



Pioneer

PIONEER GLOBAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

Environmental, Social and Governance Report

Year 2017/2018

Introduction

This Environmental, Social and Governance (“ESG”) Report covers the ESG performance of Pioneer Global Group Limited (the “Company”) and together with its subsidiaries (the “Group”) for the year ended 31 March 2018 and is prepared with reference to ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing Rules”), and in accordance with the operational status of the Group.

For the governance section, please refer to pages 20 to 30 of our Annual Report 2017/2018 for the Corporate Governance Report. During the year ended 31 March 2018, the Company has complied with the applicable code provisions of the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Listing Rules, except for deviation from code provision A.6.7 of the CG Code which stipulates, among others, that independent non-executive directors and other non-executive directors should attend general meetings. Due to his prior business commitment, Dr. Charles Wai Bun Cheung, JP, an independent non-executive director, was unable to attend the 2017 annual general meeting of the Company.

Reporting Purpose

The Group believes a successful enterprise should not maximize profit at all costs, but should endeavor to balance stakeholders’ interests and social responsibility for maintaining an enterprise’s sustainable development. Therefore, the purpose of this report is to improve stakeholders’ understanding and to introduce ongoing sustainability initiatives directed towards the community and the environment.

Reporting Boundary

The Group’s business is mainly investing in office properties in Hong Kong for rental income and capital gain. This report covers our 3 major buildings in Hong Kong, namely Pioneer Place (“PP”), Club Lusitano Building (“CL”) and 68 Yee Wo Street Building (“68 YWS”) which together account for 93% of the Group’s total rental revenue. Savills Property Management Limited is the property manager of CL and 68 YWS. Jones Lang LaSalle Management Services Limited is the property manager of PP.

A. ENVIRONMENTAL

Aspect A1: Emissions

Our policy is to minimize environmental impacts and to fully comply with laws and regulations in relation to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes. In our business, we focus on minimizing our environmental footprint and making a positive impact on the environment.

As a property owner, our environmental footprint is mainly comprised of GHG emissions from electricity and water consumption from our rental property operation and our operation does not result in significant air emissions, discharges into water and land or generation of hazardous and non-hazardous wastes.

Key Performance Indicator:

Type	Year		Year	
	2017/2018		2016/2017	
	Total	Intensity	Total	Intensity
		(kg per	(kg per	
	(kg)	sq. ft.)	(kg)	sq. ft.)
GHG emissions ²	<u>4,656,563</u>	<u>8.39</u>	<u>4,958,227</u>	<u>8.93</u>

1 The figures of year 2016/2017 were restated after eliminating the emissions incurred and repaid by the tenants.

2 The decrease was mainly due to the energy saved in routine operation.

We maintain close monitoring to mitigate our emissions by taking effective measures to minimize usage: at office level, we participate in the Green Office Awards Labelling Scheme organized by World Green Organisation to implement green initiatives and encourage staff to join environmental related training. At rental property level, we advocate e-bill and e-receipt to our tenants and actively participated in various energy saving programs, e.g. participating in Earth Hour and waste recycling programs, e.g. participating in moon cake box recycling program.

Aspect A2: Use of Resources

The Group mainly consumes electricity and water during the operation and our policy is to ensure efficient use of resources including energy and water in our rental properties. We place high priority on the efficient use of resources, and we have introduced saving measures in our properties to help reducing the energy and water consumption as follows:

- maintaining the indoor temperature of common area at 25 degrees Celsius;
- switching-off lighting installations of decorative, promotional or advertising purposes that affect the outdoor environment between 11:00 p.m. to 7:00 a.m.;
- using energy saving lightings; and
- installation of water efficient and/or low-flow water fixtures including automatic faucet and automatic flushing system.

Key Performance Indicators:

Types	Year 2017/2018		Year 2016/2017 (restated) ¹	
	Total	Intensity (per sq. ft.)	Total	Intensity (per sq. ft.)
Electricity (kWh) ²	<u>6,367,844</u>	<u>11.47</u>	<u>6,685,371</u>	<u>12.05</u>
Water (m ³) ³	<u>22,375</u>	<u>0.04</u>	<u>18,183</u>	<u>0.03</u>

- 1 The figures of water consumption of year 2016/2017 were restated after eliminating the consumption incurred and repaid by the tenants.
- 2 The decrease was mainly due to the energy saved in routine operation.
- 3 The increase was mainly due to in average a higher occupancy rate in year 2017/2018.

