



Chi Ho Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8423



Environmental, Social and Governance Report **2018**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Chi Ho Development Holdings Limited 潛濤發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8423)

GENERAL

This report covers certain environmental and social responsibility aspects underlying the Group's business operations in Hong Kong during the year ended 31 March 2018 and is prepared with reference to the Environmental, Social and Governance Reporting Guide as set out in Appendix 20 of the GEM Listing Rules ("**ESG Reporting Guide**").

The Company has complied with the "comply or explain" provisions set out in the ESG Reporting Guide during the year ended 31 March 2018. For details of the Group's financial performance and corporate governance matters, please refer to other sections in the annual report of the Company for the year ended 31 March 2018.

STAKEHOLDERS ENGAGEMENT

The Group focuses on developing the long-term value for its stakeholders, who comprise the Group's employees, customers, investors, suppliers and contractors, and the community. The Company interacts with stakeholders through various channels to understand the views of various stakeholders and collect their feedback, in order to better satisfy their demands and expectations. Our communication channels with our stakeholders include company website, annual general meeting, annual reports and interim reports, staff meetings, customers and suppliers meeting, etc.

GROUP POLICIES RELATING TO ENVIRONMENTAL PROTECTION

Emissions

The Group engaged in the construction industry which may generate some hazardous waste due to the business nature. The Group takes all reasonable steps to closely monitor and manage the environmental effect of the operations. The Group targets to minimise the impact on the environment and always seeks less harmful ways to the environment in the operations. The Group has adopted the emission control measures, including but not limiting to: (i) use of ultra-low sulphur diesel for plants and generators; (ii) use of non-road mobile machinery approved with EPD label; (iii) use of air compressor and hand held percussive breaker with noise emission label; (iv) trip-ticket system to record disposal of construction waste to disposal facilities; and (v) open burning is prohibited in all sites. During the year ended 31 March 2018, the Group did not identify any material non-compliance related to emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

	2018	2017
Emissions		
Annual Emission Data from Vehicles		
Nitrogen oxides (NOx) (kg)	14.68	17.09
Sulphur oxides (SOx) (kg)	0.27	0.33
Particulate matters (PM) (kg)	1.08	1.26
Greenhouse Gas Emissions		
Direct Emission (Scope 1) (tonnes)	50	61
Indirect Emission (Scope 2) (tonnes)	65	22
Indirect Emission (Scope 3) (tonnes)	8	7
Total Greenhouse Gas Emissions (tonnes)	123	90

Construction and Demolition (C&D) Waste		
C&D Waste (Fill Bank) (tonnes)	1,353	2,286
C&D Waste (Sorting Facility) (tonnes)	2,314	1,517
C&D Waste (Landfill) (tonnes)	3,310	1,611
Total C&D Waste (tonnes)	6,977	5,414

Use of Resources

The Group is committed to having an environmental friendly working environment. The Group advocates to reducing the consumption of fuel, electricity and improving the resource efficiency by way of: (i) the Group encourages employees to switch off the lights and electronic appliances before they leave the office; (ii) the Group encourages the employee to set the temperature of the office's air conditioner to 25.5 Degree Celsius; (iii) the Group encourages its employee to use double-sided printing instead of single-sided printing; and (iv) the Group arranges the surplus materials on the construction site to be re-used in other construction sites instead of dumping.

	2018	2017
Total Resources Consumption		
Electricity Intensity		
Total Electricity consumption (kWh)	97,017	34,627
Electricity Intensity (kWh/Staff/Day)	6,483	3,514
Water Intensity		
Total Water consumption (m ³)	461	21
Water Consumption Intensity (m ³ /Staff/Day)	0.031	0.002

The Environment and Natural Resources

The Group has developed the Environmental Management System which has been certified to comply with ISO 14001. The Group set up the Environmental Information Board in office in order to spread the practical tips and information about the environmental friendly action to the management and employees in order to minimise the impact of the business on the environment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

EMPLOYMENT

The Group regards people as its greatest asset. To underline this fact, the Group has established clear policies and guidelines to attract and retain talent. The Group places a significant emphasis on developing human capital and provides competitive remuneration and welfare packages. Promotion opportunities and salary adjustments are benchmarked against individual performance. The Group delivers a fair and safe working environment for employees to support their career advancement and also fosters their personal development.

