



大生地產發展有限公司
TAI SANG LAND DEVELOPMENT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock code: 89)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2019

ABOUT THIS REPORT

Tai Sang Land Development Limited (“the Company”) (Stock Code: 89) and its subsidiaries (collectively “the Group”) are pleased to present the Group’s Environmental, Social and Governance Report (“the ESG Report”) for the reporting period from 1 January 2019 to 31 December 2019. This ESG Report focuses on the operation in Hong Kong region, as it contributes over 80% of the Group’s total revenue in 2019.

This Report presents our approach and performance in the environmental and social aspects of our business, and which was prepared in accordance with Appendix 27 “Environmental, Social and Governance Reporting Guide” (“the ESG Guide”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Information in relation to the Group’s corporate governance and financial performance can be found in our Annual Report 2019, which is available on the Company’s website: <http://www.tsld.com>.

Stakeholder Engagement

Both internal and external stakeholders play a critical role in our ESG scope. We therefore regularly communicate with them to understand their concerns. Actions will be taken to response if necessary.

Our key stakeholders and communication channels are as follows:

Stakeholders	Communication channels
Tenants and customers	<ul style="list-style-type: none">- Customer service hotline- Daily personal contact- Site visits- Company website- Email- Customer survey
Employees	<ul style="list-style-type: none">- Annual performance review- Regular meetings- Training- Annual dinner and company activities
Shareholders and investors	<ul style="list-style-type: none">- Annual and interim reports- Annual general meetings- Press release, announcements and circular- Investor relations enquiry- Company website
Suppliers and contractors	<ul style="list-style-type: none">- Tendering process- Site visits- Meetings and conferences- Exhibitions and seminars

We appreciate stakeholders’ valuable feedback on the ESG report. Please send your comments to esg@tsld.com.

ABOUT THIS REPORT (Continued)

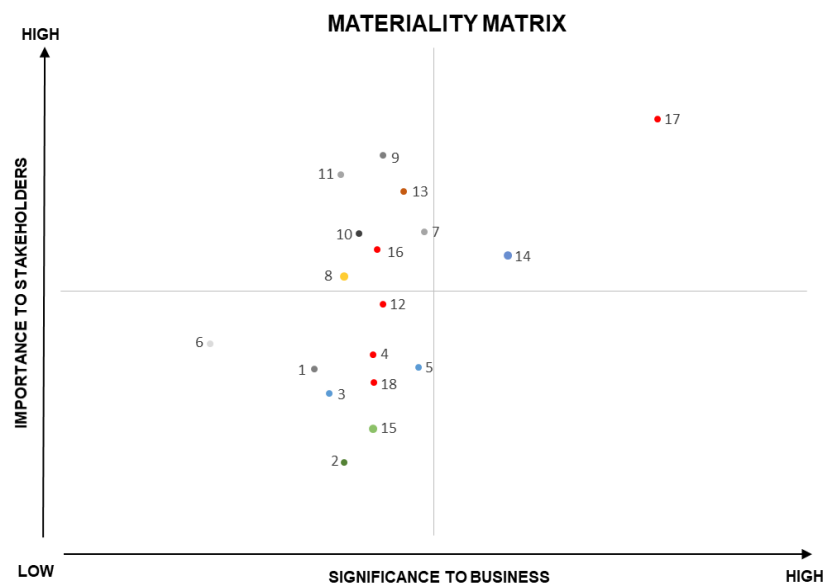
Materiality Analysis

In accordance with the ESG Guide, the ESG report will cover 18 aspects under three categories, environmental, workplace practices and product responsibility and society.

18 aspects in accordance with the ESG Guide

Environmental	1. Environmental protection policies
	2. Monitor and mitigate on emission
	3. Monitor and reduce on waste generation
	4. Resources use policies
	5. Resources consumption and efficient measures
	6. Managements actions
Workplace practices	7. Employee engagement policies
	8. Equal opportunity and anti-discrimination
	9. Policies on safe working environment
	10. Occupational health and safety measures
	11. Employee development
Product responsibility and society	12. Supply chain management
	13. Customer health and safety
	14. Customer satisfaction
	15. Advertising content and labelling
	16. Customer data protection policies and privacy
	17. Anti-corruption
	18. Community involvement

Survey has been conducted to collect the feedback from our stakeholders on the weighting of these 18 aspects towards our performance, strategies, risks and governance. Stakeholders took part in the survey included employees, tenants and customers, suppliers and contractors. Results of the materiality assessment are presented in a matrix in figure below:



“Customer satisfaction” and “Anti-corruption” are highly concerned items of stakeholders and significant to business. We have addressed them in this report in following sections.

