



瑞港建設控股有限公司

PROSPER CONSTRUCTION HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6816)

ENVIRONMENTAL, SOCIAL, GOVERNANCE REPORT

YEAR 2017

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1. Reporting Scope

This Report covers the environmental, social and governance information for Prosper Construction Holdings Limited (the “Company”) and its subsidiaries (together referred to as the “Group”). Marine construction is the Group’s most important business segment and contributes the majority of its revenue. The scope of the Report covers the Group’s Hong Kong head office and its operations in Macau. The Group complies with applicable laws and regulations in the regions where it operates.

The Report covers the period from 1 January 2017 to 31 December 2017, which coincides to the Group’s latest published annual report.

The Report observes the “Comply or Explain” rule set out in the Environmental, Social and Governance Reporting Guide under Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. Communication with Stakeholders

Stakeholders to the Group’s operation from an ESG perspective include its employees, directors, investors, business partners, and the community in general. The Group acknowledges the importance of effective communication with stakeholders and collects contributions from diverse range of stakeholders for continuous assessment through regular internal meetings and various communication channels with external parties, such as meeting with clients, joint site inspection with clients and consultants, provision of suggestion boxes and a client satisfaction survey, and periodic supplier and subcontractor evaluation.

3. Environmental, Social and Governance Performance

3.1 Environment

3.1.1 Emission

Air Pollution Prevention Policy

On the construction site, the Group mindfully controls the waste discharge by plants and equipment and the following measures are taken:

1. Vehicles entering or leaving the construction site have to pass through the wheel washing facility to ensure that no soil or sand is taken on to outside roads;
2. Dusty work activities such as drilling must be completely covered or shielded to prevent dust from escaping;
3. Regular checks on machine exhausts (dark smoke identification) to identify repair or maintenance needs; and
4. Switching off all plants, machinery and vehicles when not in use.

For the year ended 31 December 2017, the Group's primary waste gas emissions were derived from the air pollutants emitted by vehicles during the process of consuming fuels. The emission volume was as follows:

Air Emission (Kilograms)	Hong Kong Office	Macau Construction Site
Nitrogen oxides (NOx)	4.62	7,400
Sulfur Oxide(SOx)	0.12	36.85
Particulate Matters (PM)	0.34	0.24

Note: The project on the Macau construction site has been completed and relevant data was provided up to 30 November 2017.

Business Trip Reduction Policy

The Group deeply understands that business trips will increase energy consumption and result in more greenhouse gas (GHG) emission. Therefore, the Group actively reduced business trips to minimise the GHG emissions and adopted other effective communication modes. For instance, the Group used telephone conference, emails and video conference to replace face-to-face meetings that require employees to travel long distance to attend. By doing this, the Group strives to reduce GHG emission caused by extra travels.

Procurement Policy in Favor of Local Suppliers

On the premise of meeting related hardware and software conditions, the Group encourages each operational outlet to prefer local suppliers so as to reduce the distance of transporting goods, minimise waste gas discharge and GHG emission, and save energy.

For the year ended 31 December 2017, the Group's GHG emission volume and density were as follows:

Source of GHG Emission	The Group's Total Consumption
Gasoline consumed by mobile sources(Liter)	11,120.23
Total consumed petroleum gas (Megajoule)	40
Total diesel consumed be fixed sources (Liter)	447,195
Facility power consumption (KWH)	115,402
Vehicle driving distance (Kilometers)	104,813
Employee flight mileage (Kilometers)	119,812
Waste paper discharged to landfills (Kilograms)	492.17
Total GHG emission (Tonne carbon dioxide equivalent)	1,353.89
Employee (Tonne per person)	21
GHG emission density (Tonne carbon dioxide equivalent per person)	64.47

Note: The project on the Macau construction site has been completed and relevant data was provided up to 30 November 2017.

Office Equipment Waste Reduction/Reuse/Recycling Policy

We have taken a series of measures to reduce wastes in the office, including double-sided printing, cartridge recycling, storing documents electronically and properly using e-mails. As a result, the paper use in the Group's daily operation was reduced.

