used
Packaging material intensity	Not applicable	during the Year

KEY PERFORMANCE INDICATORS SUMMARY

SOCIAL PERFORMANCE

Number of employees							
By gender, employee category and age		Below 30	30 to 40	41 to 50	Above 50	Total of 2018	Total of 2017
Male	C-level executives	0	1	0	1	163	179
	Senior management	0	1	0	5		
	Middle management	0	1	2	4		
	General employees	11	24	55	36		
Female	C-level executives	0	2	0	0	91	49
	Senior management	0	0	1	0		
	Middle management	0	3	1	0		
	General employees	6	6	0	3		
New employees							
Male	C-level executives	0	0	0	0	91	49
	Senior management	0	0	0	1 (20%)		
	Middle management	0	0	0	0		
	General employees	11 (100%)	18 (75%)	40 (73%)	18 (50%)		
Female	C-level executives	0	0	0	0	55.2%	27.4%
	Senior management	0	0	0	0		
	Middle management	0	1 (33%)	0	0		
	General employees	1 (17%)	1 (17%)	0	0		
Rate of new employees							
Employee turnover							
Male	C-level executives	0	0	0	0	104	82
	Senior management	0	0	2 (100%)	0		
	Middle management	0	0	0	0		
	General employees	17 (100%)	22 (92%)	42 (76%)	20 (56%)		
Female	C-level executives	0	0	0	0	63.8%	45.8%
	Senior management	0	1 (100%)	0	0		
	Middle management	0	0	0	0		
	General employees	0	0	0	0		
Employee turnover rate							

KEY PERFORMANCE INDICATORS SUMMARY

Compensation					
		Amount	Ratio to	Total amount	Total amount
		(HK\$)	total amount	of 2018	of 2017
By gender and employee category				(HK\$)	(HK\$)
Male	C-level executives	346,000	11.6%	2,978,350	1,202,136
	Senior management	349,650	11.7%		
	Middle management	202,000	6.8%		
	General employees	1,700,770	57.1%		
Female	C-level executives	40,000	1.3%		
	Senior management	60,000	2.0%		
	Middle management	61,100	2.1%		
	General employees	218,830	7.3%		
Health and safety				2018	2017
Work-related injury				0	1
Work-related fatalities				0	0
Incidence of work-related injury per 1,000 employees				0	5.6
Lost days due to work-related injury				288 ³	0
Training				2018	2017
Total number of employees who have received training				41	37
Percentage of employees who have received training				25.2%	20.7%
Total number of training hours				41	192
Average training hours per employee				0.25	1.07
Number of employees who have received regular performance and career development reviews				97	—

³ Lost days due to the case of work-related injury in 2017.

KEY PERFORMANCE INDICATORS SUMMARY

Suppliers			
Location of suppliers	Type of suppliers	Number	Percentage of suppliers that implemented the Group's practices
Macau	Building materials	24	100%
	Materials	18	
	Subcontractors	78	
	Others	24	
Hong Kong	Building materials	4	100%
	Materials	10	
	Subcontractors	104	
	Others	4	
Mainland China	Building materials	17	100%
	Materials	54	
	Subcontractors	17	
	Others	8	
Total		362	100%

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7, 9-10, 12
A1.1	The types of emissions and respective emissions data.	7, 21
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	8, 21
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9, 21
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	9, 21
A1.5	Description of measures to mitigate emissions and results achieved.	7-11, 21
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	9-11, 21
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	7, 9, 12
A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	9, 21
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	11, 21
A2.3	Description of energy use efficiency initiatives and results achieved.	9, 21
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	11, 21
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	21
A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	12
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	12

ESG REPORTING GUIDE CONTENT INDEX

Material Aspect	Content	Page Index
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	14, 16
B1.1	Total workforce by gender, employment type, age group and geographical region.	22
B1.2	Employee turnover rate by gender, age group and geographical region.	22
B2 Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	13-14
B2.1	Number and rate of work-related fatalities.	23
B2.2	Lost days due to work injury.	23
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	13-14
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	15
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	23
B3.2	The average training hours completed per employee by gender and employee category.	23

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Material Aspect	Content	Page Index
B4 Labour Standards		
General Disclosure	Information on:	16
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	16
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	18
B5.1	Number of suppliers by geographical region.	24
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	18, 24
B6 Product Responsibility		
General Disclosure	Information on:	19-20
	(a) the policies; and	
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	20
B6.2	Number of products and service related complaints received and how they are dealt with.	20
B6.3	Description of practices relating to observing and protecting intellectual property rights.	20
B6.4	Description of quality assurance process and recall procedures.	19-20
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	20

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Material Aspect	Content	Page Index
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	20
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	20
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	17
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	17
B8.2	Resources contributed (e.g. money or time) to the focus area.	17