OUR OPERATION

Supply Chain Management

We require our suppliers and contractors to comply with all the applicable laws and regulations, such as the minimum wage ordinance, environmental and labour laws. We also require them to have no corruptions or unethical practices and perform comprehensive security measures to safeguard workers' and tenants' health and safety. Apart from consideration of pricing and quality, we also favour suppliers and contractors who have good records in environmental and safety performance.

To ensure project quality, most of our major contractors engaged have industry accreditations such as ISO 9001, ISO 14001 and OHSAS 18001. We monitor and evaluate our suppliers and contractors performances regularly. Their performances are recorded and taken into consideration in future supplier selection processes. Any violation of our policies, laws or involvement in any scandal can result in them being suspended for a period or exclusion from future tendering opportunities.

For hotel development project, our project team regularly monitors the performance of contractors through site inspections and project meetings. We also require all workers employed by contractors hold the Construction Industry Safety Card to ensure that they have relevant safety knowledge in carrying out the site works, and request all workers on sites to use adequate safety equipment such as safety helmets, dust masks, ear plugs and goggles.

Anti-corruption

To prevent fraud and corruption conduct, we encourage reporting any suspected misconduct through a whistle-blowing mechanism. Appropriate actions will be taken if we discover any violation by suppliers and contractors.

We have clearly set out the requirements and standards during the tendering and procurement process. The tendering committee monitors the process and ensures it is standardised, fair and transparent.

Our employees are also required to perform their work with high integrity and comply with our Code of Ethics as stated in our Staff Handbook. Employees need to be aware to avoid conflicts of interest, receiving valuable gift and involving in bribery matter.

The whistleblowing mechanism has established for whistleblower to raise complaints with complete confidentiality. All complaints will be handled by our Audit Committee independently. The Board will be advised of the outcome, and if necessary, the case will be reported to the respective law enforcement authorities.

During the reporting period, we are not aware of any non-compliance with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering.

OUR OPERATION (Continued)

Customer Health and Safety

We are dedicated to safeguard our tenants' physical health and safety, and have taken measures to ensure safe environment for our tenants including but not limited to:

- Provide comprehensive and effective security measures and facilities at our properties;
- All facilities and equipment are in good condition;
- Choose materials with no or low volatile organic compounds contents for renovation works of our properties;
- Perform regular air duct cleaning to improve ventilation for fresh air intake at our properties;
- Ensure good quality of water. We have already achieved the requirement of "Quality Water Supply Scheme for Buildings" organised by Water Supply Department; and
- Regular pest control is conducted in common area of our properties.

During the reporting period, we are not aware of any material non-compliance with relevant laws and regulations in health and safety and quality matter relating to our products and services provided that have a significant impact to the Group.

Engaging with our Customers

We make every effort to understand the needs of our customers through different channels to continuously improve our property conditions and services to meet the requirements of our customers.

Our property management teams conduct surveys to collect feedback from customers on a regular basis to evaluate the quality of our services. A hotline service is in place for customers to communicate with us directly, all comments and suggestions are followed up in a timely manner.

We also value all complaints. We are committed that all customer complaints are responded timely. Complaint handling procedure is in place to ensure the completeness of the complaints data we logged and allow us to take corrective action where appropriate.

Safeguarding Customers' Interest

We make every effort to safeguard the marketing information is true and accurate and fully complied with relevant government regulations.

We treat customer data privacy seriously by strictly following the Personal Data (Privacy) Ordinance in handling customers' information. All collected personal data is treated confidentially, which are securely kept and only accessible by designated staff. Information on customers are normally be destroyed after retention for seven years. Our frontline employees are also provided with training on managing sensitive customers and corporate information. In addition, all tenants are required to sign a Personal Information Collection Statement. The Statement details the purposes for collecting tenants' personal data and how we will handle the information.

