



勒泰集團有限公司

LERTHAI GROUP LIMITED

Lerthai Group Limited
(Stock Code :112)

2019 Environmental Social and Governance Report

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ABOUT THIS REPORT

Lerthai Group Limited (the “Company” or “Lerthai Group”, and together with its subsidiaries, collectively referred to as the “Group” or “we” or “us”) is pleased to publish the 2019 Environmental Social and Governance (“ESG”) Report (this “Report”). As a leading property investment, management and development group in the People’s Republic of China (the “PRC”), the Group is principally engaged in investing, developing, owning and managing mixed use projects in the PRC.

Reporting Standards

This Report was prepared in compliance with the “Environmental, Social and Governance Reporting Guide” in accordance with Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. The reporting period of this Report is from 1 January 2019 to 31 December 2019 (the “Reporting Period”). For corporate governance, please refer to the Corporate Governance Report in the Annual Report of the Group.

Reporting Scope

The Report for this year will focus on discussing the overall performance of key strategic investment projects of the Group in the environment and social aspects, that is those projects in Hebei Province, the PRC which accounts for a higher proportion of the entire business of the Group. Unless otherwise stated, it includes:

- Shijiazhuang Lerthai Centre;
- Tangshan Lerthai City;
- Tangshan Pelagic Mall;
- Handan Lerthai City; and
- Lerthai Jiayuan.

Confirmation and Approval

Reference made in this Report is sourced from official documents, statistical data, and the management and operation information of Lerthai Group collected according to our systems. The content of this Report has been reviewed and approved by the Board of Directors of the Company on 28 September 2020.

Your Opinion

We value the opinion of stakeholders and are pleased to receive comments and suggestions from stakeholders concerning this Report as well as our performance of sustainable development. Please contact us via e-mail at (info@lth.com.hk) or facsimile (852) 3102 9203.

ABOUT THE GROUP

Our Business

The Group is a large-scale commercial asset operator integrating commercial real estate development and commercial property operation. With the corporate vision of being “a leading player in the commercial real estate operation sector in China”, the Group has established a multi-business portfolio with commercial asset management at the core and encompassing financial capital operation, commercial real estate development, investment development and other areas that can create synergies. We strive to develop an inter-provincial comprehensive commercial real estate project suitable for local commerce, culture and entertainment by leveraging the urban economy, culture and historic characteristics, which helps to achieve “One City, One Landscape, One Landmark”, and endeavor to create a better and more brilliant living for people.

Goals and Mission

1. Create new landmark for cities	We are committed to prosper the cities in the PRC, investing and constructing large-scale comprehensive urban projects in prime locations of cities with well-governed environment and rapid economic growth in the PRC, so as to build a new city center, improve regional functions in cities and facilitate urban balanced development.
2. Introduce new business opportunities into the society	The Group has a number of large-scale comprehensive commercial projects under construction or preparation which target to become new landmarks of local commercial core districts and bring plenty of opportunities to local commercial development as well as endless economic viability.
3. Bring new living to people	The large-scale urban complexes that we invested and constructed integrate such functions as hotels, residences, shopping, offices, exhibition, leisure and food and beverages and entertainment, which introduce many global well-known brands into cities and enable urban residents to fully experience the exquisite life and cultures without boundary and add vibrancy into life.

Awards and Honours

Awards and Honours	Issued/Awarded by
Ranking 38th among the Top 100 Commercial Real Estate Developers of China	Guandian Real Estate New Media
Industry Leading Brand of Year 2019	2019 China Finance Summit Winter Forum
Shijiazhuang Lerthai Centre being awarded as one of the 2019 Top 10 Urban Commercial Landmarks of Night-time Economy	winshang.com
Key Exemplary Enterprise of Integrity and Quality in Quality Month 2019	Business Marketing Association of Hebei
Advanced Enterprise in the Property Management Industry of Hebei in 2019	Hebei Property Management Institute
Ranking among the 2019 Hebei Top 100 Property Management Companies in Overall Strength	Hebei Property Management Institute
Tangshan Pelagic Mall being awarded as a Green Mall of Year 2019	Ministry of Commerce of the PRC
Tangshan Lerthai Centre being honoured as “My Favorite Boutique Building” at China’s Main Celebratory Event for the World Cities Day 2019	Office of the Organising Committee of China’s Main Celebratory Event for the World Cities Day 2019

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

As a premium brand infused with unique personality, Lerthai Group adheres to the development mission of “Joining Hands with World Commerce to Change Urban Life”, and endeavours to drive urban economic and social development while building itself into a top-notch and beloved commercial real estate brand in China that provides a joyful shopping experience to customers. All of the Group’s urban complex projects are designed and developed with the concept of “chain operation without duplication”. Each project is ingeniously designed to fit the city where it locates and realise the vision of “One City, One Landscape and One Landmark”, making the Company a “florist” of urban commerce. By creating urban commercial landmarks and cultural landmarks, the Company also creates its unique market value.

