

Mirror your lifestyle

Corporate Sustainability Report 2019



CLEAR MEDIA LIMITED

白馬戶外媒體有限公司

Stock Code : 100

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About This Report

1 ABOUT THIS REPORT

This is the fourth Corporate Sustainability Report for Clear Media Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), highlighting our environmental and social achievements in 2019. This report was prepared to fulfil the “comply or explain” provisions and “recommended disclosures” of the Environmental, Social and Governance Reporting Guide (“ESG Reporting Guide”) under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”).

1.1 Reporting Principles

The Group endeavors to enhance the transparency and accountability of the report by adhering to the core reporting principles outlined in the ESG Reporting Guide, including materiality, quantitative, balance and consistency.

Materiality	Quantitative
We attach the great importance of engaging with stakeholders. To establish a long-term relationship with our stakeholders, establishing regular communication channels allow us to deepen our understanding of their concerns and expectations in our environmental and social sustainability performance.	We closely monitor and disclose indicators related to environmental and social sustainability in a quantitative manner. Comparisons are concluded annually to assess upon our environmental indicators in this report.
Moreover, we have appointed an independent consultant to conduct wide-ranging stakeholder engagement exercises to identify and disclose the materiality issues concerning our sustainable business development.	
Balance	Consistency
This report demonstrates the process for identifying materiality that wholly projects our performance in areas related to environmental, social and governance. All the pretexts to be mentioned in this report justify the non-disclosure on a sound ground when necessary.	For the ease of comparisons, the management approach and the adopted methodology in this report are consistent with the previous reports.

1.2 Reporting Scope and Period

This report covers the Group’s environmental and social sustainability performance of its bus shelter advertising panel business operations in China from 1 January 2019 to 31 December 2019.

1.3 Feedback Mechanism

Aiming to enhance our report disclosure, we look forward to receiving your feedback and suggestions on how we can improve our corporate responsibility and sustainability performance. Please feel free to contact us:

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Chairman's Statement

2 CHAIRMAN'S STATEMENT

I am delighted to present the fourth Corporate Sustainability Report of Clear Media. This Report highlights our achievements in fostering the sustainable development of our bus shelter advertising business in 2019.

In 2019, China was experiencing slower economic growth due to the challenging macro-economic environment and a majority of customers from the e-commerce and IT industries have remained cautious with their spending on advertising. As a result, the revenue contribution from the e-commerce sector decreased to 24% (2018: 30%) and that from the IT digital product sector decreased to 17% (2018: 29%). Despite seeing revenue growth from customers in most of the traditional industries, it was not sufficient to offset the revenue decline from clients in the aforementioned sectors. Moreover, the outbreak of the novel coronavirus (COVID-19) in 2020 could further slow China's economic growth, negatively impact customers' advertising spend and reduce demand for advertising space. As a result, our management plans to focus their efforts on controlling the Group's cash outflows in the upcoming year.

Despite adjusting and strengthening our business strategies, we insist on embracing our social and environmental responsibility as a corporate citizen. On one hand, we make good uses of our resources to share healthcare tips, spread anti-epidemic educational messages and express gratitude to all medical professionals via advertising panels in different cities. Through leveraging our media promotion capability, we express our care about the community by raising public awareness regarding the importance of pandemic prevention and personal hygiene on the charitable advertisements. Besides, we always put our employees at our top priority and value them as the key to our business development. To better attract and retain talents, we provide our employees with ample training opportunities, a fair appraisal and career advancement mechanism and a rewarding work environment. Meanwhile, we attach importance to occupational health and safety risks in our operations by way of providing sufficient safety equipment and training to our employees.

On the other hand, we continue our endeavour of promoting environmental sustainability within our operation. In 2019, we refurbished 1,798 bus shelters in 10 cities so as to further enhance our energy and resource efficiency. At the same time, digitalization is a giant leap for our business and customers, bringing more visual effects and a higher return on investment.

Sustainable development cannot be achieved overnight. It requires continuous commitment to environmental protection and social well-being. In order to meet the expectations of stakeholders for our sustainability performance, our sustainability management team supervises and guides the operations business units to carry out sustainability work in daily operations.

Looking into the future, we have high hope that we would soon come out of the shadows together and a more sustainable community could be built with the help of each member in society.

Joseph Tcheng
Chairman

13 July 2020

Clear Media at a Glance

3 CLEAR MEDIA AT A GLANCE

3.1 Our Business

Since 2001, the Company has been listed on the Hong Kong Stock Exchange. Being the largest operator of bus shelter advertising panels in China, the Company has an extensive market coverage in more than 25 major cities in China, including first-tier cities such as Beijing, Guangzhou and Shanghai, and mid-tier cities such as Shenzhen, Dalian, Harbin, Changchun, and Fuzhou. We continue to expand our business scale and have increased the number of standardized bus shelter advertising panels to more than 57,000 panels in the reporting year of 2019 from the 54,000 in 2018.

3.2 Corporate Culture

As a leading player in the outdoor advertising industry, the Group makes sure that our operations are of high quality and comply with local and international standards. To this end, we have constantly engaged our stakeholders to develop a business model that is mutually beneficial to our partners and the Company. The Company has established five key strategies for achieving sustainable growth, which include:

- Enlarge our bus shelter network for more advertising operations — maintaining continued business growth in key growing cities
- Seize opportunities in industry consolidation — expanding business through acquisitions
- Cultivate business contacts — increasing the clientele locally and internationally
- Tap the Potential of Existing Business Network — maximizing yield and return on investment
- Product Quality and Innovation — maintaining the high quality of the bus shelters for advertising with format as standardized nationwide as practicable

3.3 Highlights of Business Development in 2019

In 2019, Clear Media remained the largest operator of bus shelter advertising panels in China, with a more than 70% share of the markets in top-tier cities, and a broad presence in fast-growing cities across the country. The demand from clients in the sectors of e-commerce and information technology digital products decreased due to the unfavorable business environment. It also resulted in a decline of the Company's revenue during 2019. For more details of our financial performance in 2019, please refer to the Company's 2019 Annual Report.

Overview of Sustainability Management

4 OVERVIEW OF SUSTAINABILITY MANAGEMENT

4.1 Sustainability Management

We are committed to upholding stringent standards of corporate governance, management and business ethics as an important cornerstone for the Company to strive betterment and success on our sustainable development. As to build trust and enhance the confidence of our stakeholder on us, our corporate governance structure is established along with the approach and guidance of our parent company, Clear Channel Outdoor Holdings Inc. (“Clear Channel”). For further details, please refer to the Corporate Governance Report of the 2019 Annual Report.