Waste Reduction Policy

Measures of Reducing Hazardous and Non-Hazardous Waste, and Methods of Disposing Wastes

Process	Hazardous Waste	Non-Hazardous Waste
Assessing the operational procedures, identifying the sources of waste, and formulating waste reduction plans	√	√
Adopting unconventional work modes or process to reduce waste	√	√
Classifying and labeling waste	√	√
Sending hazardous waste to licensed recycling companies	√	-
Sending non-hazardous waste to designated cleaners or contractors, or periodically transporting non-hazardous waste to large waste deposit locations.	-	√

For the year ended 31 December 2017, the Group did not generate any hazardous waste. The volume and density of non-hazardous waste discharged by the Group, which included newspaper, aluminum cans and plastics, was as follows:

	Total annual discharge volume
Waste Type	Group overall
Non-hazardous waste (Tonne)	19.3
Employee (People)	21
Density of non-hazardous waste discharge (Per employee) (Tonne per person)	0.92

Note: The project on the Macau construction site has been completed and relevant data was provided up to 30 November 2017.

The Group has complied with all applicable environmental laws and regulations and did not violate any applicable rules during the reporting period.

3.1.2 Use of Resource

The Group has taken relevant measures to reduce use of resources, which include:

Green Office Policy

Amid the daily operations of the Head Office and Office on construction site, the Group encourages the use of electronical documents. We have replaced printed documents with computer-based documents, and endeavoured to realise paperless office and resource sharing, thereby reducing the use of printed documents. The Group also required employees to opt for double-sided printing, and reuse the discarded single-sided printed paper, so as to save paper.

Energy Conservation Policy

To reduce overall energy consumption, the Group has adopted the following measures:

1. Prioritising the use of more energy-efficient products, so as to reduce overall energy consumption.
2. Using electrical appliances with energy labels 1 or 2.
3. Setting the temperature of air conditioner sat 22-25 degree centigrade.
4. Switching computers that stand idle for at least 20 minutes to power-saving mode.
5. Switching off air conditioners, lights, computers, printers, photocopiers and electric appliances if they are not in use or when the last employee leaves the office/work area.
6. Switching off all plants, machinery and vehicles when not in use.

The Group requires every employee to participate in the initiative of energy conservation and emission reduction. They are required to switch off equipment that are not in use, and check whether all equipment are turned off before leaving work. In addition, the Group has carried out activities of promoting the knowledge about energy conservation and emission reduction, so as to prompt employees to develop habits of saving energy and protecting environment.

Policy of Reducing Water Use in Daily Operation

The Group strives to reduce water consumption in daily operations. “Save Water” stickers are attached to all taps to remind staff to save water and a contact number to report faulty taps is prominently displayed. The Group assigns staff to make regular checks that no taps are faulty or left running. On the construction site, wastewater is reused in the wheel washing facility.

In addition, the Group does not engage in manufacturing activities. Therefore, its operation does not generate any packaging materials for finished products or other related wastes.

For the year ended 31 December 2017, the main resources consumed by the Group amid its operation were as follows:

Resource		Total Volume of Group
Facility electricity consumption	(kWh)	115,402
Total gasoline consumed by mobile sources	(Liter)	11,120.23
Total diesel consumed by stationary sources	(Liter)	447,195
Water Consumption	(Cubic meter)	19,633
Average Consumption Density per Employee		
Facility electricity consumption	(kWh per person)	5,495.30
Total gasoline consumed by mobile sources	(Liter per person)	529.53
Total diesel consumed by stationary sources	(Liter per person)	21,295
Water Consumption	(Cubic meter per person)	934.90

Note: The project on the Macau construction site has been completed and relevant data was provided up to 30 November 2017.

3.1.3 Environment and Natural Resource

The Group understands the public and customers pay lots of attention to environmental issues, and therefore strives to implement green operational mode internally.

Green Operational Policy

The Group's environmental management system is accredited with ISO14001:2004. To enhance the application of the system, we conducted the internal and external audits in 2016 according to the above standards, and the outcome is satisfactory. The senior management of the Group undertakes to maintain the system, and the management will check the system during review meetings. Relevant measures will be taken to handle major identified environmental issues. The Group's Macau construction site will complete an "Environmental Inspection" checklist each month to ensure site conditions meet the statutory requirements. Furthermore, the Group has set up an environmental protection target and all project teams are encouraged to help the Group achieve such target.