Communication with Stakeholders

We firmly believe that obtaining opinions from stakeholders will bring long-term growth to the Group and lay a solid foundation for our success. In order to consolidate the relationship with stakeholders, we provide various communication channels for stakeholders including clients, staffs, business partners, shareholders, suppliers, government and community where we operate in different segments, the channels of which include annual general meeting, forum, training, site visit, conference, intragroup networking and our website. Through these channels, they can express their opinions regarding our sustainable performance and future strategy, which would help boost the Company’s sustainable business performance in the future.

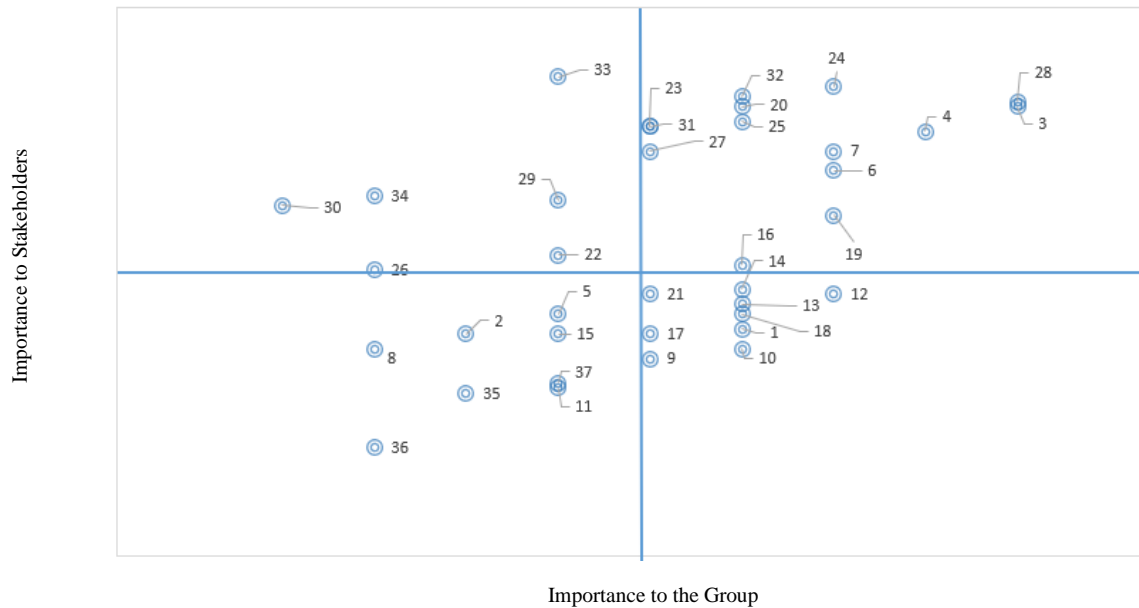
Materiality Analysis

During the period of preparing this Report, we understand the priority of issues that are concerned by stakeholders through conducting questionnaire survey, while at the same time further understand their assessment and expectation to our social responsibility performance in the past year.

After the management discussion and consulting advice from different parties, we have identified 37 ESG topics for this year’s materiality analysis. We analyse stakeholders’ opinions and prepare the materiality matrix to reflect the relative importance and impact of the issues to our stakeholders and our business.

The indexes located on the top right-hand corner indicate the ESG issues that are most concerned by the stakeholders with a total of 14 issues being identified as material. And the following 3 issues are the most concerned, including “Stable Cashflow”, “Occupational Safety and Health” and “Customers’ Personal, Healthy Safety and Property Security”. The analytical results of materiality matrix will assist us to determine the framework of this Report, respond to stakeholders’ opinions, take proper measures and formulate applicable corresponding strategy.

Materiality Matrix



Scope of materiality considered

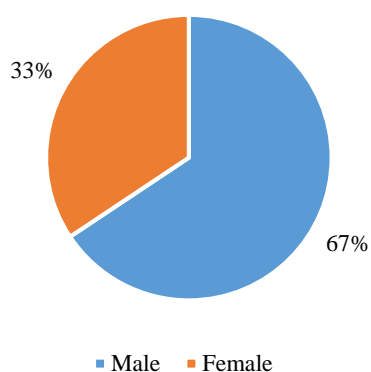
1	Diversity and Equal Opportunities (Age, Sex, Disability, etc.)	14	Use of Resources	26	Intellectual Property
2	Employee Turnover Rate	15	Assessment of Affecting Surrounding Environmental	27	Clients/Customers Privacy Protection
3	Occupational Safety and Health	16	Green Procurement	28	Stable Cashflow
4	Training and Development	17	Buildings' Operation Efficiency and Control	29	Selection of Operational Partners
5	Prevention of Child and Forced Labour	18	Suppliers' Assessment and Management	30	Technology Research and Development
6	Employment Relationship and Communication with Employees	19	Anti-fraud and Corruption	31	Customer Complaint Handling
7	Employee Benefits/ Recreational Activities	20	Emergency Contingency Plan	32	Customer Satisfaction
8	Wastewater Discharge	21	Assessment of Supplier's Environmental and Social Performance	33	Legal and Compliance Operation
9	Greenhouse Gas Emissions			34	Contribution to Community and Development Position
10	Air Emissions				
11	Non-hazardous Waste Treatment	22	Anti-money Laundering	35	Participate in Voluntary Activities
12	Hazardous Waste Treatment	23	Product Safety	36	Charitable Giving
13	Energy and Water Conservation	24	Customers' Personal, Healthy Safety and Property Security	37	Community Communion Activity
		25	Complaint Handling		

STAFF-ORIENTED APPROACH

High-quality talents are our valuable and inevitable intangible assets who are also the scope of materiality concerned by the stakeholders and management. Employees who concurred to our corporate culture and share the Group's goals and values are the core factors to achieve success and sustainability, and it is also our key issue to attract and retain excellent talents. We endeavor to create an equitable, tolerable and respectful working environment, enable every individual to pursue his dream and occupational goals and at the same time able to contribute oneself to the development of the Group and the community where one is located.

