



SANBASE CORPORATION LIMITED

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **2018**

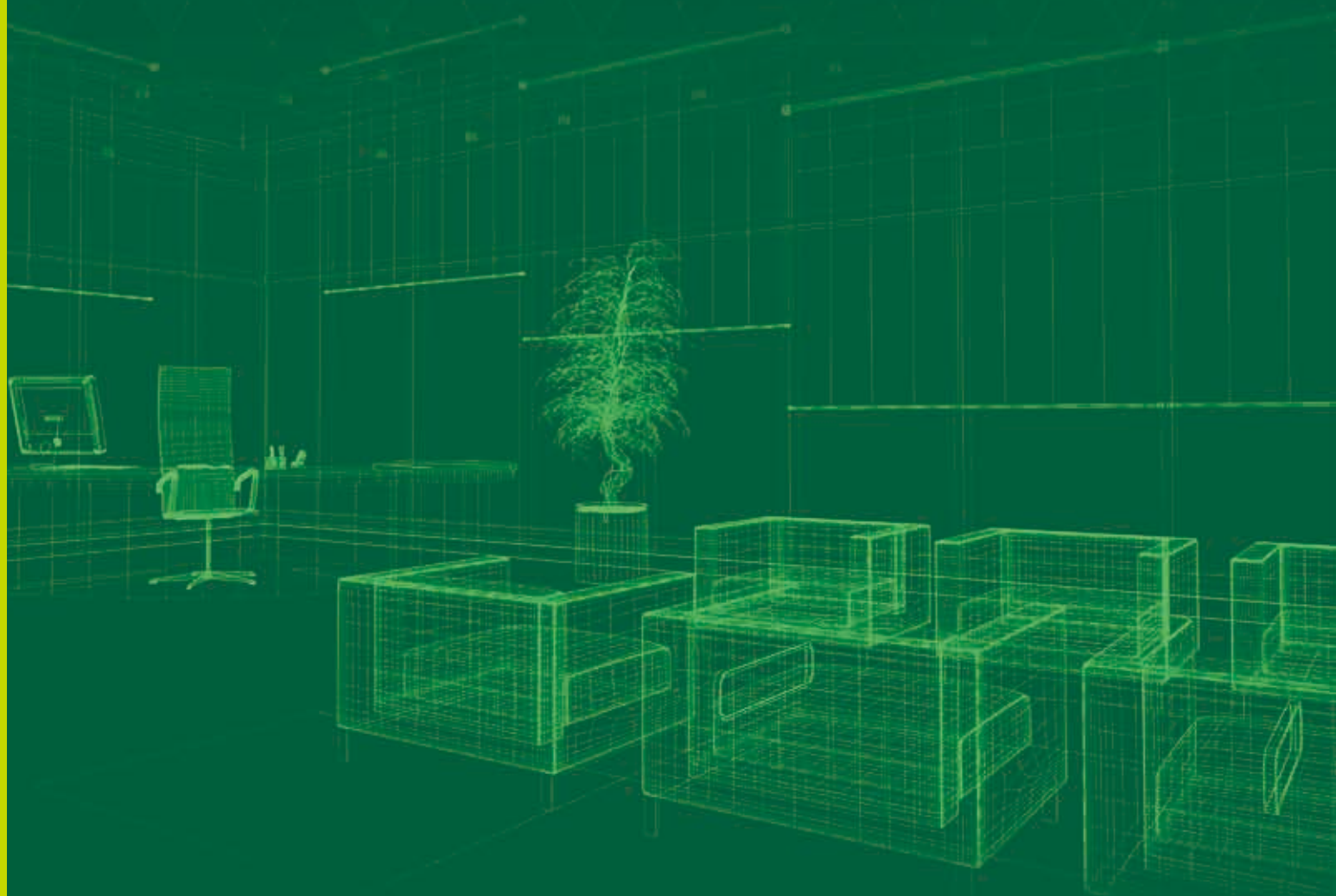


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1 ABOUT THE COMPANY



Sanbase Corporation Limited and its subsidiaries (collectively referred to as “**Sanbase**” or the “**Group**”) is one of Hong Kong’s largest interior fit-out solutions provider for Grade A offices located in Hong Kong. Since 2009, Sanbase has gained a reputation for providing timely, efficient and quality services, and has expanded to serve over 100 prominent companies, predominantly financial institutions, insurance companies, and other multi-national companies.

As a reliable service provider, Sanbase believes that investment in social and environmental aspects is a key component to its brand. Therefore, the Group has placed more emphasis on social contributions, environmental remediation, and regulation compliance during this reporting period (as defined below).