Aspect A3: The Environment and Natural Resources

Apart from electricity and water consumption as discussed above, our Group's business activities on the impacts of the environment and natural resources during the reporting year is immaterial.

B. SOCIAL

Aspect B1: Employment

The Group recognizes that employees are important and valuable assets to the corporate contribution and is committed to building a pleasant and valued-adding workforce and workplace. As recruiting and retaining talent is vital for us to stay competitive, attractive and competitive remuneration packages are offered to our employees and reviewed on performance basis within the general framework of the Group's salary and bonus system. Benefits such as medical care, retirement scheme, training subsidies are provided to our staff. We also encourage our staff to maintain a well-balanced life and support them to actively pursue their personal development by participating in different roles and activities in the community.

Being an equal-opportunity employer, we implement fair employment practices and no one will receive less favourable treatment on the ground of race, disability, age, gender, sexuality and religion. We believe that each individual has his or her unique strengths and contributions that can add value to our Group and the society at large.

During the reporting year, the Group complied with laws and regulations in relation to labour and human resources practices that had a significant impact of the Group and our Management provided confirmation on the compliance.

Aspect B2: Health and Safety

The Group endeavours to provide a safe and pleasant working environment for our staff. Periodic cleaning of air-conditioning systems, steaming treatment of office furniture and chairs, pest control services and regular floor care maintenance are carried out to ensure a hygienic working environment. Due to the nature of our business operation as a pure landlord, work related injuries and occupational health hazards are not significant risk factors to us.

During the reporting year, the Group complied with laws and regulations in relation to health and safety that had a significant impact of the Group and our Management provided confirmation on the compliance.

Aspect B3: Development and Training

Continuing education and development of our employees is a priority for our Group. In order to create a supportive workplace which develop the competency of our employees and support their personal growth, the Group provides job-related training (both external and internal courses) to all employees. This ensures our employees are constantly updated with adequate skills and professional knowledge to perform quality work.

Aspect B4: Labour Standards

As a pure landlord with no industrial/manufacturing operation, we comply with the Employment Ordinance and respect human rights. All employment with the Group is voluntary and child & forced labour is prohibited in any of our operation.

Aspect B5: Supply Chain Management

Our main business suppliers include management companies, professional and other business service providers, sales and leasing agents as well as vendors for office supplies. Among the suppliers, the management companies are our key supplier which pose a significant impact.

The management companies engaged by our Group are top tier and well established property management companies. These companies have their own set of internal guidelines and policies on environmental, health and safety and social aspects. Even though our Group does not maintain a separate policy on managing environmental and social risks of our suppliers, we believe that the management companies have embedded the relevant concerns in their policies. Also, our Group has frequent direct dialogues and regular meetings with the management companies and the management companies are requested to integrate the Group's value into its operation process when practicable.

Aspect B6: Product/Service Responsibility

Tenants are the Group's main customers. We endeavor to maintain a close and lasting relationship with them and pursue their satisfaction. The tenants can contact our asset management team directly via telephone and emails as and when needed. We also pay attention to the tenant's dissatisfaction and put the best effort to respond instantly to the problem and complaint submitted by the tenants.

Aspect B7: Anti-corruption

The Group prohibits all forms of bribery, extortion, fraudulent, money laundering and corruption activities in connection with any of its business activities. Code of conduct with anti-bribery and anti-corruption principles are established to provide guidance to our staff when discharging their duties and obligations. All directors and employees are required to possess high ethical standard and demonstrate professional conducts in our business operation. They are notified not to engage in any form of corruption and not to request, receive or accept any form of benefits from any persons, companies or organizations having business transactions with the Group. Also, the Group complies with relevant laws and regulations and implements proper reporting mechanism for reporting unlawful conduct, incident of corruption, incorrect or improper financial reporting and other fraudulent activities.

During the reporting year, the Group was not aware of any non-compliance with relevant laws and regulations in relation to anti-corruption and our Management provided confirmation on the compliance.

Aspect B8: Community Investment

The Group, being a global corporate citizen, is committed to making positive contribution to the society and community with love and care through various charitable services and donations.

During the reporting year, the Group made donations to The Chinese University of Hong Kong, World Green Organisation and North Point Alliance Church.