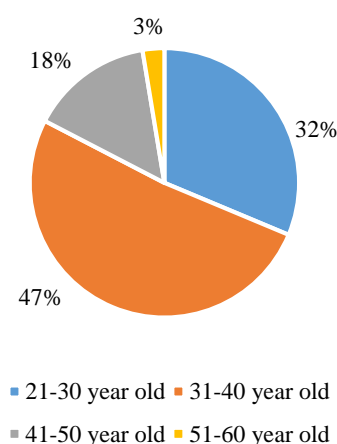
Equal and Compliant Employment

Employees by Gender

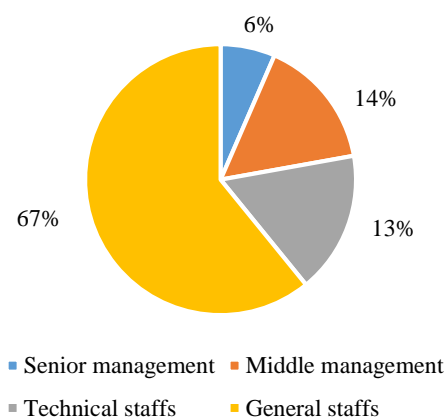


As an equitable employer, we comply with the principles of open recruitment, fair competition, selection of the best and internal recruitment goes first and then external recruitment. We also adhere to the concepts of fairness, openness and diversity and only consider candidates' capabilities, experience and qualifications rather than their age, gender, race, skin color, sexual inclination, religion, nationality, disability or marital status during employment, so as to assure them receiving equal treatment. We also strictly follow the Labour Law of the PRC (the "Labour Law") as well as its relevant laws and regulations, and formulate the Human Resource Management System to ensure relevant responsibility and authorities are fair and open in the course of employment to protect staff interests.

Employees by Age Group



Employees by Employment Category



We have all along been committed to providing comprehensive welfare and protection to all staff and constantly check and upgrade our salary and welfare policy. We scrupulously abide the requirements of the Labour Law and Labour Contract Law of the PRC (“Labour Contract Law”) and arrange daily working hours for staff as well as providing staff social insurance and housing provident funds in accordance with relevant laws. Employee salary in general includes basic wages and job position bonuses, and also other different allowances and bonuses. We also offer free comprehensive physical examination to each employee on a yearly basis and provide customised healthy guidance for them. Other welfares include home leave, funeral leave, marriage leave, maternity leave, prenatal check-up leave, compensated leave and lactation period. The details of welfare are clearly set out in the Employee Manual to assure openness and transparent.

We strictly comply with the Labour Law and resolutely forbid child labour in our workplace. All our employees meet the age requirements stipulated by Labour Law. According to our internal Labour Relationship Management System, we ensure labour contracts that entered into with our staff are on an equal and voluntary basis, and has completely eradicated any force labour, and such contracts are drafted in compliance with the regulations of Labour Contract Law of the PRC. In the event of any infringement, we will terminate the illegal labour relationship immediately and investigate on such infringement and account relevant personnel for the responsibility.

To ensure carrying out the Group’s management system stringently and achieve regulated management, we formulate the Management System of Rewards and Penalties to boost operational efficiency and ensure the openness and fairness of relevant procedures. We also provide different kinds of rewards for employees who make remarkable contributions to the community, as well as to corporate brand image, corporate operation and development, so as to encourage employees to devote themselves whole-heartedly in their works.

If necessary, the Group and employees could discharge or terminate contracts according to relevant regulations set out in Labour Law and Labour Contract Law. The detailed procedures and progress are clearly set out in the Employee Manual in order to assure our employees to obtain fair treatment at any time.

Facilitate Professional and Personal Development

In addition to attractive salary and benefit in kinds as well as retain excellent talents, we pay great attention to employees’ personal and professional development. To enable our staff keep on improving themselves and move up in their career, we specifically formulated the Performance Management Plan of Lerthai Group for conducting regular assessment on staff performance, developed the Management Measures for Selection of Cadres of Lerthai Group and the Management Measures for Assessment of Probationary Cadres to open up promotion channels for outstanding employees, and introduced the Kunpeng Programme of Lerthai Group to provide employees with opportunities to improve themselves and display their talents. Meanwhile, the Group provides employees different training opportunities and enhance their personal and the Group’s competitiveness. We also formulated the Training Management System to cultivate a learning culture and encourage employees to study further to enhance their professional skills, knowledge and qualifications. The Group provides different kinds of training, including:

Total training hours in 2019:
5,376 hours

Induction Training	All new staff must participate in induction training, which has developed into a systematic modular training program comprising “corporate information”, “corporate culture”, “corporate caring”, “corporate image”, “security and safety” and “productivity” sessions. The contents of the training cover corporate profile, corporate culture, corporate management systems, job-specific skills, departmental functions and business knowledge, aiming to prepare new employees for their jobs. New employees are required to take examinations after completion of the training, and the results will be one of the important factors for deciding whether they pass their probation.
Internal on-the-job training	To enable staff to be more qualified for the position and improve working performance, departments will arrange employees to take part in hierarchical training encompassing “Skills Development”, “Skills Enhancement”, “Leapfrog Development” and “Past Masters” courses as well as job function-specific training according to the Kunpeng Programme of Lerthai Group and the scheduled annual training plans based on the training requirements research.
External specific training	Except for internal training, we provide allowance for employees to participate in external special training, which cover course fees, transportation expenses and accommodation fees that meet the personal qualifications criteria of the Group, so as to improve the competitiveness and professionalism. For staff who have participated in external training, they need to share within the department of all that they have learned within two weeks after completing the training, so as to enable the department getting improved together.

Average training hours
by gender:

Male : **19.75 hours**

Female: **17.62 hours**

Average training hours
by employee category:

Management : **12.96 hours**

Technical staffs : **19.35 hours**

General staffs : **18.62 hours**

Staff Activities

We deeply understand the importance between staff’s work and life balance, and the close and good relationship among staff is also an important factor to establish harmonious working environment. Under the principle of “Alternation with Break and Entertainment”, our employees are encouraged to participate in healthy and beneficial entertainment, cultural and sports activities, which will help them to improve their physical fitness, and enrich their own cultural lifestyle in their spare time and also develop a positive and healthy attitude.

Onboarding Activities for New Employees

In order to enhance employees' centripetal force and broaden the channels of communication with employees, Shijiazhuang Lerthai Centre organised sightseeing tours and seminars for new employees to help them get a better understanding of the company as soon as possible and provide them with opportunities for in-depth exchanges with old employees at each department.



More wonderful activities ...



Employee Birthday Party



Festival Gifts for Employees

Case Sharing – “Life, Health and Sports” Lerthai Autumn Running Event

In order to enhance employees' centripetal force, practice the cultural philosophy of "keeping healthy and active" and display the vigour and enthusiasm of its employees, Lerthai Group and its subordinate entities organised the one-month long Lerthai Autumn Running Event themed "Life, Health and Sports". The event aimed to encourage employees to develop good exercise habits and stimulate organizational vitality and thus create a team culture that is healthy, positive, and productive.



Case Sharing – Online Forum: What Shall be Lerthai's Core Values?



For an enterprise, only when most of its employees share the same personal values, achieve a high degree of unity in thought and have a consistent language environment, can the enterprise truly have its core values. To this end, Lerthai Group launched the group-wide online event - What Shall be Lerthai's Core Values - to invite employees to contribute their ideas about Lerthai's core values, aiming to disseminate positive cultural values, discuss corporate core values, and build Lerthai's spiritual fortres in the new era.

Maintain a Safe and Healthy Workplace

It is the Group's paramount responsibility to provide staff a safe and healthy working environment. We offer different kinds of safety education and training to our staff regularly based on the commitment in Employee Manual, so as to enhance their warning awareness and master necessary safety knowledge and skills while working, and possess the ability of accident prevention and emergency treatment, thereby making working space much safer.

Meanwhile, we establish a series of internal security management system to respond to potential risks effectively and systemically in the course of daily operation, and the system also tabulates in details the preparation works and procedures that are needed in risk prevention and the issues and safety measures that need to pay attention to, so as to minimise risks exposures to operational staff and build a safe working environment.

安全风险辨识分级管控告知卡

部位名称	管道井	安全风险辨识分级名称	D	
编号	LTW7011	易发事故类型	阀门、管道跑水漏水	
		主要防范措施	<ol style="list-style-type: none"> 1. 定期巡查，保证阀门及管道完好，不漏冒滴漏。 2. 保持井内干净卫生，无杂物，无易燃易爆品。 3. 保证管井门锁闭完好，标识清晰无缺失，严禁无关人员进入。 4. 保证保温层完好无损坏。 	

We also conduct regular risk assessment in every center to identify and upgrade potential risks effectively that are exposed to staff in the course of daily operation. Each responsible department will conduct rating after the analysis and comprehensive precautionary measures and warning notice will be presented in the form of “Notice Card of Safety Risk Identification Classification Control” which will be posted in relevant places as a notice.

To ensure all staff possessing the ability of handling emergency events in case of fire in malls, we require every center to hold comprehensive fire drills annually in accordance with Law of the PRC on Fire Prevention, and enable all staff and merchants to join the safety training. This will enable them to understand the safety knowledge and escaping arrangement in the Fire Emergency Treatment Scheme promulgated by the Group, and also let them know the locations and functions of fire extinguishers when responding to emergency conditions.