2 ABOUT THIS REPORT



2.1 REPORTING STANDARD, PERIOD AND SCOPE

This is Sanbase's first Environmental, Social and Governance ("**ESG**") report, and is prepared in accordance with the Environmental, Social, and Governance Reporting Guide set out in Appendix 20 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange.

This report covers the ESG-related activities from 1 April 2017 to 31 March 2018 ("**the reporting period**"). The scope of the report covers the Group's operations based in Hong Kong, including the main office and 115 construction sites involving (i) bare shell fit-out, (ii) restacking, (iii) maintenance, (iv) reinstatement, and (v) churn work.

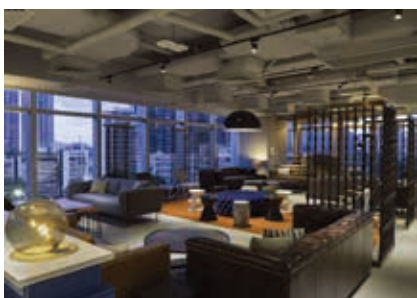


2.2 CONTACT DETAILS

We welcome any comments or suggestions from our stakeholders. If you have any comments, please contact our Group at:

16/F, Loon Kee Building,
267-275 Des Voeux Road Central,
Hong Kong

Email: ir@sanbase.com.hk



3 WORDS FROM EXECUTIVE DIRECTOR



Dear stakeholders,

From our humble beginnings, our firm has established itself as the go-to interior fit-out solutions service provider. Our core values center around providing quality and premium services to our customers, establishing occupational health and safety protection measures for our employees and subcontractors, and implementing mitigation measures for protecting our environment. These core values have helped drive our success and promote our brand in the industry. As a reflection of our commitment to our core value, we have obtained the triple accreditation of ISO 9001:2015 Quality Management System, OHSAS 18001:2007 Occupational Health and Safety Management System, and ISO 14001:2004 Environmental Management System.

From an internal management perspective, we have a revamped system that was able to track payment schedules, assign staff rosters, and generate project checklist, and thus ensuring an efficient operation process. In ensuring the quality of our products, we have established a comprehensive quality management system, which includes standardized project management, execution protocol for project managers and subcontractor selection criteria. Our efforts on quality control has been accredited by **ISO 9001:2015 Quality Management System**.

In the aspect of health and safety, we established framework and accredited with **OHSAS 18001:2007 Occupational Health & Safety Management System** to reduce construction related injuries and safeguard employees and subcontractors. We have provided safety training to equip staff with relevant knowledge and skills to prevent occupational hazard. Project Managers conducted regular assessment on subcontractors' safety performance to ensure the compliance with local legal requirements. Through our unremitting efforts, we have achieved zero injury incident during the reporting period.

In order to protect our environment, we have initiated the **"Go Green"** awareness through establishing office environmental policies and office renovation such as installing energy-efficient LED light bulbs. Furthermore, we have implemented the **ISO 14001:2004 Environmental Management System** for our renovation and fitting-out works to ensure energy efficiency, proper waste management, and compliance with relevant laws and regulations.

Moving forward, we understood the sustainability of a business depends on the balance between economics, environmental protection, and social welfare. With our current leading position in the market, we have a tremendous opportunity to expand our services to greater lengths and pioneer a positive driving force in our society. In our Environmental, Social and Governance report, we demonstrate our strive to make our company, the environment, and society better.

I would like to thank our employees and the board of directors for their commitment to the development of Sanbase, and our stakeholders for their continued support.

WONG Sai Chuen

Executive Director

Hong Kong, 21 September 2018

4 ASSURING QUALITY



In order to sustain business growth and become the “go-to” fit-out solutions provider in Hong Kong, quality management is critical throughout the Group’s operation. The Group understood that its responsibility lies not only in its on-site activities, but also in the management of the supply chain and product quality. Therefore, the Group was committed to strictly monitoring and controlling the procurement process, the work performance of subcontractors and product quality.

4.1 SUPPLY CHAIN MANAGEMENT

In the supply chain, Sanbase primarily engaged subcontractors to perform a wide array of services under the Group’s supervision, such as mechanical and electrical services, electrical installation and general furniture and furnishing installation. The subcontractors were responsible for procurement of raw materials relevant to their work stream.

To ensure the quality of the raw materials and subcontractors’ services, the Group has adopted internal control measures. During the selection, Sanbase assessed the timeliness of completion, quality of work, pricing, reputation, staff expertise, and labour and environmental standards of each subcontractor. For the newly engaged subcontractors that have passed the preliminary assessment, smaller projects would be assigned to them as a way to pre-assess whether their services comply with the Group’s specific project requirements.

