



迪臣建設國際集團有限公司

Deson Construction International Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8268

**Environmental, Social and
Governance Report 2018**

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About the Report

Deson Construction 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 Company is an investment holding company, which its subsidiaries are principally engaged as (i) a contractor in the construction business to provide building construction works, electrical and mechanical engineering works and alterations, addition, renovation, refurbishment and fitting-out works, mainly in Hong Kong, Mainland China and Macau; and (ii) investment in marketable securities. The ESG Report summarises the efforts and achievements made by the Group in corporate social responsibility and sustainable development during the Year. For the details of corporate governance, please refer to the “**Corporate Governance Report**” on pages 18 to 31 of the annual report of the Year.

SCOPE OF THE REPORT

The ESG Report focuses on the environmental and social performance of the core business of the Group in Hong Kong and fitting-out works in 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 business 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 20 of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange of Hong Kong issued by the Stock Exchange of Hong Kong Limited.

STAKEHOLDER ENGAGEMENT

The engagement of our employees from different divisions of the Group helps us to review 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 protection and is committed to embedding its corporate responsibility into its business operation. We have established a safety and environmental department, which is responsible for ensuring environmental compliance and proper implementation of environmental protection measures in our projects. We comply with the laws and regulations in relation to environmental protection, including the Air Pollution Control Ordinance of Hong Kong, Water Pollution Control Ordinance of Hong Kong, Waste Disposal Ordinance of Hong Kong, Environmental Impact Assessment Ordinance of Hong Kong, 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. On-site environmental management meetings are regularly held with the environmental committee, which includes representatives of sub-contractors. We discuss and review any environmental and site hygiene issues regarding the management system as well as on-site performance, in order to effectively control the environmental impact from our business. 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, 31 kg waste toner cartridges were produced from the office in Hong Kong, with 0.45 kg waste toner cartridge produced by each employee in Hong Kong. Recyclable materials, such as waste paper, are categorised and transferred to recycling company for further treatment regularly. We encourage our employees to use reusable dishware and cutlery rather than disposable ones by displaying notice and posters in the office, so as to promote the concept of minimising waste disposal. For site operation, sub-contractors are required to handle the 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 set out by the laws and regulations regarding waste handling. Construction wastes are collected on site and transported by authorised companies to designated disposal sites. Waste management plans are set for each project with monthly waste audit to monitor the amount of various waste produced and the compliance of sub-contractors. To reduce construction waste generated on site, sub-contractors are encouraged to reuse materials to the greatest extent.

The major 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 site operation, dust is the major air pollutant emission. Thus, we require sub-contractors to comply with the laws and regulations relating to air emissions to maintain the air quality of the sites 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. Domestic sewage is the major type of wastewater in the office and is discharged directly to municipal drainage system. We remind employees to turn off the faucet tightly to avoid water wastage. For site operation, sub-contractors should conduct a proper wastewater treatment at the construction site to reduce the impact to the environment. Sub-contractors are required to comply with the requirements stipulated in the relevant laws and regulations. For example, sand trap filters are installed to avoid discharge of sand and large particles to the drain.

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.

Protecting Our Environment

RESOURCES CONSERVATION

To reduce paper use, the Group encourages employees to reduce the number of photocopies to a minimum and employ double-sided printing for documents, where appropriate. There is a waste paper collection box at the office 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. Meanwhile, we suggest employees to choose direct flights for their business trips as to reduce the carbon emissions. The Group will focus on enhancing the energy and water efficiencies in the coming year, in order to minimise the use of resources.

EMPLOYMENT AND WELFARE

The Group believes that employees are our most valuable assets. Our employees are indispensable to the Group's 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, Employees' Compensation Ordinance of Hong Kong, Labor Law of the PRC, and Labor Contract Law of the PRC.

We have established a sound recruitment system. We carry out recruitment work according to the work requirements set by each department. Regardless of nationality, gender, age, race, religious belief or disability, candidates with relevant professional qualifications and working experience would receive equal consideration for employment. To ensure no child labour is employed, we comply with the Employment of Children Regulations of Hong Kong and the Provisions on the Prohibition of Using Child Labor of the PRC, as well as closely examining 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 performances of employees and the Group, as well as the market practice and condition. Employees with outstanding performance in appraisal are given promotion opportunities. Benefits such as medical insurance and personal accident insurance are offered to employees. We also make monthly contributions to Mandatory Provident Fund retirement benefit scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance of Hong Kong and retirement benefit scheme (the "**ORSO Scheme**") under the Occupational Retirement Schemes Ordinance of Hong Kong, while Five Social Insurances and One Housing Fund are offered to our 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, compassionate leave, maternity leave, paternity leave as well as statutory holidays. As for resigned employees, outstanding wages are paid pursuant to the requirements of the relevant laws and regulations.