Fire Fighting Drill at Shijiazhuang Lerthai Centre in April



Fire Fighting and Evacuation Drills at Tangshan Lerthai City in August

The commercial security department of each property center evaluates the fire drills performance after its completion, identifies shortcomings and puts forward improvements and rectifications for following up, so as to improve matters in a systemic manner.

Apart from fire prevention programmes, the Group also formulates a series of accidents, disastrous accidents and emergency simulation cases, which cover anti-terrorist and riot, water and electricity failure, traffic accidents and food poisoning, so as to ensure the personal safety all staff and customers. We also require each center to conduct regular training and drills, make preparation and respond to emergency conditions. At the same time, we also set up a safety work review system, arrange personnel to review safety facilities in centers periodically and eradicate hidden safety hazards.

During the Reporting Period, no significant safety incidents or fatal events due to work was recorded.

Honest and Legitimate Operation

Honesty and reliability are our core values, which are also the important factors of the Group to successfully create values to community. We strictly prohibit any corruption and bribery act in work and business. In the event that inter-departments of the Group receive and send gifts mutually, such expenses will not be reimbursed. We require all employees to conform to business ethics in works and strictly comply with appropriate national laws and regulations where our business is operating (inclusive of anti-corruption regulations), such as the Criminal Law of the PRC. Those who have violated the laws will be given disciplinary action after investigation according to the Management System of Rewards and Penalties (as the case may be), such as putting on records, pay cut or demotion, and those who made serious violations will be dismissed according to Labour Law.

To protect employees' interests in full and enhance internal supervision, we also set up channels for all staff to whistle blow suspicious act, misconduct and fraud, any violation of personal and corporate interest as well as improper or unfair and immoral treatment. According to our system, we will promptly and comprehensively investigate all cases and follow up accordingly according to the results, and at the same time, we will notify claimants, parties involved and the head of relevant department.

During the Reporting Period, no bribery, blackmail, fraudulent and money laundering and breaching behaviors which caused significant impact to the Group was identified.

GREEN DEVELOPMENT AND OPERATION

Green Project Management

Design for Sustainability Project

Site selection is where a project initially started. The investment and development department, planning and design department and other relevant departments of the Group will conduct a detailed and in-depth research feasibility study of site selection and project according to the Project Development and Management System promulgated by the Group. These departments will analyse the aspects in economics, culture, capital construction, environmental and local laws and regulations where they locate, so as to ensure all significant factors are under full consideration. Prior to project commencement, we will also engage qualified third parties to conduct project site inspection in accordance with environmental laws and regulations, such as the Environmental Protection Law of the PRC and Environmental Impact Assessment Law of the PRC. We will analyse the potential environmental pollution and ecological changes brought during construction, and evaluate the environmental impact brought by projects and work out actual measures suitable for site, and report to local environmental bureau for approval.

To effectively and comprehensively manage every development project to achieve our goals of “One City, One Landscape and One Landmark”, we classify the entire development project plan in detail into plan design, construction drawing design, project construction, and tenant recruitment and operation, and we also list out the powers and duties and relevant approval process at each stage, which clearly define the responsibilities and work flows of every department. Every decision and design should be finalised subject to the standards and procedures listed in the Group’s internal systems, terms of reference and guidelines and will be executed upon assessment and approval to ensure its legality and compliance. The system also clearly requires consideration and discussion in 6 major aspects including safety quality, planning control, project quality, design on project limit, floor area management and energy conservation and green construction when designing, so as to ensure the project to be the city landmark and become the pride of urban residents and the Group.

We conduct regular site inspection and require contractors to rectify those aspects needed in time to ensure site security and legality and compliance. According to the terms of construction contract, contractors shall comply with the laws and regulations relevant to environmental protection and site security applicable to the PRC and local region, such as Measures on Reinforcing Dust Prevention in Construction Operation and Regulations of Pollutant Emission Reduction. The Group reserves the rights to terminate the cooperation with contractors who have infringed relevant laws and regulations. Subsequent to construction completion, we shall apply for government acceptance in respect of environment according to the procedures listed by local regulations, and only property development projects passing the relevant acceptance could be delivered to customers, so as to ensure customers’ interests and the Group’s reputations are protected.

Sustainable Operation and Management

It is our mission to improve and protect the environment where our community locates. The Group strives to put “Sustainability” into our daily operation from different aspects and perform our responsibility as a corporate resident and strengthen our corporate image. Environmental protection is our significant responsibility and mission and we will strive to promote both internally and externally in performing our duties. Internally, we strive to develop the awareness of energy conservation and consumption reducing and establish enterprise economical culture through conducting staff trainings and posting notices in offices. Externally, we formulate corresponding measures of emission and wastes reduction through identifying different emission sources and resources consumption parties in daily operation, so as to formulate relevant measures to reduce environmental impact where our project

operates. During the Reporting Period, we are not aware of any violation or reporting relevant to the environment that have significant impact on the Group. We also adopt several green operational management methods, including:

Exhaust Gas and Greenhouse Gas Emission Management

Our exhaust gas source is mainly come from automobile fuel utilisation, and greenhouse gas source is mainly derived from the utilisation of automobile fuel and electricity.