Water Quality Monitoring Policy

Water quality is a major environmental issue for the Group as a reclamation project was carried out on the Macau construction site. The Group recruited a qualified unit to monitor the quality of the sea waters surrounding the reclamation project in Macau. In case of any abnormal situations, the Group will take mitigation measures immediately.

Employee Training on Environmental Protection

When implementing the integrated management system, the Group also provided relevant employees with ISO 14001 training, trainings on air pollution prevention technologies/practices, and other related trainings. After these trainings, relevant employees can at any time re-study and get familiar with requirements of the system and derivative environmental issues of relevant programmes.

In addition, we have regularly carried out chemical leakage response drill on Macau construction site. The drill includes action checklists, and procedures for handling chemical crisis and leakages. The drill gives employees opportunities to exercise the emergency handling procedures.

Promoting the Green Concept in Supply Chain

The Group assesses environmental performances of suppliers every year. A supplier that underperforms in the environmental area may be removed from the supplier list. Such arrangement can ensure that suppliers pay more attention to the environmental impact of their products.

Green Procurement Policy

The Group adopts environmentally friendly products, and selects electric appliances with energy labels 1 or 2 (Such as computers, printers, lights, among others).

3.2 Society

3.2.1 Employment

The Group strives to protect each employee's rights and interests, and has formulated a series of employment policies to ensure that employees are treated fairly.

Fair Employment and Anti-Discrimination Policy

The Group promotes a fair employment environment and does not discriminate potential or existing employees on the basis of gender, age, race, marital status and religious belief etc.

The promotion opportunities inside the Group are provided based on the results of evaluation of relevant employees' performance, experiences and abilities. Other factors such as gender, marital status and physical disabilities will not be considered in this regard.

Work/Life Balance Policy

The Group does not encourage nor demand employees to work overtime. Should voluntary overtime work is required to meet project deadlines, compensatory leave or monetary compensation will be granted in return.

Indemnity Policy

The Group has in place insurance policies to cover injuries and deaths resulting from incidents during course of employment. . The Group's policies related to work hours, holidays and overtime compensations are implemented according to local laws and regulations.

Layoff Policy

Any employee that is to be laid off will receive a verbal notice 7 days before the layoff decision takes effect or pursuant to terms of relevant employment contract and employment-related laws in Hong Kong.

As at 31 December 2017, the Group's headcount and workforce breakdown were as follows:

	Group headcount
Gender	
Male	13
Female	8
Job Type	
Full time	21
Part time	
Age	
18 – 24	0
25 – 34	3
35 – 44	5
45 – 54	9
55 – 64	3
Above 65	1
Total	21

	Monthly average staff turnover (%)
Gender	
Male	0
Female	2.08
Age	
18 – 24	0
25 – 34	2.78
35 – 44	1.67
45 – 54	0
55 – 64	0
Above 65	0

During the reporting period, the Group did not violate any law or rules regarding employment or discrimination.

3.2.2 Occupational Health and Safety

The Group has taken many measures to prevent injuries and deaths caused by industrial accidents.

Safe Working Environment Policy

On the construction site, the Group works with main contractors to identify high-risk activities. The main contractors are obliged to provide all necessary safety equipment. The Group's employees on the construction site help main contractors build safe work platform and shelter. Furthermore, the Group provides medical kit for emergent use. The occupational health and safety officer regularly checks safety status of the construction site and provides safety training to employees.

Indoor Air Quality Control Policy

To create a pleasant working environment and maintain sound indoor air quality, the Group sets up non-smoking areas in the head office and its construction site in Macau.

During the reporting period, the Group did not violate any local law or regulation related to occupational health and safety. In addition, the Group did not have any lost work day caused by work-related injury or death.

3.2.3 Human Resource Development and Training

Career Development Policy

The Group hopes junior employees can become familiar with their work as soon as possible, so senior employees will be appointed as the mentors of such junior employees to help them develop work and people skills.

On the construction site, the main contractors appoint safety supervisors to provide trainings to the Group's employees. If the Group is the main contractor, it will provide safety knowledge introduction and related training to employees on the construction site as required by developers.

3.2.4 Labour Standards

As per related laws and regulations, the Group prohibits the hiring of child labour or use of any forced labour. During the employment process, the Group conducts strict checks to ensure job applicants are at least 18 years old. The Group respects employee's rights in respect of employment, resignation, overtime work and personal freedom. The Group also prohibits forced labour in any form, including bonded labour, and never forces employees to work overtime.