Summary of Employment Performance Indicators:

	2018		2017	
Number of Employees		41		27
By Gender				
Female	15	37%	10	37%
Male	26	63%	17	63%
By Age				
18 or below		–		–
19 to 40		17		6
41 to 60		23		20
Over 60		1		1

Diversity

Number of Employees by Employee Category	Gender		2018 Age Group		
	Female	Male	19 to 40	41 to 60	Over 60
	Management	–	2	–	2
Project management	7	23	13	16	1
Administration, accounting and finance	4	1	2	3	–
Tender	3	–	2	1	–
Direct worker	1	–	–	1	–
	15	26	17	23	1

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Number of Employees by Employee Category	2017				
	Gender		Age Group		
	Female	Male	19 to 40	41 to 60	Over 60
Management	–	2	–	2	–
Project management	2	14	4	11	1
Administration, accounting and finance	5	1	1	5	–
Tender	2	–	1	1	–
Direct worker	1	–	–	1	–
	10	17	6	20	1

Turnover Rate

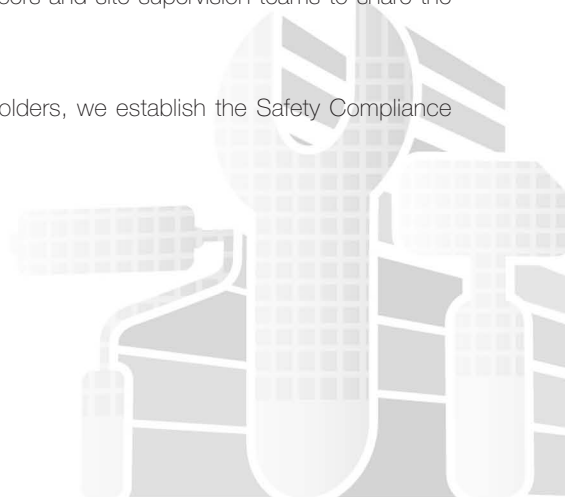
	2018	2017
Employee Turnover Rate	15%	15%
By Gender		
Female	14%	20%
Male	16%	12%

HEALTH AND SAFETY

As a group that mainly engages in the construction business, the Group places occupational safety and health as a top priority of all works. Our safety and health policy requires all levels of management and supervision to actively participate in adopting all feasible ways to create a safe working environment, as well as monitoring the related implementation. In addition, all of our employees and subcontractors are required to comply with this policy. On the other hand, we are committed to maintaining a high standard of safety and health by complying with the customers' requirement as well as the relevant regulations, including the Occupational Safety and Health Ordinance (Cap. 509) and Factories and Industrial Undertakings Ordinance (Cap. 59).

To enhance the professionalism and safety awareness of our frontline supervisory employees, all foremen are required to hold a Construction Safety Supervisor Certificate. Regular safety meetings are held for safety officers and site supervision teams to share the latest information and good practices with respect to safety.

In view of the importance of promoting the occupational safety and health to all stakeholders, we establish the Safety Compliance Committee to review the safety policy and promote safety and health awareness.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Summary of Health and Safety Performance Indicators

	2018	2017
Work-related fatalities (cases)	1	–
Lost days due to work injury (days)	594	390

During the year ended 31 March 2018, there was a fatal accident at a construction site for renovation and plumbing works for external walls at one of our project sites, whereby two workers of the Group's sub-contractors were seriously injured in the course of setting up the scaffolding (the "**Fatal Accident**"). As a result of the Fatal Accident, one worker was certified dead at the hospital, while the other has been on sick leave since then. Based on the Directors' best knowledge and prudent estimation, the said Fatal Accident would likely be resulted in criminal convictions brought against the Group and the relevant employing sub-contractor by the Labour Department in Hong Kong, but no actual legal proceeding against the Group has been taken as at the date of this report. After the Fatal Accident, the family member(s) of the said deceased employee may bring an employees' compensation claim against the Group and the relevant sub-contractor, but no actual legal proceeding against the Group has been taken by any parties as at the date of this report.

The Directors confirm that the liabilities arisen from the Fatal Accident is covered by employee compensation insurance taken out for the relevant construction project.

The Directors consider that the accident was independent and isolated incident. Save as disclosed above or otherwise in the annual report, the Group has in all material respects complied with all applicable laws and regulations in Hong Kong in relation to providing a safe working environment and protecting employees from occupational hazards.