With the management principle of “Energy Conservation and Sustainable Development”, we formulated different energy conservation and emission reduction plans to achieve our energy saving and consumption reduction goals. Taking company car as an example, we strictly carry out company car management system and gas filling program of “One Car, One Card” to ensure proper utilisation of company cars and minimise emissions generated from vehicle fuels. Our staff must apply and obtain approval in advance before using company cars, and “One Car, One Card” also allows relevant departments to monitor the rate of utilisation of company cars and avoid abuses through comprehensive management, so as to reduce total fuel consumption volume. To reduce electricity in offices, we also advise staff to minimise unnecessary office appliance and non-official electricity usage, turn off the power with no usage for a long time or off duty, and also require staff to set temperature at 26°C or above. We should utilise resources properly and reduce wastes. To reduce electricity consumption in our shopping malls, all escalators in the same mall are switched on and off at scheduled times, and other professional operators are assigned to assist escalator operators in shutting off escalators at scheduled times without delay so as to cut electricity consumption. In addition, lighting lamps not connected to the remote control system have been refitted, and all office lighting is turned off during holidays.

Waste Management

Our main non-hazardous wastes are domestic waste that produced from daily operations, office papers and household waste. We entrust qualified third parties to assist in collecting waste produced by different parties at the designated locations everyday. After centralised treatment, they will be delivered to our professional clearing and transportation agency daily. We also encourage our employees to make full use of the online office system. If they need to transmit general information, they should use the network system to communicate with all parties and reduce using papers. We also recommend employees to print on both sides in black and white to avoid color printing and save resources. We also posted a warning sign at apparent location of photocopier location to remind employees the importance of saving paper.

Water Management

To reduce unnecessary waste, we use an intelligent management system to monitor water usage, assess whether water consumption is within reasonable limits, and analyse monthly water use. If abnormal usage is found, we require staff of the relevant project to find out the cause immediately, such as faucet “Running, Overflowing, Dripping, Leaking”, and conduct corresponding repairs and improvements. All our projects used purchased water from water company, and there was no problem in obtaining applicable water source during the Reporting Period. We also strictly abide local drainage laws and regulations, including the Integrated Wastewater Discharge Standard (GB8978-1996) and Water Pollution Prevention and Control Regulations of Hebei Province, and through the domestic sewage discharge management system, we make sure tenants to discharge waste water in the designated sewage discharge point dumps that installed with filters, and offenders will be penalised according to the system. Relevant wastewater is centralised by the in-house wastewater treatment system and then discharged into the sewage treatment plant for unified treatment.

Key Environmental Performance Indicators ^{1,2,3}

Description	Unit	Amount in 2019
Greenhouse Gas (“GHG”) emissions		
Total GHG emissions	Tonnes of CO ₂ e	445.01
Direct emissions (Scope 1)	Tonnes of CO ₂ e	47.96
Indirect emissions (Scope 2)	Tonnes of CO ₂ e	397.05
Total GHG emissions density per square metre (Scope 1 & 2)	Tonnes of CO ₂ e	0.06
Air emissions		
Nitrogen Oxides (NOX)	Kg	12.12
Sulphur Oxides (SOX)	Kg	0.31
Particulate Matter (PM)	Kg	0.85
Non-hazardous waste³		
Total non-hazardous waste produced	Tonnes	12.80
Total non-hazardous waste density produced per square metre	Tonnes	0.0017
Energy		
Total energy consumption	MWh	629.11
Purchased electricity	MWh	472.79
Petrol	MWh	156.32
Energy consumption produced per square	Kwh	0.08
Water usage		
Total water consumption	Cubic meter	6,957.52
Water consumption produced per square metre	Cubic meter	0.91

¹ The data for the reporting period covered our (i) offices in Shijiazhuang Lerthai Center, (ii) offices in Tangshan Lerthai City, (iii) offices in Tangshan Pelagic Mall and (iv) offices in Handan.

² Since the reporting scope of this year does not involve packaging materials or hazardous waste, hence relevant disclosure is not applicable.

³ The data of non-hazardous waste did not cover our offices in Tangshan Lerthai City.

Supply Chain Management and Quality Control

We will invite tenders to sub-contract part of the services related to our daily business to suppliers based on business needs and will also source supplies from suppliers according to operating and office needs. All tenders and procurement requirements are applied according to the procedures specified in the Purchasing Management System. The application shall be submitted initially by the department in need and passed to the cost, tendering and procurement centre for execution after obtaining the approval of the responsible persons of each department. If the project involves construction or engineering, the engineering department of the Group and the project will be responsible for setting the requirements, standards, project management and acceptance of relevant safety, environment and quantity to ensure the quality of the project.

All tenders and procurement projects will be undertaken by the cost, tendering and procurement centre to formulate the tender terms. We will first assess suppliers' scale and capital qualifications, reputation, track records of similar project and quotation and other factors in supplier selection. During the selection process, we will evaluate suppliers and their tender documents in details according to the Group's standardised Supplier Evaluation Form to ensure fairness and equity of the process and the overall interests of the Group.