During the reporting period, we are not aware of any material non-compliance with the relevant laws and regulations or received complaints in customer privacy matter.

OUR ENVIRONMENT

We understand that it is our responsibility to protect the environment to ensure that the idea of environmental sustainability can be integrated into our operations. We will continue to optimize our management practices aiming to minimize the environmental impacts of our business operations, and to ensure that our employees understand, support and carry out our sustainability measures.

During the reporting period, we are not aware of any material non-compliance with the relevant laws and regulations on environmental matters that have a significant impact to the Group.

Green Office

Our management team establishes some initiatives which focus on energy saving, waste reduction and recycling. These initiatives include:

- Turning off unused electrical equipment when leaving office;
- Recycling paper, reusing single-sided paper and avoiding unnecessary photocopying and printing;
- Re-use of envelopes for internal mail;
- Use public transportation as often as possible; and
- Sharing document through intranet to reduce paper copies for record purposes.

Waste Management

The construction waste generated by our properties renovation works for the year was approximately 419 tonnes (2018: 1,419 tonnes). We also consider the environmental impact of construction materials we sourced. The main reason of decrease in construction waste is due to the reduction in renovation projects during the year.

At our offices, we have measures of reducing, recycling and reusing our materials, such as collecting used paper and toner cartridges for recycling. We also continue to engage all our divisions to reduce waste generation at source. Our tenants are encouraged to adopt waste separation practices. Tri-coloured bins have been placed across our properties to encourage sorting and recycling. Recyclable waste will be further handled by third-party waste collectors for further handling. We have joined the Commendation Scheme on Source Separation of Commercial and Industrial Waste launched by Environmental Protection Department to facilitate the tenants to practice waste separation and recycling in workplace, and engaged qualified garbage disposal companies to clear-up and dispose of the wastes produced by tenants.

The majority of waste generated by the Group for the year is paper, which used in normal business operation and printed materials distributed to shareholders, which used a total of approximately 3.0 tonnes (2018: 2.8 tonnes). The total CO₂ equivalent emissions for the paper used was approximately 14.4 tonnes (2018: 13.5 tonnes). The increase in usage of paper is due to the increase in usage for publication and annual report.

OUR ENVIRONMENT (Continued)

Energy Efficiency

The electricity consumption of the Group for the year was 4,024,709 kWh (2018: 4,123,001 kWh), electricity consumption intensity (average by gross floor area) of 33.202 kWh per m² (2018: 34.013 kWh), mainly used for property management operation and hotel operations; towngas consumption of the Group for the year was 958,992 MJ (2018: 1,089,888 MJ), towngas consumption intensity (average by gross floor area) of 7.911 MJ per m² (2018: 8.991 MJ), mainly used for hotel operations. The electricity consumption rates in 2019 are lower than previous year due to the reduction in renovation projects.

We understand that we have a role to reduce greenhouse gas footprint by developing effective energy consumption strategies. In order to enhance energy efficiency performance at our properties and hotel development project, we regularly review energy efficiency measures to ensure the compliance with relevant laws and regulations, such as the Building Energy Efficiency Ordinance.

Our property management team continuously optimises the environmental performance of our investment properties by taking actions as follows:

- Using LED or T5 fluorescent tube to maximum energy efficiency;
- Installing green flat roofs that lower the indoor temperature;
- Regularly maintain appliances and facilities for better performance;
- Using timer control for outdoor signage to limit energy consumption;
- Using eco appliances to maximise energy efficiency;
- Engage a Registered Energy Assessor to certify that the major retrofitting works comply with the Building Energy Code; and
- Set energy reduction targets and devised a monitoring mechanism to ensure continuous improvements.

At Gateway ts, various environmental protection campaigns are participated, which include applying Energywise Certificate organized by Environmental Campaign Committee to demonstrate the achievement in energy saving and participating in the Earth Hour by World Wildlife Fund.