During the reporting period, the Group did not violate any laws or regulations related to child labour or forced labour.

3.2.5 Supply Chain Management

Supplier Selection Standards

The Group systematically monitors on the supplier selection process. All subcontractors/suppliers are required to complete an application form, and the Quantity Survey department assesses the information provided. To determine if a supplier/subcontractor is to be added to the approved list, the Group considers the following criteria: their management system (including quality, occupational health and safety, environmental and security management), their experience and past performance.

Supplier Performance Assessment

The construction site is required to complete the subcontractor/supplier assessment once every six months, and the project manager reviews the performance of the subcontractor/supplier in respect of safety, quality, as well as environmental and security management, and suggestions will be made on the basis of the assessment results.

The Quantity Survey department uses the assessment results in an annual subcontractor/supplier performance assessment. If the performance is poor or fails to fulfil the contractual requirements, the subcontractor/supplier may be removed from the list with the approval of senior management. The subcontractor/supplier that is removed from the list shall not apply to re-enter the list until one year after such removal.

3.2.6 Product Responsibility

Product and Service Quality Warranty Policy

The Group closely monitors its product and service quality according to the ISO 9001: 2008 quality management system. To enhance the application of the system, we conducted the internal and external audits in 2017 according to the above standards, and the outcome is satisfactory and the management will check the system during review meetings. The systematic monitoring system can ensure product and service quality. In addition, the project team will regularly check the construction site to ensure quality of the reclamation project. Customers or consultants can also review relevant check results to examine product and service quality.

Product and Service Health and Safety Warranty Policy

On the construction site, the project manager and his or her team have to ensure safety standards of the reclamation project meet relevant contractual requirements. Customers or consultants can also review relevant check results to examine product and service quality.

After-Sale Service Policy

During the maintenance period, the project manager will be responsible for following up on all problems and maintenance projects

Customer Data Protection Policy

To protect customer's confidential information, all information and documents related to customers' intellectual properties (Such as drawings, technical specifications and other confidential documents) shall be managed and stored by designated departments carefully.

During the reporting period, the Group did not violate any ordinance related to product responsibility, and the Group did not experience any product recall needs or encounter any complaint against sold products for safety or health reasons.

3.2.7 Anti-corruption

Governance Policy

The Group provides training to all the directors. Directors jointly oversee the functioning of the corporate governance mechanism. In addition, the Board of Directors has set up four board committees, namely the audit committee, the remuneration committee, the nomination committee and the risk management committee, each with delegated authority in overseeing different aspects of corporate governance of the Group.

Anti-corruption Policy

The Group requires staff to comply with the laws and regulations and forbids any fraudulent or corrupt behaviour. A formal whistle-blowing programme has been established to allow both internal and external stakeholders to report cases to the audit committee, which is empowered to assess these cases and decide if a full investigation is necessary.

Whistle-blowing and Fraud Policy

The audit committee is responsible for handling the whistle-blowing matters. If employees find any suspected extortion, fraud or money laundering activity, they may report to the audit committee through e-mails. We have elaborated on the policy to employees and explained the reporting procedures for frauds or other suspected immoral activities. The audit committee is empowered to assess these cases and decide if a full investigation is necessary. The committee will keep all information confidential.

Third Party Financial Audit Policy

The Group has engaged the third-party accountant PricewaterhouseCoopers to audit its accounts. The Group will review opinions provided by the accountant.

Conflict of Interest Reporting Policy

The Group requires employees to disclose any situation that might reasonably be expected to give rise to conflict of interest, and report any suspected case to appropriate supervisors or deputy general manager.

Bidding Policy

For high-value or long-term procurement or service contracts, employees shall provide at least 3 offers to CEO/project managers for assessment. The senior management assesses the subcontractor/supplier based on their evaluation forms every year, thereby choosing partners for the next year.

During the reporting period, the Group did not violate any anti-fraud law or regulation.

3.2.8 Community Investment

The Group has been strengthening its communication and interaction with the community by actively looking to involve itself in community activities and contribute to local development.

In the reporting period , the Group has actively participated in the community including sponsoring learning activities in “Ding Shizhao Education Fund” and “Sowers Action” to help those in need in the society.