

# 2020

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**TOMSON GROUP LIMITED**

**湯臣集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 258**

## INTRODUCTION

Tomson Group Limited (the “Company”), established in the late 1980’s, is a listed company on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 258). The Company and its subsidiaries (the “Group”) are principally engaged in property development and investment, hospitality and leisure business, securities trading, as well as operation of and investment in media and entertainment business. The PVC operations were closed down during the year 2020.

This is the fifth Environmental, Social and Governance Report (“ESG Report”) issued by the Company. The content of this ESG Report has been prepared in compliance with the requirements of the Environmental, Social and Governance Reporting Guide, which was applicable to the Reporting Period (as defined below), set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

## REPORTING PERIOD AND SCOPE

This ESG Report reflects the Group’s practices in sustainable development and social responsibility for the year from 1st January, 2020 to 31st December, 2020 (the “Reporting Period”).

Based on the principle of materiality for disclosure and reporting, the Company has decided to include the property development and investment business as well as the hospitality and leisure business in the scope of this ESG Report. Below are the key operating subsidiaries engaged in the aforementioned business activities:

- (A) Property development/ investment/ management
  - (i) Grand View Property Management (Shanghai) Co., Ltd.
  - (ii) MHK (Penha Hill) Limited
  - (iii) Shanghai Cheng Qi Technology Limited (formerly known as Shanghai Tomson Outer Gaoqiao Development Co., Ltd.)
  - (iv) Shanghai Tomson Pudong Real Estate Development Co., Ltd.
  - (v) Tomson Group Garland (Shanghai) Housing & Estate Ltd.
  - (vi) Tomson Haijing Garden (Shanghai Pudong New Area) Co., Ltd.
  - (vii) Tomson International Trade Building (Shanghai) Co., Ltd.
- (B) Golf course, club operation and property development
  - (i) Tomson Golf (Shanghai) Limited

This ESG Report primarily covers the environmental, social and governance information and aspects related to the Group’s operations in Shanghai, the Hong Kong Special Administrative Region (“Hong Kong”) and the Macao Special Administrative Region (“Macao”) of the People’s Republic of China (“China”).

## STAKEHOLDER ENGAGEMENT

In order to better understand the preferences of stakeholders, in 2020, several major stakeholders of the Group were asked about their priorities on the reporting items in this ESG Report. The stakeholders include suppliers, customers and employees of the Group, who were all selected to provide their comments by means of questionnaires. The questionnaires set out eleven aspects of the environmental, social and governance scope and the stakeholders were asked to rank three aspects that concerned them the most in term of priorities and provide their reasoning. The results show that “Health and Safety” remains the top priority and “Development and Training” comes second. “Labour Standards”, “Product Responsibility”, “Supply Chain Management” and “Use of Resources” are also the main concerns for the stakeholders as these are the fundamental elements for sustainable business. The Company aims to continue improving these areas to satisfy stakeholders’ needs.

## ENVIRONMENTAL PROTECTION

As an experienced real estate developer of high-end residential properties and high-grade commercial buildings in China, the Group recognizes that the long-term viability of its businesses is closely linked with the well-being of the society. The Group strives to minimize the potential impacts of its businesses on the environment and society in which it operates. One of the goals of the Group is to create living, working and retail communities that are harmoniously integrated and value-adding to the environment of the neighbourhoods. To attain the goals, Tomson Riviera and Tomson Commercial Building adopt the latest version of ISO standards and now operate ISO 14001:2015 Environmental Management System and ISO 9001:2015 Quality Management System which were certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2020.

### A1. Emissions

The Group has complied with the Environmental Protection Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates.

In the property development business, the Group outsources construction works to general contractors which manage all operations in the construction sites. To mitigate the impact of construction on the environment, the Group requires its contractors to exercise controls over the emission of dust in building construction and the emission of waste gas generated from fuel combustion, in accordance with the Atmospheric Pollution Prevention and Control Law of the Mainland of China and other applicable laws and regulations related to air pollution in the cities in which the Group operates. The Group regularly checks on the performance of contractors via site visits to ensure compliance.

In addition, the Group provides 80 rechargeable battery-powered golf carts for use by the members in Tomson Shanghai Pudong Golf Club to minimize air pollution and noise generated from operating golf carts.

### *Air emissions*

The air emissions were mainly from vehicles and gaseous fuel (town gas) consumption (approximately):

	<b>Sulphur oxides</b>	<b>Nitrogen oxides</b>	<b>Particulate Matter</b>
2019	0.91 kg	132.19 kg	1.34 kg
<b>2020</b>	<b>0.26 kg</b>	<b>101.57 kg</b>	<b>1.03 kg</b>

The overall trend of air emissions improved partly owing to the slowdown of the Group's business under the impact of the COVID-19 pandemic and partly due to the Group's effort to reduce the use of energy.