Our Board of Directors (“the Board”) and its committees, including the Audit Committee, are structured to strengthen the corporate governance within the Company. Furthermore, a Working Group which is led by the Chief Financial Officer (“CFO”) is thoroughly established alongside the relevant business units to lay down sustainability strategy and implement decisions. We are committed to uptaking responsibilities with the Board to go above and beyond the latest mandatory requirements outlined by the HKEx which will be effective in upcoming financial years and onwards. The key responsibilities of responsible parties are illustrated as follows:

Responsible Party	Main Responsibilities
Board of Directors	<ul style="list-style-type: none">• Provide strategic guidance on the Group’s Sustainability approach and reporting.• Approve the Corporate Sustainability report.
Chief Financial Officer	<ul style="list-style-type: none">• Advocate Sustainability at the Group level and reviews environmental and social sustainability-related policies, stakeholder feedback, and the Corporate Sustainability report.
Corporate Communication	<ul style="list-style-type: none">• Communicate information about environmental and social sustainability internally and externally, and for the production of the Group’s Corporate Sustainability report.
Operational Business Functions	<ul style="list-style-type: none">• Monitor environmental and social sustainability performance in daily operations and report to the CFO.• Provide environmental and social sustainability-related information for the production of the Group’s Corporate Sustainability report.

4.2 Ethical Business Operation

The Group accords the highest priority to set out ethical goals and conduct business with Clear Channel in a responsible and ethical manner. At our endeavor to combat against corruption, we adhere to laws and regulations at various business locations, include but not limited to the US Foreign Corruption Practice Act (FCPA) and the UK Bribery Act (UKBA) for businesses operated across worldwide, with the exception of the Prevention of Bribery Ordinance and the Criminal Law of the Laws of PRC for local business. Thus, there is no evidence of infringement received upon the complying the laws and regulations.

Considering a set of Business Conduct and Ethics and Anti-Corruption Compliance Policies was formulated and has come into effect, we expect our Directors and employees to comply with the above internal policies and procedures. Any breach of the obligations may thereafter undergo internal control review and liable to receive severe penalties, or even cessation of employment.

Overview of Sustainability Management

Furthermore, the Group has a set of whistle-blowing procedures purportedly established for the effectiveness of the aforementioned ethical business practices. Our whistle-blowing channels are launched for our people to report back to the Audit Committee and the Compliance Officer if any non-compliance case is suspected. We fully protect whistle-blowers and forbid retaliation via all means to repay against respective personnel or departments. We also encourage and appreciate our people to redirect any conflict of interest to their department representatives for further advice and instructions.

Our people are obligated to attend training in the Code of Business Conduct and Ethics and the Anti-Compliance Policy and Procedures which are held by the Group to better understand and stay abreast of the ethical business operations and competent manner at work. In specific, we co-organized an annual anti-corruption and compliance training with an external third-party provider for a total of 163 Board members and employees. The training mainly introduced the local enforcement and recent trends of the anti-corruption laws and the requirements of the Group's Compliance Policies, supplemented with case studies for analysis. Training materials related to this issue are available in our intranet system.

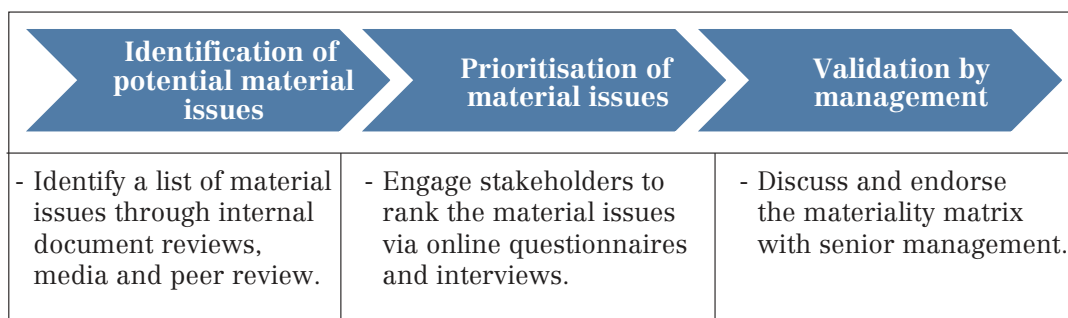
During the reporting period, the Group had not involved in any legal cases of corruption.

4.3 Stakeholder Engagement and Materiality Assessment

Regular comments and feedback are collected from our stakeholders to enhance the Group's sustainability performance. Along with an independent consultant, we engage both our internal and external stakeholders from time to time to further improve on our materiality matrix. This matrix identifies and prioritizes material issues, and lays a solid foundation to guide the formulation and implementation of a sustainability strategy in our business.

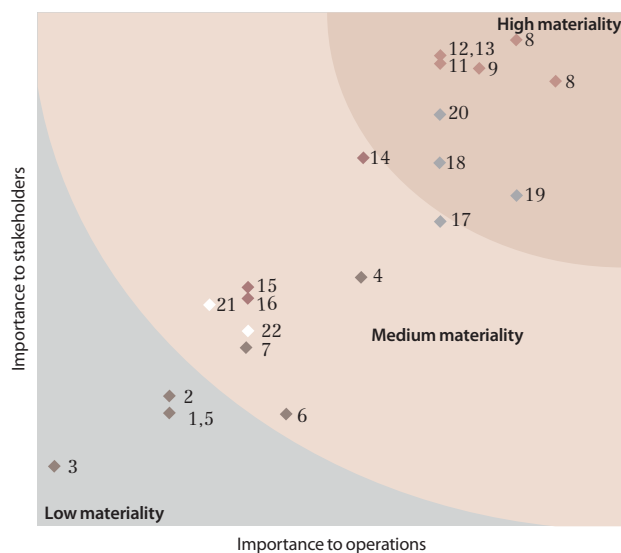
4.3.1 Materiality Assessment

Material sustainability issues related to our business operations are reviewed regularly. To reflect stakeholders' feedback and expectations, the results of stakeholder engagement are regarded as the basis for the materiality assessment. The prioritisation of the material topics followed the principles defined in the ESG Reporting Guide, and the process of materiality assessment is outlined as follows:



Overview of Sustainability Management

The following shows the materiality matrix and material issues identified in the previous assessment. In 2019, the list of material issues was updated by taking peer review as an additional parameter for consideration to better categorize Clear Media’s material ESG issues.



