



Deson Development International Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock Code : 262)



Environmental, Social and Governance Report 2018

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ABOUT THE REPORT

Deson Development International Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**” or “**We**”) are pleased to present the Environmental, Social and Governance Report (the “**ESG Report**”) for the reporting period from 1 April 2017 to 31 March 2018 (the “**Year**”). The ESG Report summarises the efforts and achievement made by the Group in corporate social responsibility and sustainable development during the Year. As for the information of corporate governance, please refer to the “Corporate Governance Report” on pages 33 to 45 of the annual report of the Year of the Group.

Scope of the Report

The ESG Report focuses on the environmental and social performance of the property development and investment businesses of the Group in Hong Kong and the People’s Republic of China (the “**PRC**”). The ESG Report presents our sustainability approach and performance in the environmental and social aspects of our businesses during the Year. The Group will continue to develop strategies in order to enhance its performance in environmental realm and disclose relevant information in sustainable development.

Reporting Framework

The ESG Report was prepared in accordance with the “**Environmental, Social and Governance Reporting Guide**” pursuant to Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Stakeholder Engagement

The engagement of our employees from different divisions of the Group helps us to recognise our sustainability performance. Data that are diligently collected and carefully analysed illustrate not only the Group’s sustainable initiatives for the Year, but also the Group’s short-term and long-term sustainability strategy. The Group will increase the involvement of stakeholders via constructive conversation with a view to charting a course for long term prosperity.

PROTECTING OUR ENVIRONMENT

Environmental Principle

The Group recognises the importance of environmental impact reduction and is committed to embedding its corporate responsibility into its business operation. To ensure environmental compliance and proper implementation of environmental protection measures in our projects, contractors are required to strictly comply with the laws and regulations in relation to environmental protection, including the Law of the PRC on Prevention and Control of Atmospheric Pollution, Law of the PRC on Prevention and Control of Water Pollution and Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste.

We attach great importance to environmental protection, therefore contractors are required to comply with all the rules and regulations and to review on any environmental and site hygiene issues regarding the management system as well as the on-site performance, in order to control the environmental impact from our business effectively. Due to the nature of our business and the industry, the operation of the Group does not involve the use of packaging materials.

Emission Treatment

The non-hazardous waste from the office operation of the Group is mainly general refuse, while the hazardous waste is mainly waste toner cartridges. During the Year, 41 kg waste toner cartridges were produced from the office in Hong Kong, with 1.10 kg waste toner cartridges produced by each employee in Hong Kong. Recyclable materials, such as waste paper and empty containers, are categorised and transferred to recycling company for further treatment regularly. To further promote the concept of minimizing waste disposal, notice and posters are displayed in the office to encourage the use of reusable dishware and cutlery rather than disposable ones. As for the site operation, contractors are required to handle hazardous waste and non-hazardous waste separately to avoid contamination. Containers and labels for the package of hazardous waste, such as chemical waste, shall meet the requirements imposed by the laws and regulations relating to waste handling. To reduce construction waste generated on site, contractors are encouraged to reuse materials to the greatest extent.

The air pollutant emission of the Group takes the form of vehicle exhausts. To reduce emission from our vehicle fleet, the Group has purchased vehicles with small engine displacements, and has regularly checked and maintained our vehicles. For the site operation, air pollutant emission is mainly dust. Thus, we require contractors to comply with the related laws and regulations to maintain the air quality of the site and the surrounding area. For example, to prevent the spread of dust, dusty materials should be covered or sheltered. Also, water is sprayed on dusty materials before loading and unloading.

The water consumption of the Group is mainly attributed to general office use and site operation. There is no material concern about water consumption. The wastewater from the office is mainly domestic sewage, which is directly discharged to the municipal drainage system. We remind employees to turn off the faucet tightly to avoid water wastage. For site operation, contractors should bear the responsibility for conducting proper wastewater treatment to reduce the environmental impact. For example, to ensure the quality of treated wastewater is up to standard before discharging, they are required to take measures, such as installing sand trap filters.

The Group will endeavour to control its emission in the coming year so as to reduce the environmental impact caused by the Group's operation.

Resources Conservation

To reduce paper use, the Group encourages employees to minimize the number of photocopies and to print double-sided for documents, where appropriate. There is a waste paper collection box to collect non-reusable waste paper for recycling. The Group has also selected energy-efficient printer models and encouraged employees to switch off the lighting and air-conditioning when not in use, so as to reduce the energy consumption. Also, employees are encouraged to take direct flights when going on business trips so as to reduce greenhouse gases emission. The Group will focus on enhancing the energy and water efficiencies in the coming year, in order to minimise the use of resources.