### *Greenhouse gas emissions*

Scope 1 direct emissions were mainly from vehicles and stationery combustion (approximately):

<b>CO<sub>2</sub> equivalent emissions</b>	<b>Carbon dioxide</b>	<b>Methane</b>	<b>Nitrous oxide</b>
2019	587,690 kg	268 kg	10,520 kg
<b>2020</b>	<b>310,182 kg</b>	<b>148 kg</b>	<b>6,097 kg</b>

For Scope 2 energy indirect emissions, the CO<sub>2</sub> equivalent emissions mainly from purchased electricity were approximately 6,122,325 kg (2019: 7,420,947 kg). The total greenhouse gas emissions (Scope 1 and Scope 2) were approximately 6,439 tonnes (2019: 8,019 tonnes). The overall trend was improving due to the reduced consumption of electricity and town gas. The Group does not report Scope 3 emissions because of lack of complete and accurate data.

The Group disposes of solid wastes in accordance with the provisions of the Solid Waste Environmental Pollution Prevention and Control Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates. Earthwork and construction waste generated from construction are collected in time and disposed of properly and legally.

Non-hazardous solid wastes amounted to 911 tonnes (2019: 1,013 tonnes) during the operations in the Reporting Period, which were mainly the domestic and commercial wastes generated in the Group's offices in Hong Kong, Macau and Shanghai as well as the residential and commercial property projects and golf club operation in Shanghai (including construction waste). There was a

decrease in wastes generated from certain offices and projects in Shanghai. 0.64 tonne of hazardous waste (2019: 0.64 tonne) was recorded, and it was properly handled by a licensed collector.

## A2. Use of Resources

For its operations in the Mainland of China, the Group strictly abides by the Energy Conservation Law of the Mainland of China. Elsewhere, the Group adheres to the principles of recycling and reduction, and implements green office practices where practical. The Group strives to increase awareness of its employees on energy saving and water saving, as well as encourages its employees to participate in the green office initiatives.

Electricity is a major resource which the office operations consume every day. The Group promotes reduction in energy consumption by using various efficiency measures, which include switching off idle lightings and electrical appliances, as well as using programmed energy-saving modes to control electric and electronic devices (including but not limited to computers, printers, photocopiers and air-conditioners). The Group has fully adopted LED lighting in its Shanghai head office. In addition, LED lighting has been gradually applied in various projects of the Group in Shanghai, including Tomson Riviera, Tomson Commercial Building and the clubhouse of Tomson Shanghai Pudong Golf Club, in the range of 5% to 65% in various specific areas. It is anticipated increasing use of LED lighting or other energy-saving alternatives in the Group's properties and offices when the time comes for lighting replacement.

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

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

Water is essential to all communities. The Group promotes water conservation to employees. Reminders of water-saving responsibilities and actions, in form of notices and signs, are posted near where the water resources are in the offices. Tomson Shanghai Pudong Golf Club is a high water-consuming business, an incentive/penalty scheme is being used to motivate the employees of the Club to conserve water. Water-efficient flushing systems are installed in the majority of the public washrooms in Tomson Commercial Building. Moreover, standard procedures are put in place to ensure the efficient use of water based on operating needs and estimates. For instance, water from nearby rivers is used to irrigate the greenery of Tomson Shanghai Pudong Golf Club. There is regular cleaning of the falling leaves or plankton in the waterscape facilities in Tomson Riviera to make sure that the frequency of water change is minimized while keeping the water clean and clear. In Tomson International Trade Building and Tomson Waigaoqiao Industrial Park, the Group diligently performs daily monitoring of exceptional water usage to comply with the relevant regulations of the local authorities.

The Group has stringent planning and control management over the use of consumables and supplies for operations. Replacement is chosen where repair is not cost efficient or technically impractical. Consumables and supplies are budgeted annually, purchased monthly based on operating needs, and recorded for allocation and consumption. Inventories are kept to minimal levels, and logbooks are maintained and audited for purchase and control management.

Use of resources	Unit	2019 (approximately)	2020 (approximately)
Electricity	kWh	11,898,100	<b>10,023,888</b>
Electricity intensity	kWh per revenue of HK\$1 million	12,883	<b>11,204</b>
Water	Cubic meter	1,039,034	<b>668,961</b>
Water intensity	Cubic meter per revenue of HK\$1 million	1,125	<b>748</b>

As water consumed in the office in Hong Kong is supplied by the landlord, so only information of the offices and projects in Shanghai is available. The overall trends of electricity intensity and water intensity were improving, which reflect the Group's effort in enhancing the efficiency of using resources. Since the Group is mainly engaged in real estate industry and service industry, only 350 kg of plastic packaging materials were consumed in Tomson Shanghai Pudong Golf Club during the Reporting Period.