The Environment

1. Use of resources
2. Energy efficiency
3. Water consumption and efficiency
4. Compliance with environmental law
5. Suppliers’ environmental performance
6. Air emissions
7. Waste management

Employees

8. Employment relations
9. Employees’ work-life balance
10. Employee care
11. Occupational health and safety
12. Staff training and development
13. Compliance with labor law

Overview of Sustainability Management

Corporate Governance

- 14. Anti-corruption
 - 15. Suppliers' social responsibility performance
 - 16. Feedback mechanism for stakeholders
-

Product and Service Responsibility

- 17. Intellectual property
 - 18. Compliance with product and service responsibility law
 - 19. Advertisement design and safety
 - 20. Customer privacy
-

The Community

- 21. Leveraging advertising panels for promoting philanthropic causes
 - 22. Philanthropic donations
-

Overview of Sustainability Management

4.3.2 Communication with Stakeholders

Upon conducting the above stakeholder engagement exercise, we have communicated with our stakeholders for feedback to improve the Group's governance. Our stakeholders are classified as internal and external stakeholders. Internal stakeholders consist of our employees, whereas external stakeholders include shareholders/investors, customers, suppliers, community partners and industry partners.

To leverage our sustainability strategy and performance, we actively engage with stakeholders to understand their expectations and comments on our fulfilment in striving for sustainable development. Regular reviews are collected through extensive communication channels in addressing our stakeholders' concerns. The following table summarizes the stakeholder engagement methods in 2019.

Stakeholder Groups	Engagement Methods
Employees	Employees' meetings Employees' performance reviews Internal publications
Shareholders/investors	Shareholders' meetings Investors' meetings Annual General Meeting (AGM) Press releases and announcements Face-to-face meetings Phone interviews
Customers	Face-to-face meetings
Suppliers	Meetings Phone interviews
Community partners	Meetings
Industry partners	Meetings

Our People

5 OUR PEOPLE

Our people are our most important asset in our effort to continually provide excellent services that surpass clients' expectations. Moving beyond legal compliance, we value staff recruitment and retention with regular reviews on human resource policies extending therethrough, coupling with our offering on the competitive remuneration packages, a healthy and safe workplace and ample opportunities for personal advancement.

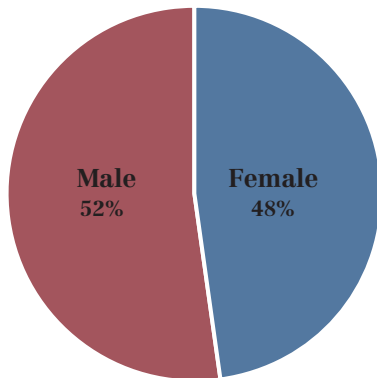
5.1 People-Centered Principle

Upholding to our longstanding people-centered principle, we formulate our human resources policies aimed at safeguarding our people and addressing the stringent requirements over people management. We strictly abide by the laws and regulations concerning the remuneration, benefits and welfare, dismissal, promotion, working hours, leave and prevention of the exploitative child and forced labor. For the present, we take a zero-tolerance approach to workplace discrimination. Successful promotion of our people is decided upon individual work attitude and competent performance, notwithstanding the gender, age, nationality, ethnicity, religion, marital status or disability.

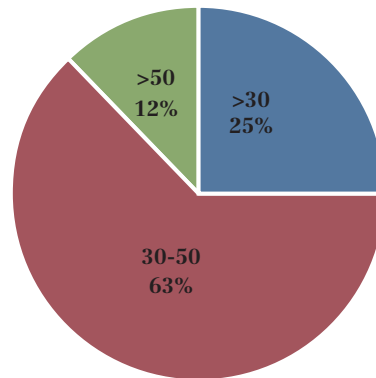
Our endeavor to promoting diversity in the workplace can be demonstrated in our employee demographics:

Total number of employees: 611 (as of 31 December 2019)