Water Resources Utilisation, Quality Control and Conservation

The water consumption of the Group for the year was 8,377 m³ (2018: 10,215 m³), water consumption intensity (average by gross floor area) of 0.069 m³ per m² (2018: 0.084 m³), it mainly used for property management operation and hotel operations. The water consumption rates in 2019 are lower than previous year due to the reduction in renovation projects and the drop in the occupancy rate of hotel operation in 2019.

To ensure good water quality for our tenants, we carry out regular cleansing of fresh water and flushing water tanks at properties in accordance with the applicable regulations. Automatic sensor faucets are installed to minimise wastage and runoff.

OUR ENVIRONMENT (Continued)

Data in Environmental Performance

Energy and Resources Consumption

Type	Unit	2019	2018
Electricity	kWh	4,024,709	4,123,001
Towngas	MJ	958,992	1,089,888
Water	m ³	8,377	10,215

Energy and Resources Intensity

Type	Unit	2019	2018
Electricity	kWh/ m ²	33.202	34.013
Towngas	MJ/ m ²	7.911	8.991
Water	m ³ / m ²	0.069	0.084

Greenhouse Gas Emission

Type	Unit	2019	2018
Electricity	Tonnes, CO ₂ e	2,303.5	2,377.1
Towngas	Tonnes, CO ₂ e	11.9	12.8
Water	Tonnes, CO ₂ e	5.2	6.3

Greenhouse Gas Emission Intensity

Type	Unit	2019	2018
Electricity	Tonnes, CO ₂ e/ m ²	0.01900	0.01961
Towngas	Tonnes, CO ₂ e/ m ²	0.00010	0.00011
Water	Tonnes, CO ₂ e/ m ²	0.00004	0.00005

OUR EMPLOYEES

We believe that employees are the most valuable asset. They are the key factor in the corporate structure for business development and success. Therefore we place high importance on human resources management to attract, develop and retain our people. We committed to provide a safe, healthy working environment for all employees. We also offer good career prospects, opportunities for career progression, and competitive remuneration.

Employment Policies

As at 31 December 2019, we have a workforce of 149 persons in Hong Kong. We are an equal opportunity employer and committed to offer equal opportunities to individual including recruitment, training, promotion, etc., regardless of age, gender, health status, marital status, family status, etc. Our employees are rewarded only based on their knowledge, skill and performance.

We offer competitive remuneration package to our employees to attract and retain talent. The employee benefits include discretionary bonus, medical insurance, Mandatory Provident Fund Scheme, and leave entitlement such as marriage, maternity, paternity and compassionate. The remuneration packages and policies are reviewed by the management annually.

During the reporting period, we are not aware of any material non-compliance with relevant laws and regulations in employment matters that have a significant impact to the Group.

Health and Safety

We are committed to ensuring the high standards in occupational health and safety and providing a safe working environment for our employees. Our staff are encouraged to attend relevant construction and occupational training and seminars, such as Construction Industry Safety Card course, Occupational Safety and Health Council courses and First Aid courses.

In order to avoid accidents and ensure that all employees work in a safe manner, we have established safety rules and emergency response plans, and carried out risk assessment for high risk works. Those established measures and guidelines are reviewed periodically. First aid kits are also available at all workplace to ensure any injury can be handled properly.

During the reporting period, no work related fatality or significant injury due to work were recorded. We also are not aware of any material non-compliance with relevant laws and regulations in occupational safety and health matter that have a significant impact to the Group.

Development and Training

We provide internal and external training opportunities to our employees to enhance their technical skills and job knowledge. These trainings are offered to different levels of staff from junior staff, senior management and director, which covered regulatory updates, privacy information handling, occupational health and safety and professional career development. We also provide directors with regulatory updates and seminars.

Labour Standard

We regularly review the employment practice to ensure that compliance with the Employment Ordinance and other related regulations. During the reporting period, no child and forced labour have been employed by our operation and suppliers.

COMMUNITY INVOLVEMENT

Being a responsible corporation, we have actively contributed to our community for years. During the year, we have donated a total of approximately HK\$3,635,000 (2018: approximately HK\$2,460,000) to different charity organizations and activities.

We also encourage our employees to participate in various volunteerism activities to serve and support the needy.