Safety Audit

Safety audits were conducted periodically in office (corporate level) and on site (project level) according to the statutory requirements of Factories and Industrial Undertakings (Safety Management) Regulation, to check the efficiency, effectiveness and reliability of the safety management and set up plan for further improvement actions.

OHSAS 18001

Safety Management System was developed. Not only to comply with the statutory requirements, the system has been certified to comply with an international standard of OHSAS 18001 since 2011. This standard is implemented to all projects and is continuously undergoing improvement with latest international trends.

During the year ended 31 March 2018, the Group's has not identified any material non-compliance cases relating to health and safety.

DEVELOPMENT AND TRAINING

The Group believes that people development plays the most pivotal role in laying a solid ground for business growth. The Group encourages long-term growth and career development by allocating sufficient resources to people development. Besides on-the-job training, employees are encouraged to participate in internal and external training to strengthen their capacity, work skills, knowledge and professionalism.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Summary of Development and Training Performance Indicators

By Employee Category and Gender	2018	
	Total Training Hours Female	Male
Management	–	8
Project management	108	356
Administration, accounting and finance	39	20
Tender	9	–
Direct worker	2	–
	158	384

By Employee Category and Gender	2017	
	Total Training Hours Female	Male
Management	–	12
Project management	24	221
Administration, accounting and finance	8	42
Tender	13	–
Direct worker	2	–
	47	275

LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance and fully understands that employing child labour and forced labour is prohibited. The Group review the job applicant's identity information during the recruitment process and the applicant is also required to provide document proofs of academic qualifications and working experience for verifications. The employment policies of the Group also protect the right of free choice of employment by any person and ensure that all the employment relationship is established on a voluntary basis. During the year ended 31 March 2018, the Group has not identified any non-compliance cases involving child labour and forced labour.

SUPPLY CHAIN MANAGEMENT

Sustainable Procurement

To ensure the Group's service quality, the Group's policy in relation to the subcontractors and suppliers is to select only those subcontractors and suppliers on an approved list who has passed the Group's quality control tests and have a satisfactory record of quality and on-time delivery. The Group aims to maintain the partnership with suppliers and works together in order to promote sustainable development of the industry. The Group performs the evaluation of a supplier in an annual basis to make sure the performance of the subcontractors and suppliers are up to the standard. The assessment mainly includes but not limited to the professional qualification, services/products quality, financial status, operation in good integrity, social responsibility, etc. When the evaluation result of the suppliers or subcontractors are not satisfactory, the respective suppliers or subcontractors may be removed from the approval list.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

PRODUCTS RESPONSIBILITY

The Group recognises the importance of the quality of the services provided by the Group. The Group has established relevant policies which cover service quality and safety in order to ensure relevant measures comply with the laws and regulations.

The Group communicates and confirms the work plan with customer before the commencement of the project and actively monitors and processes and coordinates with the customer. For the year ended 31 March 2018, the Group has not had any material complaints or request to terminate projects due to poor quality and safety. If a complaint should arise, the Group will immediately assess the complaint and conduct an internal investigation into the matter to identify the source of the issue. If the complaint is valid, the Group will immediately provide the relevant solution to solve the issues as soon as practicable.

The Group also recognises the importance of the intellectual property right. The management and relevant department review the contracts entered into with customers and suppliers to ensure the intellectual property rights are properly accounted for. The Group also complies with relevant law and regulation of data privacy. All confidential data of customers can only be assessed by the staffs who are responsible for the projects for relevant clients.

For the year ended 31 March 2018, the Group has not identified any non-compliance cases relating to product responsibility.

ANTI-CORRUPTION

The Group believes that the integrity of business is the foundation of corporate social responsibility, as well as a fundamental element for a business's competitive advantage and sustainability. The Group is committed to the highest possible standards of openness, probity and accountability.

The Group adopts a policy of zero tolerance towards corruption. All employees must fully comply with relevant local laws and regulations as well as the Group's own policies on prevention of corruption. All employees have a responsibility to report any suspected violations to a supervisor or senior management.

During the year ended 31 March 2018, the Group has had no non-compliance cases regarding violations of relevant laws and regulations on anti-corruption.

COMMUNITY INVESTMENT

Caring for the Society

Corporate social responsibility via staff volunteerism, philanthropy and community service is the core values of the Group. The Group actively participated in charitable donations, caring for people in need, as well as supporting and sponsoring educational and environmental protection activities.