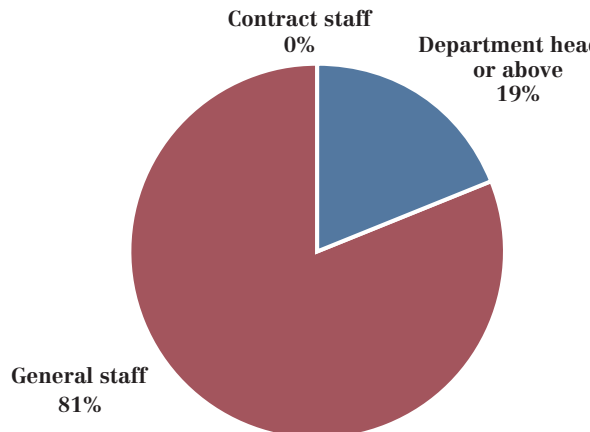
By gender



By age



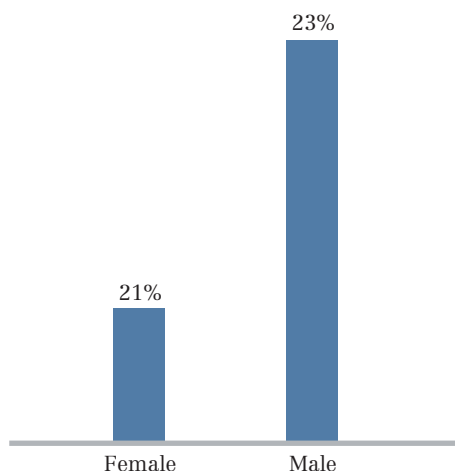
By employee category



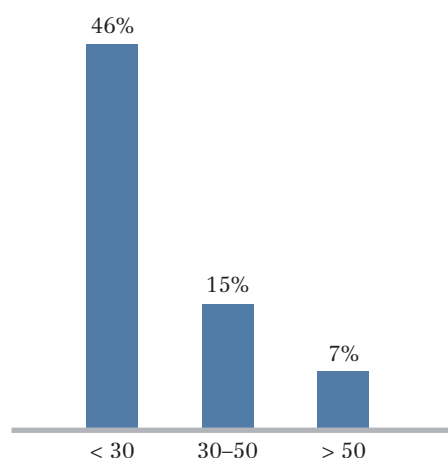
Our People

Employee turnover rates in 2019: 21.9%

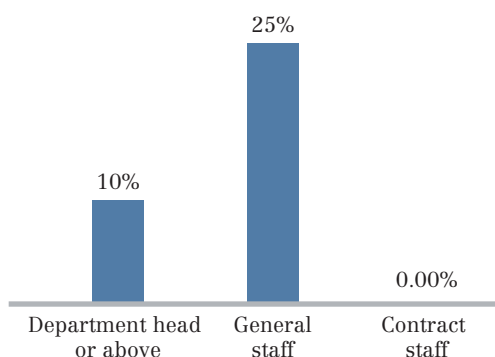
By gender



By age



By employee category



5.2 Remuneration and Benefits

To further stipulate our people have formal rights and responsibilities at work, we emphasize on the remuneration and benefits and the code of conduct, per discussed in our Staff Handbook. For the purpose of protecting our people, our Employee Contracts have conformed to the Labor Contract Law of the People's Republic of China and other relevant laws and regulations.

We uphold the “Pay for performance” principle to determine and adjust the remuneration in accordance to employee’s position, performance and market-centric salary information within the industry. Simultaneously, we follow the “Fairness within the Group and competitiveness among peers” to establish a performance review system for annual performance appraisals and remuneration reviews on a regular basis. A fair and competitive remuneration package is guaranteed for our people at all times.

Apart from the remuneration, our people are entitled to statutory holidays and annual leave of at least 7 days, including at least 12 days of Chinese New Year holidays, in observance to the labor laws in mainland China and Hong Kong. We provide social insurance to our people on the pension, medical treatment, work injuries, unemployment and maternity care. Other standard work benefits, inclusive of housing funds, free annual physical examinations and meal subsidies, are offered as well.

Our People

To further boost the team spirits and bring synergy into the workplace, we organized a “Enjoy the life and have fun” theme party with interactive games for our people. We additionally held other team-based activities during the year, such as birthday parties, corporate outings and incentive travels, team-building lunches and dinner, to unite every employee into a dynamic and cohesive team.



Our people felt relaxed and rejuvenated after having a good time in the theme party.

5.3 Health and Safety in Workplace

In keeping with the “Safety first, focus on prevention” principle, we emphasize on ensuring the loftiest standard of health and safety in the workplace and business operation while raising employees’ awareness of occupational health and safety. We clearly stipulate occupational health and safety by scrupulously observing the Production Safety Law of the People’s Republic of China.

For our people who work in offices and warehouses, we instruct them to remain a neat and tidy workplace where any potential health and safety incidents are minimized. Regular safety checks are in place to ensure the safety equipment in the workplace is well-functioning. Meanwhile, our people working outdoors mainly monitor the projects delivered by our contractors on installing outdoor advertisements and repairing advertising panels, who among all employees, are ostensibly associated with higher-risk exposure to occupational health and safety and that shall not be neglected in our business operation. We resolutely set out an outdoor working guideline with standardized operating procedures stated, including placing of traffic cones near the bus shelters, thereby can prevent accidents to be happened during a work-in-progress of the outdoor operation.

During the reporting year, there were no work-related fatalities over the past three years and no occupational injuries were received in our business operation.

5.4 Career Development and Training

Investing in our people pays off in the bottom-line returns as an ample range of talents enable our teams to be competitive and excellent. With our mature job rotation, promotion and training programs, we actively encourage our people to liberate their potentials and seek personal advancement based on individual and business needs.

Allowing our people to define career goals and progress, we provide internal job rotation and transfer mechanisms across different business functions within the Company, in light of the business needs and performance appraisal to objectively assess applications.

Our eight-level promotion ladder is designated for our sales team to establish clear career pathways along with career development. Their performance is carefully reviewed on a quarterly basis, whilst the appraisal results remain reliable references to determine future promotion. Depending on the needs of the business units and appraisal results, our people from other teams also be assessed for promotion consideration.

In addition, we have designed comprehensive training programs according to the business requirements of acquiring necessary knowledge and techniques per employee, to deliver outstanding product and services. Our internal programs include but are not limited to orientation programs for recent recruits, on-job training, legal training, anti-corruption and code of business training, skills training and management training. Along with, we subsidize our people to attend the external classes offered by third-party providers to supplement our internal training, thus encouraging holistic career development of our people.

Highlights of training figures in 2019:

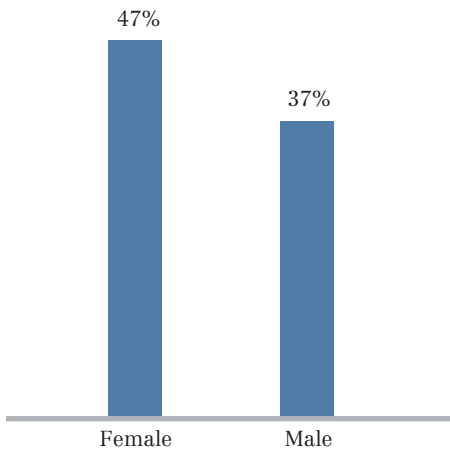
- Total training hour: 2,652 hours
 - Average training hours per employee: 4.34hours
-