### A3. Managing Significant Impacts on the Environment and Natural Resources

The Group strictly abides by the Water Pollution Prevention and Control Law of the Mainland of China and other relevant laws and regulations in the cities in which the Group operates and adopts corresponding measures and preventive control on emission of waste water.

The Group believes the daily operations of its businesses have no direct significant impact on the environment and natural resources. To maintain the green plantations within the Group's properties and golf course in a healthy condition, pesticides and fertilizers are selectively used. The Group understands the importance of minimizing the effects of these chemicals on the environment and water resources. Therefore, the Group has engaged qualified professionals to deal with the storage, usage, collection, recycling and disposal of pesticides and fertilizers, as well as their related packages, strictly in accordance with the relevant laws and regulations.



## EMPLOYMENT AND LABOUR PRACTICES

### B1. Employment

Employees are valuable assets that contribute to the success of the Group. The Group strictly follows the requirements of the Labour Law, the Labour Contract Law, the Social Insurance Law and Regulation on Work-Related Injury Insurances of the Mainland of China, as well as the Employment Ordinance of Hong Kong and the relevant laws in Macau.

The Group has taken special care of its employees' health and well-being in view of the COVID-19 pandemic. Staff in Shanghai has been arranged to work from home or in office in shifts in early 2020. Flexible working hours system has been set up in Hong Kong office to facilitate the staff to avoid travelling during peak traffic hours in order to lower the chance of infection. Employees are reminded to observe a high standard of hygiene and surgical masks and alcohol hand washes are provided to fight against the virus. In addition, temperature check is taken by the property management office for everyone entering the buildings where the Group's offices are located and many of the Group's offices were regularly cleansed with disinfectant.

#### *Recruitment, Compensation and Benefits*

In order to respond to the stakeholders' concern on this aspect, the Group emphasizes the importance of a highly-efficient staff management and incentive structure. The Group recruits and promotes employees based on a number of factors, such as professional experience, educational background and capabilities. Remuneration and benefit packages are generally structured with reference to market terms and practice, as well as individual responsibilities, performance and qualifications. Discretionary bonus may be paid based on individual contribution. In addition, the Company has established a share option scheme pursuant to which options may be granted to directors and employees of the Group, when appropriate, to subscribe for shares of the Company as a performance incentive.

The Company also participates in a pension scheme, which was registered under the Mandatory Provident Fund Schemes Ordinance of Hong Kong (the "MPF Ordinance"), for all its employees in Hong Kong. The scheme is funded by contributions from employer and employees pursuant to the provisions of the MPF Ordinance. Employees of the Group in the Mainland of China are members of respective state-managed defined contribution retirement benefits schemes operated by the local governments. The employers and the employees are obliged to make contributions at a certain percentage of the payroll under rules of the schemes. In addition, the Group and its employees in Macau shall make contributions of a fixed amount per quarter to the Social Security Fund under the obligatory system in accordance with the laws of Macau.

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

### *Anti-Discrimination, Equal Opportunity and Diversity*

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

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

## **B2. Health and Safety**

Health and safety of the employees is the top priority for the Group and the stakeholders. One of the approaches is to create a strong culture of safety awareness by implementing high safety standards and providing appropriate training and education to the employees. The Group cares about its employees and their families, and therefore it strives to provide a safe and healthy working environment to them. Medical insurance is provided to the employees. Health check-ups are arranged annually for employees in various operations of the Group. Protective wears and kits are provided to employees according to the nature and requirements of the jobs. In summer, the Group also provides hardship allowance, beverages and cooling kits to its employees of Tomson Shanghai Pudong Golf Club and the property management staff of the Group's properties who carry out responsibilities or perform work outdoor under high temperature. The Group adopts international standards of occupational health and safety management system. For instance, Tomson Riviera and Tomson Commercial Building have complied with and operated OHSAS 18001:2007 Occupational Health and Safety Management System. The Group revised and upgraded the system to ISO 45001:2018 Occupational Health and Safety Management System during 2020 and it was certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2020.

The Group strictly abides by the Production Safety Law of the Mainland of China and other relevant laws and regulations related to safety management in the cities where the Group operates.

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

During 2020, no severe injuries or fatalities of the Group's employees were reported. The Group was not subject to any material claim or penalty in relation to health and work safety, and has been in compliance with the relevant laws and regulations in all material aspects in Hong Kong, Macau and the Mainland of China.