When signing a contract with a supplier, we require the supplier to sign the "Code of Business Conduct of Supplier", which covers the principles that suppliers need to pay attention to and adhere to during cooperation, such as integrity, anti-bribery and corruption, conflicts of interest, reporting obligations of the employees of both parties, so as to ensure suppliers are recognising and sharing the values of the Group, safeguarding our interests and reducing the risks of related cooperation. If the supplier is in breach of any clause of the provisions during the cooperation process, we reserve the right to terminate the relevant cooperation and recover the relevant losses from the supplier.

We attach great importance to the control of the effectiveness, quality and cost of each project. To ensure quality compliance, we will regularly check and audit according to the previously established indicator standards to ensure that suppliers will fulfill their obligations under the contract. To ensure the consistency of quality and service, we collect information on suppliers such as service quality and pricing and establish a database, which allows us to have more objective assessment regarding the qualifications of our suppliers and provide a substantive reference for future projects.

During the Reporting Period, the Group had more than 330 qualified suppliers, and all suppliers were all domestic companies in the PRC, which not only gave us more flexibility in our operations, but also reduced our Carbon Footprint in purchasing relevant items.

Comprehensive Tenants and Customers Supporting Services

For the long-term and effective management and improvement of various operation, we have established the Management System Manual of Lerthai Property Services Co., Limited to regulate our operation, set up service models and targets, which aim at improving service standards, and improving tenant and consumer satisfaction.

To ensure each tenant can also cooperate with the Group's operating principles and objectives, while fully protecting the legitimate interests of tenants and consumers, we have specially formulated the Lerthai Center Business Management Convention to regulate the admission, decoration and operation aspects, which ensures the operation of the mall is in line with the standards. We also pay great attention to the tenants' opinions and satisfaction. We are committed to providing thoughtful services for our tenants, and have set a 95% tenant satisfaction rate this year. We conduct annual satisfaction surveys to understand the effectiveness of our work and strengthen tenants' communication and understanding where we can improve.

We have also set up customer-specific complaint hotline and formulated the Business Complaints Management Process for providing our employees a reference for the handling methods after receiving complaints. We require relevant departments to provide feedback to relevant complainants within 12 hours of receiving complaints to ensure that the questions are being answered. After providing feedback, we will provide training to relevant employees to avoid the same problem from happening again.

Publicity Compliance

All external publicity information of the Group is regulated by the “Press Release Management Rules”. With the principles of “Unified Coordination, Strict Discipline, Regulated Procedures, Respect for Facts, Correct Guidance, Careful Planning and Practical Results”, we ensure that all the content is strictly abided to the laws and regulations such as the Advertising Law of the PRC. We do not allow false publicity nor misleading consumers. All content needs to be published according to the procedures specified in the system and approved by the branding department. The branding department will also monitor and follow up the media’s relevant reports and the effectiveness of the promotion campaign to enhance the image of the “Lerthai Brand”. If violations are found, the relevant employees or departments will be penalised according to the “Management Measures for Rewards and Punishments”. We will update and revise our systems and rules in accordance with the laws and regulations to ensure that the content and requirements are in line with national requirements.

As the Group does not involve any manufacturing and selling of products, the laws and regulations relating to labelling do not apply to the Group.

Data Leakage Prevention and Protection

We are committed to protecting the personal data of our clients and through the formulation of the Information Management System to effectively manage the related matters. The system account authority and management for storing customer personal data and company information are arranged according to the principle of “Who is in Charge, Who is Responsible, and Who is Hosting, Who is Responsible” to restrict employee from accessing and ensuring that confidential information is strictly protected.

Return to the Community

In adhering to the corporate public welfare concept of “Creating Wealth and Benefiting Society”, the Group is always grateful and actively fulfill our corporate citizenship by organising different community charity activities and plans to repay the society.



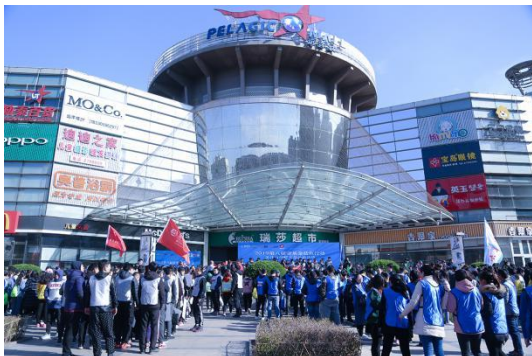
The Group established the “Lerthai Dream” public charitable brand. With “Dreams” as its brand vision, it organised a series of charitable activities to repay the community and focus on vulnerable groups. During the Reporting Period, the Group held 6 charitable activities covering poverty alleviation, caring for children with autism, etc.

Tangshan Lerthai Centre Held a Charitable Activity for Educational Donation

Before the Children’s Day, Tangshan Lerthai Centre provided education subsidies for Liuhuo Xinzhuang Primary School in Tangshan Lerthai Park to enable the students in this school to study in a better learning environment. Meanwhile, it called on more employees to care about students and participate in charitable activities. In adherence to the concept of “subsidise a student and bring warmth to his/her family”, Tangshan Lerthai Centre is always showing solicitude for students, and promotes the subsidies-related works with stronger sense of mission and responsibility.