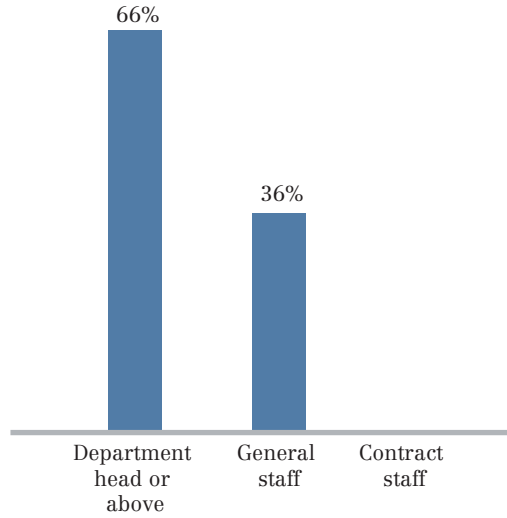
Our People

Percentage of employees trained

By gender

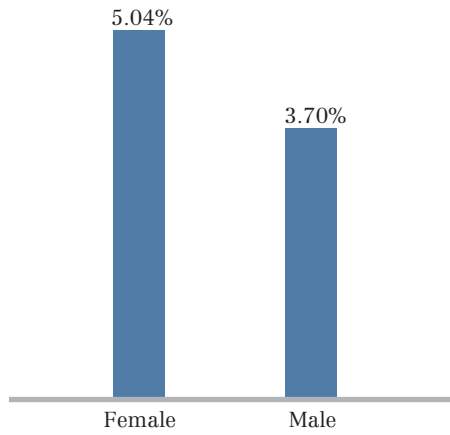


By employee category

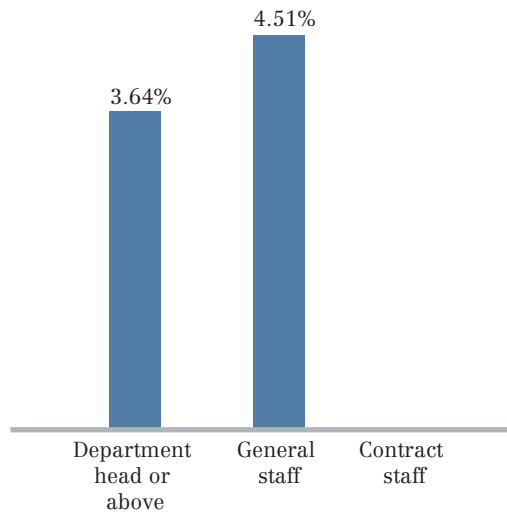


Average training hours per employee

By gender



By employee category



Our Service

6 OUR SERVICE

6.1 Steadfast Commitment to Service Quality

As the largest operator of bus shelter advertising panels in China, we have a market share of more than 70% in top-tier cities, as well as a broad presence in rapidly growing cities across the country. The Group takes pride in our leading position in the outdoor advertising industry and believes that our continued business success will hinge on our ability to maintain high service quality. To achieve this, the Group needs to uphold its longstanding business ethics, implement good supply chain management, and develop an excellent understanding of customer needs. Seeing that business integrity is the cornerstone to the success of every company, the Group strictly abides by the regulations governing the industry such as the Advertising Law of the People's Republic of China and the Regulations on Control of Advertisement. To ensure regulatory compliance and the quality of our service, we have established standards and procedures in each of operation stages, including intellectual property right protection, advertising content review, display operations and customer relations management.

Intellectual property is of paramount importance to a thriving advertising industry, where the originality and creativity of advertising producers need to be protected. To prevent copyright infringement, each of our clients' work will undergo careful examination by our employees before being put onto our bus shelter panels. Moreover, we strictly prohibit other companies from copying the design of our customers' advertising materials. Apart from protecting intellectual property rights, we strictly follow relevant laws and regulations regarding the protection of clients' commercially sensitive information. For instance, all unpublished advertisements from our clients are handled by a designated department and are made only accessible by authorized personnel.

Embracing its role as a responsible public media outlet, the Group attaches great importance to all social implications and the compliance standards of our clients' advertisements. We have established a complete set of guidelines in assessing clients' backgrounds and their compliance declarations. The guidelines list all required information, product labelling and business licenses in all walks of life, including those in those in the pharmaceutical industry, cosmetic industry and alcoholic beverages industry, so that our staff can review and approve clients' applications for placing advertisements accordingly. Moreover, with an aim to curb inappropriate content disclosure under national legislation, the Group assign an internal content reviewer to prohibit any publication of advertisements which are pornographic in nature or about gambling, superstition, violence, or incite racial, religious or sexual discrimination. Throughout the reviewing process, we also ensure the truthfulness of product descriptions and market statistics to be displayed to the general public.

To enhance our controls over service quality, we have formulated procedures to improve our operation management process continuously. For instance, the Operation Department closely monitors the operation of bus shelter advertising panels with frequent on-site inspections to make sure proper placement and cleaning of our advertising panels. Moreover, we protect the rights of our customers by strictly adhering to the business agreements that specify our clients' advertisement periods.

6.2 Supply Chain Management and Responsible Sourcing

As the old saying goes, an artisan must first sharpen his tool to do his job well. The Group acknowledges the importance of good equipment maintenance to maintaining our service quality and regularly engages third parties for advertising display installation and cleaning. To achieve excellent contractor management, we have set up stringent rules and requirements for selecting, supervising and monitoring the performance of our suppliers.

Clear Media has developed a selection mechanism that evaluates supplier performance thoroughly according to a set of criteria. For instance, during the selection stage, we first exclude suppliers with records of mal-performance with our blacklist system and evaluate the credibility of our supplier candidates by requesting them to show it the relevant operating licenses and by conducting research with the help of a third party's due diligence platform. To have a detailed assessment of their work quality, we also require all candidates to submit a work sample. After completing the above selection procedures, the suitable candidate will be offered a procurement price. To ensure effective controls over and fairness of our supplier selection, we have also required responsible directors of the Engineering Department to submit a report for auditing purposes at the end of the selection process.

Besides selecting qualified suppliers, our supply chain management also extends to regular monitoring and evaluation of our suppliers' and contractors' work. Before the start of cleaning and maintenance work, companies' workers are given operation manuals detailing their work procedures. For instance, they are required to clean the outer casing of each bus shelter advertising panel two times per week, clean the whole panel quarterly, and make sure that the panels remain intact. In addition to providing guidelines, our Operations Department has also established an internal monitoring system to oversee the work of suppliers and contractors, where regular on-site inspections are assigned to assess if our suppliers' performance is in line with our requirements and standards. At the end of each year, an annual internal evaluation, led by our Engineering Department, is performed to measure the financial, technical, quality and logistics performance of these suppliers. We organise meetings with our suppliers for reviewing their performance, discussing critical issues that have occurred during operation throughout the year, and identify rooms for their future improvement.

Embracing the concept of sustainable development, we have also implemented different measures to promote environmental, health and safety stewardship in our supply chain. During our procurement process, we have selected printing houses with environmentally friendly materials. They have obtained third-party verification on raw materials standards to validate that their use of ink and spray paint are in compliance with EU REACH Regulation (EC 1907/2006) and Restricted substances (Annex II), EU RoHS 2 (Directive 2011/65/EU) respectively. Suppliers are also required to submit quality warranties annually to prove that their raw materials are purchased from qualified suppliers. In terms of health and safety risks in our supply chain, we require our suppliers to implement precautionary measures and include relevant health and safety guidelines in our operation manuals provided for cleaning and maintenance contractors.