### **B3. Development and Training**

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

Besides, the Group not only offers new employees on-the-job training by experienced personnel but also provides continuous training to employees periodically, according to the nature of the jobs and the requirements of the respective industries. Specialty training and preparation courses are also arranged to support employees in applying for or renewing professional qualifications, including certificates, licences, and permits, relevant to their jobs and industries. To upgrade the quality management system of the Group's properties, training on the requirements and application of ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System has been provided to selected property managers of Tomson Riviera and Tomson Commercial Building and they successfully passed the required examinations. The standards of the latest version of these systems have been applied and these systems were certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2020.

In addition, regular in-house seminars are arranged for the directors and senior executives of the Company annually and three seminars were held in 2020. Topics of these seminars revolve around taxation, financial policies, corporate governance, as well as economic and business development in relation to the principal business of the Group.

### **B4. Labour Standards**

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

The Group has been in compliance with relevant laws and regulations, and has not found any cases or been assessed any fines or penalties with regard to child labour and forced labour during 2020.

## OPERATING PRACTICES

### B5. Supply Chain Management

In the property development and investment business, the Group hires design companies, construction contractors and property management companies to design, build and manage its property projects. The Group primarily selects suppliers through tenders. For contractors, the tender process is developed in accordance with relevant laws and regulations and the tender decision is made in a fair and equitable manner. In selecting contractors and equipment suppliers, the management takes into account various factors, such as (i) quality of services; (ii) contracting costs; (iii) safety management; (iv) industry qualifications/licenses; and (v) relevant track records and reputation. The Group requires its contractors to maintain a high standard of quality for the services provided, and to put in place adequate occupational health and safety and environmental protection procedures in accordance with the applicable laws and regulations and safety requirements imposed by the relevant government authorities in Macau and the Mainland of China.

The Group's Construction Projects Department enters into contracts with suppliers awarded with tenders. The department is also responsible for monitoring the performance of the contractors by conducting on-site inspections and supervision and assessments on the contractors periodically.

### B6. Product Responsibility

The Group is an experienced real estate developer in China with well-established brand and reputation in the development of high-end residential properties and high-grade commercial buildings. The Group is proud of the portfolio of its completed projects, and believes that reliability and quality of its products and services are crucial to its success.

The Group is dedicated to delivering high-quality products and services to consistently meet the requirements of its customers. The Group and construction contractors enter into contracts, under which the contractors are obligated to carry out operational and quality assurance activities while ensuring regulatory compliance. In addition, the Group has established stringent quality control standards and followed testing and inspection procedures at the key stages of a property development project to ensure that construction and product quality are consistent with the designs and compliant with applicable laws and regulations. Contractors are required to rectify any defects or non-compliance incidents in a timely manner. Property checking and acceptance procedures are established to ensure properties are ready for delivery to the customers pursuant to the sales agreements.

To ensure its services quality, Tomson Riviera and Tomson Commercial Building adopted the latest version of ISO standards and now operate ISO 9001:2015 Quality Management System which was certified by Shanghai Quality Certification Services International (China) Co., Ltd. in August 2020.

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

The Group treats customer information confidential in accordance with the Law on Protection of Consumer Rights and Interests of the Mainland of China, as well as other laws and regulations related to consumer privacy in the cities where the Group operates.

Customers are important to the Group. The Group makes every effort to understand its customers' needs and enhance their satisfaction and experience with its products and services. The Group highly values any feedback from its customers on its business operations. Proper guidelines are set up to handle and resolve customer complaints in a timely manner.

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

## **B7. Anti-Bribery and Corruption**

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

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

The Group has adopted a whistle-blowing policy, which was formulated and approved by the Board of Directors of the Company. An Executive Director/the Company Secretary of the Company has been designated to handle any complaint received under the policy during the Reporting Period (as the case may be), and the Audit Committee of the Board of Directors of the Company (the "Audit Committee") is responsible for monitoring the implementation of the policy.

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

The Audit Committee meets regularly with the Company's senior management to consider the effectiveness of internal controls and risk management of the Company. As far as the Company is aware, no corruption or bribery incidents and fraudulent practices have been brought to the Company's attention during 2020.

## COMMUNITY RESPONSIBILITY

### B8. Community Investment

It is the goal of the Group and its staff to act responsibly and contribute to the society with a vision of building strong, long-lasting relationships with different stakeholders in their communities. Although the Group has not formalized its continuing practice, it makes donations regularly to various international and local charitable organizations (e.g. World Vision and Orbis) in Hong Kong and the Mainland of China. The colleagues also write regularly to the sponsored children under World Vision program to keep in touch with them.



The Group has been a consistent sponsor for the “Heart to Heart Project” organized by The Hong Kong Federation of Youth Groups since its launch in 2005. The “Heart to Heart Project” links schools and companies who contribute resources so as to encourage youth volunteers to serve the community and to promote the concept of mutual help among neighbourhoods.