Great importance is attached to the work-life balance of our employees. During the Year, we organised leisure activities for our employees, including Christmas party and Lunar New Year gathering, so as to maintain their 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 awareness of our employees on occupational health and safety, posters issued by Occupational Safety & Health Council ("**OSHC**"), regarding tips for stress management at work, proper use of computer and stretching exercise, are put up at prominent locations within the office area in Hong Kong. The Group has also purchased equipments such as metal step ladders for our employees to reduce their risk of injury.

A set of safety manual prepared by the Group's safety officer, regularly reviewed and amended, is available to our employees. The manual covers various occupation health and safety aspects which forms the basis of the Group's safety policy, namely training, personal protective equipments, hazard analysis and safety promotion.

Even though site workers are not under our employment, considerable attention is paid to their health and safety. Our sub-contractors are required to strictly comply with the laws and regulations associated with health and safety, such as the Factories and Industrial Undertakings Ordinance of Hong Kong, Law of the PRC on the Prevention and Control

Caring Our Employees

of Occupational Diseases, and Production Safety Law of the PRC. The Group keeps track of the compliance of sub-contractors with safety requirements by holding regular meetings with the project safety committee, where site inspection report is discussed and incompliance is addressed. Sub-contractors have to attend safety committee meetings and make improvements as required by the Group. In addition, the committee is responsible for reviewing various safety measures, training and possible risk, and to formulate preventive measures.

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 its employees to pursue continuing education. We also encourage our employees to attend training courses to keep up to date with latest practices and the development of the industry or develop their management and decision-making abilities to enhance their work performance.

Safety is the highest priority on site, therefore, we provide safety trainings such as induction training and toolbox talks regarding various safety topics on a regular basis to site workers, so as to make sure the workers comply with relevant laws and regulations and attain a full understanding of the health and safety practice, as to maintain a high standard of safety awareness at all times. The content of the safety trainings mainly cover the guidelines on the use of personal protective equipment, fire drills, proper manual handling procedure, safe machineries operation and correct working posture for lifting and other tasks.

SUPPLY CHAIN MANAGEMENT

In our construction projects, sub-contractors are our major suppliers. To maintain the quality of our services, the Group is careful in choosing experienced and qualified sub-contractors. Selection criteria for sub-contractors include safety performance, quality of workmanship, product availability, and on-time delivery. A list of approved sub-contractors is maintained and reviewed at least once a year. Sub-contractors with poor quality of works or unsatisfactory job performance will be removed from the list or replaced by other sub-contractors. 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 have provided services in compliance with relevant laws and regulations related to quality management, such as the Buildings Ordinance of Hong Kong, Legislation and Codes of Practice of Hong Kong, and Construction Law of the PRC. We have also established a sound quality management system and introduced a series of measures for quality control. Our subsidiaries, Deson Development Limited and Kenworth Engineering Limited, have obtained the certifications of ISO 9001:2015 Quality Management Systems.

During the stage of project implementation, we perform regular inspection to monitor progress of the project and ensure compliance with our guidelines. We arrange regular meetings with our sub-contractors to address material issues including quality issues as soon as possible and to ensure sufficient resources are allocated for timely completion of the project. With regard to the procurement of materials required by the contract, the list of materials will be submitted to the project architects for approval as the means to ensure the quality of the materials. To maintain the satisfaction of our customers towards our services, we also communicate with the customers regularly to keep them informed of the status of the project as well as to collect their feedback. Based on their comments, follow-up actions such as remedial and preventive actions will be taken accordingly. The feedback collected will be kept for the Group's future reference.

CUSTOMERS' INFORMATION PROTECTION

With integrity being our intrinsic business value, 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 nondiscriminatory manner, by restricting the 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 acts in strict compliance with relevant laws and regulations regarding corruption and bribery, including the Prevention of Bribery Ordinance of Hong Kong, Anti-Unfair Competition Law of the PRC and Criminal Law of the PRC. The Group forbids employees to solicit or accept any advantage, including money, gifts, loans, commissions, offices, contracts, services or favours, in connection with their duties, without its 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. There was no case of corruption 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)	2.00
Sulphur Dioxides (kg)	0.04
Particulate Matter (kg)	0.15
Greenhouse Gases	
Total Greenhouse Gas Emissions (tonne CO ₂ e)	55
Total Greenhouse Gas Emissions per Employee (tonnes CO ₂ e/employee)	0.46
Wastes	
Total Non-hazardous Waste (tonnes)	90,592
Total Non-hazardous Waste per Site (tonnes/site)	18,118.48
Use of Resources	
Total Energy Consumption (MWh)	93
Total Energy Consumption per Employee (MWh/employee)	0.77
Energy Consumption from Purchased Electricity (MWh)	65
Energy Consumption from Fossil Fuel (MWh)	28
Total Water Consumption (m ³)	380
Total Water Consumption per Employee (m ³ /employee)	3.17