In 2019, we engaged a total of 40 suppliers, all of which are based in mainland China. We have also established relationships with over 11 major suppliers for the construction and supply of bus shelters and other outdoor media.

6.3 Customer Relationship Management

Clear Media believes that through customer relations management it can continue to excel in its services. To better fulfil customers' expectations, the Group schedules acceptance testing on completed advertisement installation upon customers' requests and gives timely responses to their comments and concerns. To safeguard customers' rights, we have also established a standard procedure for advertisement disposal, where all regular advertisement would be kept normally for 3 months after the advertising periods before being disposed of so that our clients can request for keeping the printed materials. Upon disposal, our employees are also required to submit evidence of their disposal work to the Operations Department, including approved disposal request document, receipt from the cleaning operator as well as photos of the handling process.

To listen to our customers' feedback proactively, we have formulated standard procedures and assigned a designated customer service team for handling complaints. Upon receiving each case, our team will record the complaint's content and refer it to the Group's Operations Department, Sales Department and Information centre respectively within 24 hours. An investigation will then be conducted by the responsible department and the response letter will be drafted and sent via our customer service team to the involved parties within three working days. In 2019, there were no complaints about the quality of our service.

6.4 Technological Innovation

Advertising is a fast-changing industry where the means of communication are evolving with the advance of technology. Therefore, the Group is actively embracing technological changes and using innovative means to keep us with the changing customer demand. Believing that digitalization is a giant leap for the next industry development, we have been implementing bus shelter refurbishment plans and digitizing our advertising panels at bus shelters in different cities since 2014. These intelligent electronic panels do not only bring stronger visual effects and higher investment returns, but also serve as a smart information solution that would benefit passengers during their wait for transportation.

As of 31st December 2019, we operated with 261 digital advertising panels in different cities. Our Group's Technical Engineering Department, in that, make uses of different technology-enabled features to improve the design and functions of bus shelters, which include:

- Information including bus route, schedule and real-time arrival time forecast, are now shown on the LCD displays of our panels with the adoption of intelligent information management systems.
- Cameras are also installed to prevent the occurrence of any safety incidents and ensure public security.
- During severe weather conditions, the power system of these panels will be switched off remotely to ensure passengers' safety.

Our Service



Photos showing different technology-enabled features of our advertising panels

Our Environment

7 OUR ENVIRONMENT

As our outdoor advertising panel operation accounts for most of our environmental impact, we strive to promote environmental protection and minimize our environmental footprint during our business operations. By including environmental considerations into our business strategy, we are committed to:

- Maximizing our resource consumption efficiency in aspects including energy, water and other raw materials in our operations;
- Reducing different types of emissions, including greenhouse gas, sewage discharge, land pollution and generation of hazardous and/or non-hazardous wastes; and
- Minimizing the impacts of our operations on the environment and natural resources.

We strictly adhere to environmental laws and regulations like the Environmental Protection Law of the People's Republic of China to reduce air pollution and greenhouse gas emissions, discharge of sewage and waste generation. During the reporting period, there were no cases of non-compliance with such legislation.

Highlights of Environmental Achievements in 2019:

Electricity consumption decreased by 4.21%

Total Greenhouse gas emissions intensity per panel decreased by 9.69%

7.1 Energy Saving

Advertising panel lighting contributes to the major share of our energy consumption in operation and has long been our top priority when it comes to minimizing our environmental footprint. As such, we endeavor to enhance the energy efficiency of our advertising panels at bus shelters. From the beginning of 2014, we have initiated a phase-out program of fluorescent tubes and started replacing them with more energy-efficient light-emitting diodes ("LED") whenever feasible. The LED lighting structures offer energy savings of more than 50% compared to the use of fluorescent tube. In 2019, we continued the replacement in 10 cities and installed a total of 2,143 LED, bringing a reduction of electrical energy consumption by 2,285,886 kWh annually (around 5.4% of annual electricity consumption by our advertising panels at the bus shelters). As of 31 December 2019, about 73% (2018: 74%) of our total bus shelter panels are with LED lighting structures and we plan to gradually increase the ratio in the next few years. In addition, we have installed light controllers and auto timers into many of the lightbox structures which help to reduce electrical consumption. Going forward, we will continue researching and employing the latest technology to raise the energy efficiency of bus shelter advertising operations.

Apart from enhancing energy efficiency by using LEDs, we save energy directly by exerting controls over the lighting hours of our advertising panels. With the installation of timers into our bus shelters' power supply systems, the panels' lighting hours are adjusted to follow local street light control systems. Moreover, in some cities including Zhengzhou, Changchun and Harbin, we do not switch on bus shelter lighting, unless being requested by local governments.

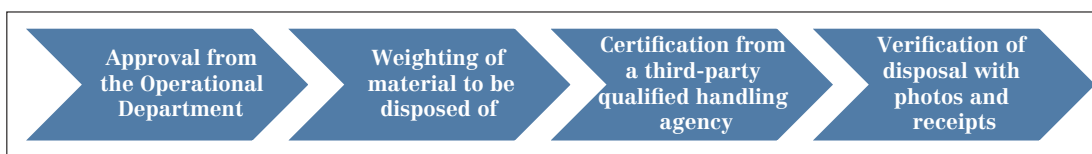
Although the energy consumption at our sales centers and offices is less significant than that of the advertising panels at the bus shelters, we strive to enhance energy efficiency at those places by retrofitting the equipment there with energy-saving devices. For example, we reduce the cooling demand of our Heating, Ventilation and Air-Conditioning (HVAC) systems through the replacement of conventional light fixtures with LED lights since they produce less undesired thermal radiation. To further reduce electricity consumption at the HVAC systems, we maintain air-conditioned temperatures of 25°C during summer and switch to ventilation mode in winter.

Believing that slight changes in behavior would make a difference, we encourage our staff to save energy in their daily work. As outlined in the Staff Handbook, we require our employees to switch off unnecessary electrical appliances before leaving the office. We also promote the concept of being eco-conscious and advocate for recycling whenever possible.

7.2 Managing Waste and Utilizing Resources

In our business operations, the main source of waste is paper waste from advertising sheets, which are required to be properly handled after the end of the client’s rental period. According to our disposal policy, we keep advertising sheets for three months before disposal. It provides chances for our clients to reuse the advertising sheets, to extend their lifecycle and to reduce wastage.