CARING OUR EMPLOYEES

Employment and Welfare

The Group believes that employees are our most valuable and indispensable assets in our pursuit of success. To protect the rights and benefits of the employees, we strictly abide by the laws and regulations, such as the Employment Ordinance of Hong Kong, Labor Law of the PRC and Labor Contract Law of the PRC.

We have established a sound recruitment system to ensure our recruitment work is conducted according to the work requirements set out by each department. Regardless of nationality, gender, age, race, religious belief or disability, candidates with relevant professional qualifications and working experiences receive equal consideration for employment. To prevent child labour, we comply with the Employment of Children Regulations of Hong Kong and Provisions on the Prohibition of Using Child Labor of the PRC, as well as closely examine the identification documents of candidates. Before contract signing, duties and responsibilities of the job position offered are clearly stated on the contract to avoid forced labour.

Upon joining the Group, we offer employees competitive remuneration packages. The remuneration is reviewed and determined with reference to the performance of employees and the Group as well as the market practice and condition. Employees with outstanding performance in appraisal are given promotion opportunity. There are various benefits offered to employees, such as medical insurance and personal accident insurance to Hong Kong employees. We also make monthly contributions to Mandatory Provident Fund retirement benefit scheme (the “MPF scheme”) under the Mandatory Provident Fund Scheme Ordinance of Hong Kong and retirement benefit scheme (the “ORSO scheme”) under the Occupational Retirement Scheme Ordinance of Hong Kong, while providing “Five Social Insurances and One Housing Fund” to employees in the PRC. The Group adheres to the relevant employment laws and regulations that deal with working hours and rest periods. Employees are entitled to annual leave, wedding leave, funeral leave, maternity leave as well as statutory holidays. Upon receipt of resignation, an exit interview is arranged to better understand the reason of an employee’s resignation and the payment of outstanding wages will be made pursuant to the requirements of the relevant laws and regulations.

Great importance is attached to the work-life balance of our employees. Throughout the Year, we organized leisure activities for our employees, such as Christmas party and Lunar New Year gathering, so as to promote the physical and mental well-being and foster a sense of belonging to the Group.

Health and Safety

The Group adheres to the people-oriented approach. To raise the health and safety awareness of our employees, occupational health and safety posters issued by the Occupational Safety & Health Council (“OSHC”), regarding tips for stress management at work, proper use of computer and guidelines on stretching exercise, are put up at prominent areas in the headquarters. The Group has also purchased equipments such as metal step ladders for employees to reduce their risk of injury.

As a property developer, the Group cares about on-site health and safety. During the tendering process, contractors are required to hold valid safety production licenses. Also, we pay considerable attention to the health and safety of site workers, thereby the contractors are required to strictly comply with the laws and regulations associated with health and safety, such as the Law of the PRC on the Prevention and Control of Occupational Diseases and Production Safety Law of the PRC.

To provide a healthy and safe workplace, contractors are required to establish clear safety policies for handling and reporting of emergency, accident and occupational disease, providing suitable personal protective equipment for site workers, storing and labeling the hazardous substances properly, and holding regular meetings with various parties to understand and monitor the implementation of the health and safety policies. The Group has also formulated a set of controlled safety manual and in-house safety rules, which is regularly reviewed and updated by safety officers and the management. Any incompliance discovered by our safety officers during inspection will be recorded and mitigation measures will be taken by the relevant parties upon request.

Training and Development

Driven by our firm belief in the profound importance of continuing education to enhance service quality, the Group provides education subsidies to motivate employees to pursue continuing education.

Safety is the highest priority on site, therefore, we provide sufficient safety trainings to site workers to promote and enhance the safety knowledge of workers, and ensure a high standard of safety awareness at all times. To ensure new workers fully understand the health and safety practice and comply with relevant laws and regulations, safety trainings such as induction training conducted before their assumptions of duty. The content of the safety trainings mainly cover the guidelines on the use of personal protective equipment, fire drills, proper manual handling procedure and safe machineries operation.

OPERATING PRACTICES

Supply Chain Management

To maintain the quality of our services, the Group is careful in choosing experienced and qualified contractors. Selection criteria for contractors include certifications obtained, qualifications, and licenses relating to safety production. We endeavor to lower the risks from supply chain and minimize the impact towards the quality of our services.

Quality Assurance

The Group understands the importance of quality control. Therefore, we require the contractors to establish series of measures for quality control and comply with relevant laws and regulations related to quality management, such as the Construction Law of the PRC.

During the stage of project implementation, we require the contractors to perform regular inspection to monitor the progress of the project and ensure compliance with their guidelines. Regular meetings are also required to address material issues including quality issues as soon as possible and to ensure sufficient resources are allocated for timely completion of the project.