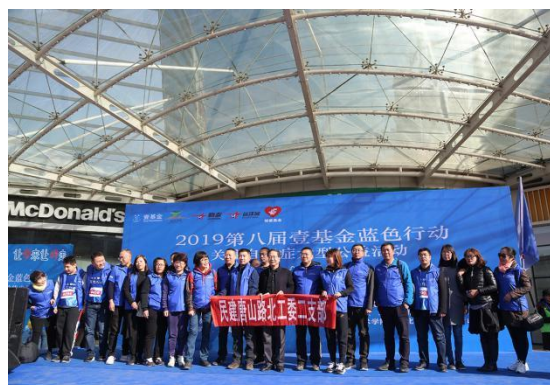


Tangshan Pelagic Mall and Tangshan Lerthai Centre Joined Hands with One Foundation and other Charity Organisations to Organise the Blue Action of Caring for Autistic Persons



We are committed to being a part of the community and bringing care and warmth to every corner of the community where we operate. Tangshan Pelagic Mall and Tangshan Lerthai Centre joined hands with One Foundation and other charity organisations to organise the Blue Action themed “Breaking Barriers with Our Love”, which comprised charity walk and charity sale activities, for the purpose of caring for autistic persons. A large number of volunteers, university students, charity organisations and other social groups participated in the activity.

Through the participation and organisation of the activities on caring for autistic persons, Lerthai aims to eliminate the misinterpretation and bias of social groups on autistic groups, so that the autistic groups can be integrated into the social life and normally “travel”, “go to school” and “be employed”. Meanwhile, it is looking forward to attract more volunteer teams to give warmth and supports to the families of autistic persons, thus providing a fair and friendly social environment for autistic groups.



Shijiazhuang Lerthai Centre Organised Activities to Care for Autistic Children



We are committed to bringing warmth to different communities in need in society and breaking barriers in communication. During the Reporting Period, Shijiazhuang Lerthai Centre carried out an activity themed caring for autistic children. During the event, the mentally disabled interacted with the audience through dance performance, and all participants were deeply touched by their performance. The charitable activity aimed to raise the public’s attention to the autistic children and enable them to have a more scientific understanding of autism.

Accompanied by Happiness in the Harmonious Communities

From July to October 2019, Tangshan Lerthai Centre took 22 days in total to organise 12 activities for the three surrounding communities, thus enriching the leisure life of the communities and enhancing the brand reputation of the Company.



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Subject Areas, Aspects, General Disclosure and Key Performance Indicators (“KPIs”)		Section/Statement	Page
A. Environmental			
Aspect 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.	Sustainable Operation and Management	14
KPI A1.1	The types of emissions and respective emissions data.	Key Environmental Performance Indicators	16
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Environmental Performance Indicators	16
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	N/A	N/A
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Environmental Performance Indicators	16
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Sustainable Operation and Management	14
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Sustainable Operation and Management	14

Subject Areas, Aspects, General Disclosure and KPIs		Section/Statement	Page
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General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Sustainable Operation and Management	14
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).	Key Environmental Performance Indicators	16
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Environmental Performance Indicators	16
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Sustainable Operation and Management	14
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Sustainable Operation and Management	14
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	N/A
Aspect A3 : The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Sustainable Operation and Management	14
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Sustainable Operation and Management	14

Subject Areas, Aspects, General Disclosure and KPIs		Section/Statement	Page
B. Society			
Employment and Labour Practices			
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General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer.	Equal and Compliant Employment	7
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Equal and Compliant Employment	7
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Equal and Compliant Employment	7
Aspect 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.	Maintain a Safe and Healthy Workplace	11
KPI B2.1	Number and rate of work-related fatalities.	Maintain a Safe and Healthy Workplace	11
KPI B2.2	Lost days due to work injury.	Maintain a Safe and Healthy Workplace	11
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Maintain a Safe and Healthy Workplace	11

Subject Areas, Aspects, General Disclosure and KPIs		Section/Statement	Page
Aspect B3 : Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Facilitate Professional and Personal Development	8
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Facilitate Professional and Personal Development	8
KPI B3.2	The average training hours completed per employee by gender and employee category.	Facilitate Professional and Personal Development	8
Aspect 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.	Equal and Compliant Employment	8
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Equal and Compliant Employment	8
KPI B4.2	Description of step taken to eliminate such practices when discovered.	Equal and Compliant Employment	8
Operation Practices			
Aspect B5 : SUPPLY CHAIN MANAGEMENT			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management and Quality Control	17
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management and Quality Control	17
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management and Quality Control	17

Subject Areas, Aspects, General Disclosure and KPIs		Section/Statement	Page
B. Society			
Aspect 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.	Comprehensive Tenants and Customers Supporting Services	17
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	N/A
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	N/A	N/A
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	N/A	N/A
KPI B6.4	Description of quality assurance process and recall procedures.	N/A	N/A
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Data Leakage Prevention and Protection	18
Aspect 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.	Honest and Legitimate Operation	13
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.	Honest and Legitimate Operation	13
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Honest and Legitimate Operation	13

Subject Areas, Aspects, General Disclosure and KPIs		Section/Statement	Page
B. Society			
Aspect 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.	Return to the Community	19
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	No disclosure in 2018 financial year	N/A
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Return to the Community	19