The policy has also set up stringent procedures to manage advertising sheet disposal to ensure proper handling of the sheets by our employees and our contract cleaning companies. The procedures include four major steps:



Moreover, we maintain the verification receipt to record the disposal of advertising sheets so that we could keep track of the implementation of the above waste disposal procedure.

In sales centers and offices, we have implemented measures to reduce resource consumption and waste disposal. To promote the culture of recycling, we have set up a designated area for paper recycling at our offices and recycled unwanted or depreciated electronic appliances, including monitors, computers, printers and mobile phones. To monitor our waste management performance, we maintain an on-going record of recycled electronic appliances. Apart from recycling, we have deployed water-saving faucets in our offices to achieve better water conservation.

7.3 Environmental Performance

During the reporting year, we kept track of our environmental performance with the indicators listed below:

	Unit	2018 Performance	2019 Performance
Greenhouse Gas (GHG) Emissions			
Direct GHG emissions (Scope 1) ¹	tonnes of CO ₂ equivalent (tonnes CO ₂ e)	2,231	1,756
Indirect GHG emissions (Scope 2) ²	tonnes CO ₂ e	41,350	39,609
Total GHG emissions	tonnes CO₂e	43,581	41,365
GHG emission intensity	tonnes CO₂e/panel	0.71	0.64
Electricity Consumption			
Offices	kWh	709,084	625,860
Bus shelters ³	kWh	44,119,698	42,315,723

¹ Direct GHG emissions are from sources that are owned or controlled by the Group.

² Indirect GHG emissions are from the generation of purchased or acquired electricity consumed by the Group. According to HKEx’s latest ESG Reporting Guide Appendix 2: Reporting Guidance on Environmental KPIs, we used the emission factors for Mainland China based operations to calculate the 2019 data, and thus we also restated the 2018 data to ensure the consistency. The emission factor used is the average of all the regional factors in Mainland China due to the wide geographical coverage of the Group’s business operations.

³ Consumption data was estimated based on operational practices.

Our Environment

	Unit	2018 Performance	2019 Performance
Total electricity consumption	kWh	44,828,782	42,941,583
Electricity intensity	kWh/panel	733	666
Water Consumption			
Offices ⁴	cubic meters (m ³)	5,336	6,106
Bus shelter cleaning ³	m ³	11,529	14,941
Total water consumption⁴	m³	16,865	27,314
Water intensity⁴	m³/panel	0.28	0.42
Petrol Consumption			
Petrol consumption in office	Liter (L)	80,923	76,464
Petrol consumption for bus shelter maintenance	L	929,872	718,960
Total petrol consumption	L	1,010,795	795,425
Paper Consumption			
Offices	kilogram (kg)	3,774	3,530
Bus shelter advertising sheets ⁵	kg	205,899	171,964
Total paper consumption	kg	209,673	228,491
Waste Disposal			
General office waste ⁶	kg	32,535	24,913
Bus shelter advertising sheets ⁵	kg	496,700	182,100
Electronic waste ⁷	pieces	471	442
Light tubes from bus shelters and offices ⁸	pieces	60,801	51,375

⁴ Due to limited data access, water consumption data only includes consumption at the offices in Beijing, Urumqi, Shenzhen, Changsha, Guangzhou, Wuxi and Haikou.

⁵ Clients can choose whether the advertising sheet is to be prepared by us or by themselves. Therefore, the amount of paper consumed was lower than the amount disposed of.

⁶ Office waste disposal data was estimated based on operational practices.

⁷ Electronic waste includes discarded desktop and laptop computers, mobile phones, monitors, scanners, projectors, photocopiers and tape drives at our sales centers and offices.

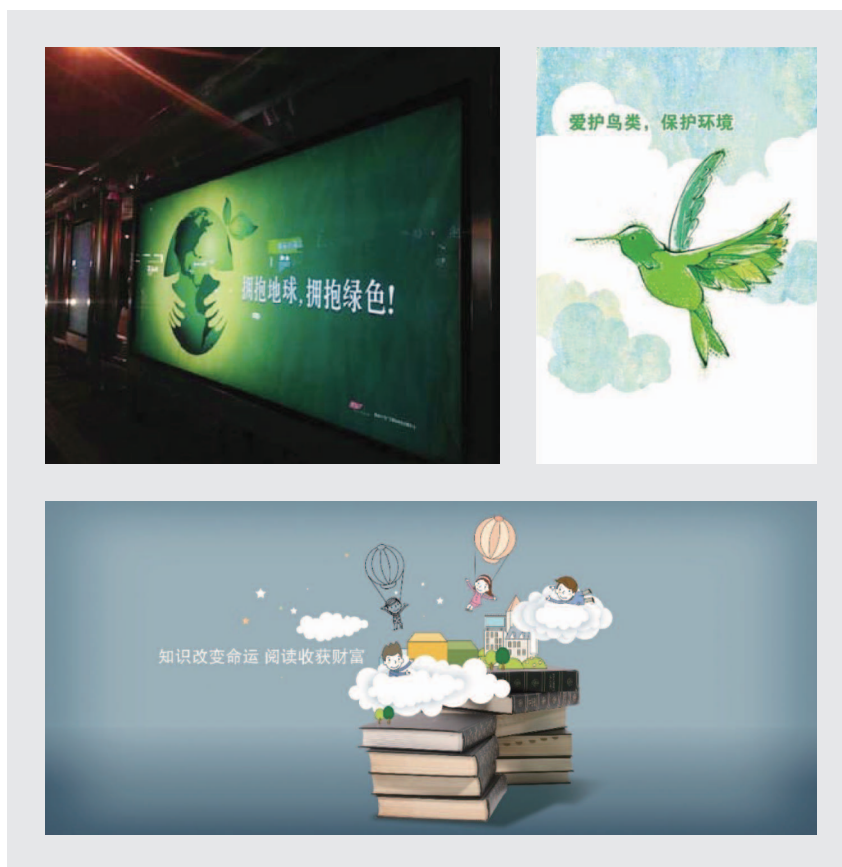
⁸ We started to collect light tube disposal data in 2018 to more accurately reflect our environmental footprint in business operation.