To maintain customer satisfaction, we maintain good communication with the customers to keep them informed of the project status as well as to collect their feedback. Based on the feedback from the customers, follow-up actions, such as remedial and preventive actions, shall be taken by the contractors.

As for the advertising and labeling, we strictly abide by the relevant laws and regulations, so as to protect customers from any misleading or incomplete information in the course of sales.

Information Protection

Integrity has always been the intrinsic business value of the Group. We comply strictly with relevant laws and regulations, such as the Personal Data (Privacy) Ordinance of Hong Kong and Cybersecurity Law of the PRC. The personal information of our customers is collected and used in a responsible and non-discriminatory manner, by restricting the actual use of information to the purposes stated in the contract. The confidential information of our customers is stored properly in the office. Employees are not allowed to take away data from the office without the permission of the senior management.

Anti-corruption

The Group strictly abides by the relevant laws and regulations regarding anti-corruption, such as the Prevention of Bribery Ordinance of Hong Kong and Criminal Law of the PRC. We forbid employees to solicit or accept any advantage, including money, gifts, loans, commissions, offices, contracts, services or favours, in connection with their duties, without permission. In order to deter corruption, employees are highly encouraged to report to us if they receive any gifts from our customers, suppliers or any parties conducting business with us.

Apart from the internal actions taken to achieve the goal of anti-corruption, the Group also places great emphasis on the honesty of contractors. For example, during the tendering process in the PRC, we comply with the Law of the PRC on Tenders and Bids. Tenderers are required to provide the record of bribery and crime issued by People's Procuratorate. There was no corruption case occurred within the Group during the Year.

CONTRIBUTING TO OUR COMMUNITY

Apart from our pursuit of the business development, the Group spared no effort in making charitable commitments which can be reflected by our active participation in various charitable activities to contribute to the community.

During the Year, we have participated in various charitable activities in Hong Kong as follows:

Name of Charitable Activities	Purpose of Charitable Activities
Run for Peace 2017	<ul style="list-style-type: none"> Supporting the United Nations Educational, Scientific and Cultural Organization.
Lifewire Run	<ul style="list-style-type: none"> Raising fund for sick children’s healthcare and medical use.
The PB Runners Charity Run 2017 – Tseung Kwan O	<ul style="list-style-type: none"> Raising fund for Little People (patients of rare bone diseases) of Hong Kong.
The Youth Committee of Chinese Manufacturers’ Association + Hong Kong Seeing Eye Dog Services 20th Anniversary Celebration Charity Run	<ul style="list-style-type: none"> Deepening public understanding of services provided by guide dogs. Making donation to Hong Kong Seeing Eye Dog Services.
Hunger Run 2017	<ul style="list-style-type: none"> Making donation to the charity “Food Angel”. Providing food assistance for the people with needs in Hong Kong.
Run to Feed 2017	<ul style="list-style-type: none"> Helping the needy families.
Geo Hero Run 2017	<ul style="list-style-type: none"> Promoting geoconservation and environmental protection.
The Lions Clubs 100th Anniversary New Year Eve Run	<ul style="list-style-type: none"> Promoting healthy lifestyle with running.
Hopes Runner	<ul style="list-style-type: none"> Supporting the infrastructures provided by Haven of Hope Christian Service.
China Life Insurance (Overseas) 2018 Hong Kong STREETATHON@kowloon	<ul style="list-style-type: none"> Raising funds for Act Plus, The Hong Kong Amateur Radio Transmitting Society and RunOurCity Foundation’s “Youth • ROC” program.
Race for Water 2018	<ul style="list-style-type: none"> Supporting the World Water Day. Raising public awareness on water conservation and shortage problems.

KEY PERFORMANCE INDICATORS

During the Year, the details of key performance indicators are as follows:

Environmental Indicators	2018
Emission from Vehicles	
Nitrogen Oxides (kg)	8.13
Sulphur Dioxides (kg)	0.25
Particulate Matter (kg)	0.60
Greenhouse Gases	
Total Greenhouse Gas Emissions (tonnes CO ₂ e)	430
Total Greenhouse Gas Emissions per Employee (tonnes CO ₂ e/employee)	4.06
Wastes	
Total Non-hazardous Waste (kg)	6,084
Total Non-hazardous Waste per Employee (kg/employee)	57.40
Use of Resource	
Total Energy Consumption (MWh)	768
Total Energy Consumption per Employee (MWh/employee)	7.24
Energy Consumption from Purchased Electricity (MWh)	606.41
Energy Consumption from Fossil Fuel (MWh)	161.38
Total Water Consumption (m ³)	3,159
Total Water Consumption per Employee (m ³ /employee)	<u>29.80</u>