Our Community

8 OUR COMMUNITY

As a prominent advertising operator, we are eager to step into our community when philanthropy meets advocacy and to invariably lead the worthy causes that the public cares about, through the power of words and creativity. The Group thereby devotes to fostering social harmony and demonstrating love and ardent affection through our far-reaching network of the media channels. We also closely communicate with local governments to operate in-sync with policies on media resource development and the use of media resources for the shared purpose of addressing public issues related to environmental advocacy, social health and safety, and more. Aiming at promoting environmental and community health advocacy, as well as embracing good citizenship, the Group takes the lead to make a continuum of charitable efforts in our community investment.

8.1 Promoting Environmental Advocacy and Good Citizenship



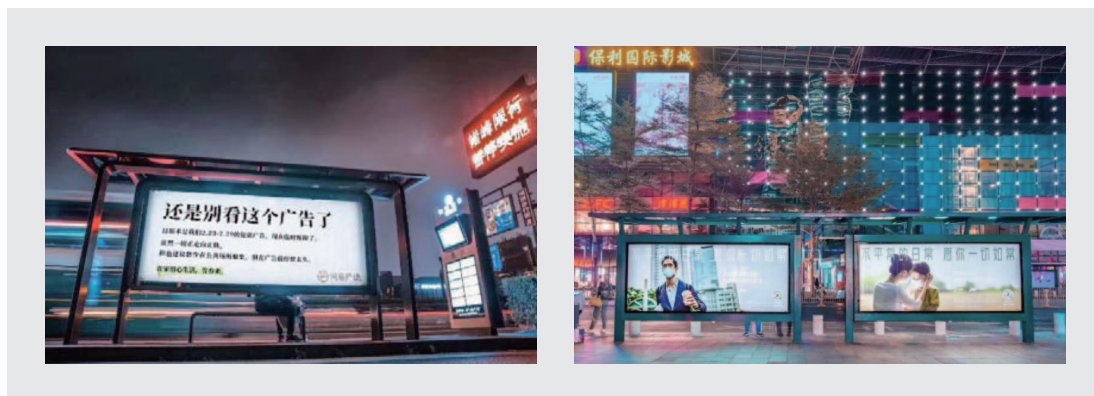
Examples of advertisements focusing on the promotion of natural resource conservation, biodiversity protection and a culture of reading.

8.2 Spreading Health Care Messages

Ever since the outbreak of coronavirus pandemic across the region and the world, we have displayed numerous advertisements on available advertising panels, which are respectfully dedicated for paying tribute and applaud to all the healthcare professionals who are fighting heroically on the front line of the pandemic control and prevention.



Examples of the advertisements for cheering up and expressing gratitude heartily to the people who are fighting against the coronavirus pandemic for China and the community.



Examples of the advertisement displayed on the advertising panels at the bus stations that deliver health care messages to the community for promoting public health.

The Group has also placed advertisements to emphasize on the great importance that should always be attached to individual prevention and control. Our dedication towards delivering health care messages during the outbreak in parallel with the demonstration of our commitment over philanthropic missions.

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9 APPENDIX: HKEX ESG REPORTING GUIDE INDEX

9.1 A: Environmental Performance

Aspects	Descriptions	Sessions in the report	Remarks
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.	Our Environment, Energy Saving, Managing Waste and Utilizing Resources	
	KPI A1.1 The types of emissions and respective emissions data.		It is not material to the core business of Clear Media.
	KPI A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Performance	
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Managing Waste and Utilizing Resources	
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Managing Waste and Utilizing Resources, Environmental Performance	
	KPI A1.5 Description of measures to mitigate emissions and results achieved.	Managing Waste and Utilizing Resources	
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Managing Waste and Utilizing Resources	

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Aspects	Descriptions	Sessions in the report	Remarks
A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Our Environment, Energy Saving	
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Performance	
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Performance	
	KPI A2.3 Description of energy use efficiency initiatives and results achieved.	Energy Saving	
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Managing Waste and Utilizing Resources, Environmental Performance	The results were not actively measured, as it is not material to the core business of Clear Media.
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.		Not applicable to the core business of Clear Media.
A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impact on the environment and natural resources.	Our Environment	
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Energy Saving, Managing Waste and Utilizing Resources	

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9.2 B: Social Performance

Aspects	Descriptions	Sessions in the report	Remarks
Employment and Labour Practices			
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.	People-Centered Principle, Remuneration and Benefits	
	KPI B1.1 Total workforce by gender, employment type, age group and geographical region.	People-Centered Principle	
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	People-Centered Principle	

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Aspects	Descriptions	Sessions in the report	Remarks
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.	Health and Safety in Workplace	
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety in Workplace	
	KPI B2.2 Lost days due to work injury.	Health and Safety in Workplace	
	KPI B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety in Workplace	

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Aspects	Descriptions	Sessions in the report	Remarks
B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Career Development and Training	
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Career Development and Training	
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Career Development and Training	
B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	People-Centered Principle	
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labour.		It is not material to the core business of Clear Media.
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	People-Centered Principle	

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Aspects	Descriptions	Sessions in the report	Remarks
Operating Practices			
B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supply chain Management and Responsible Sourcing	To be further enhanced the relevant policies in identifying and monitoring the environmental and social risks along the supply chain.
	KPI B5.1 Number of suppliers by geographical region.	Supply chain Management and Responsible Sourcing	All suppliers are based in China. The disclosure of the number of suppliers by geographical region might not be necessary.
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain Management and Responsible Sourcing	
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.		To be further enhanced the relevant practices in identifying and monitoring the environmental and social risks along the supply chain.
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply chain Management and Responsible Sourcing	

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Aspects	Descriptions	Sessions in the report	Remarks
B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Steadfast Commitment to Service Quality, Customer Relationship Management	
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.		Not applicable to the core business of Clear Media.
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	Customer Relationship Management	
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	Steadfast Commitment to Service Quality, Customer Relationship Management	
	KPI B6.4 Description of quality assurance process and recall procedures.	Steadfast Commitment to Service Quality	
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Steadfast Commitment to Service Quality	

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Aspects	Descriptions	Sessions in the report	Remarks
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.	Ethical Business Operation	
	KPI 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.	Ethical Business Operation	
	KPI B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Ethical Business Operation	
	KPI B7.3 Description of anti-corruption training provided to directors and staffs.	Ethical Business Operation	

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Aspects	Descriptions	Sessions in the report	Remarks
Community			
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.	Our Community	
	KPI B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Promoting Environmental Advocacy and Good Citizenship, Spreading Health Care Messages	
	KPI B8.2 Resources contributed (e.g. money or time) to the focus area.	Our Community	

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