4.2 PRODUCT RESPONSIBILITY

Sanbase believes that the quality of its services has been a key to the success, and is also crucial to its sustainable development. The Group has implemented the **ISO 9001:2015 Quality Management System** since 2014. The quality management system mainly covered the following aspects:



SHOWCASE OF QUALITY



During the reporting period, the Group was not aware of any non-compliance with the laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

5 PUTTING PEOPLE FIRST



The Group strongly believes that the success lies in its dedicated employees. Therefore, Sanbase has heavily invested in its employees by providing safe working environment, professional skill trainings, and equal opportunities.

5.1 HEALTH AND SAFETY

Sanbase valued employees' health and safety, and has been awarded with an **OHSAS 18001:2007 Occupational Health and Safety Management System** certificate since 2016. The qualification recognized the Group's commitment to improving health and safety condition on site. The Group is committed to:

- ▶ Taking proactive measures to reduce health and safety risks in the processes of project design, production and fitting-out, and maintain an accident rate of less than 1 accident per 100,000 man-hours;
- ▶ Ensuring the enhancement and regular reviews of safety and health systems and objectives;
- ▶ Providing adequate resources for each project to implement health and safety policy and to ensure its understanding, implementation and maintenance at all levels;
- ▶ Providing appropriate training to all employees to ensure their competency in carrying out their duties;
- ▶ Granting safety awards annually to recognize efforts of construction project teams and the respective subcontractors who have performed well in safety matter;
- ▶ Implementing and maintaining a Safety Management System to comply with the F&IUO standards¹; and
- ▶ Providing permanent monitoring of the system through regular audits, reviews and inspections.

Although the hands-on work was completed by the subcontractors, Sanbase has the responsibility to check up on the on-site's progress from time to time. In accordance with its safety commitments, on-site workers must attend site safety and toolbox training, including personal protective, equipment handling, safety lifting techniques, fire precautions, and high-level work safety measures.

During the reporting period, the Group has complied with F&IUO and Occupational Health and Safety Ordinance. With good communication and stringent implementation measures, Sanbase has reported no work-related accidents and injuries from employees and subcontractors in the reporting period, thus fulfilling its target of having **less than 1 accident per 100,000 man-hours**. The Group strives to continuously achieve this target on a year to year basis.

¹ Factories and Industrial Undertaking Ordinance ("F&IUO"), which has established by the Hong Kong Labour Department.

5 PUTTING PEOPLE FIRST (Continued)



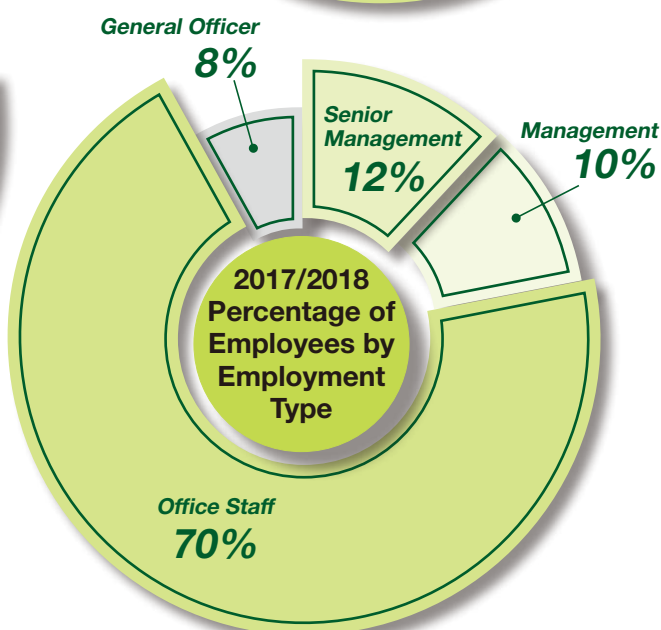
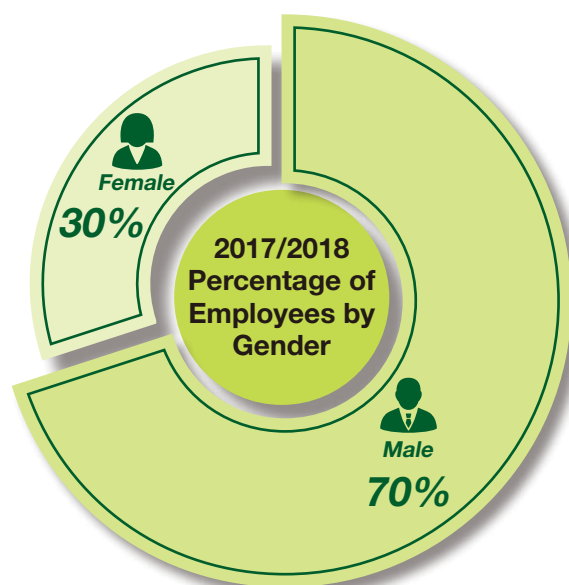
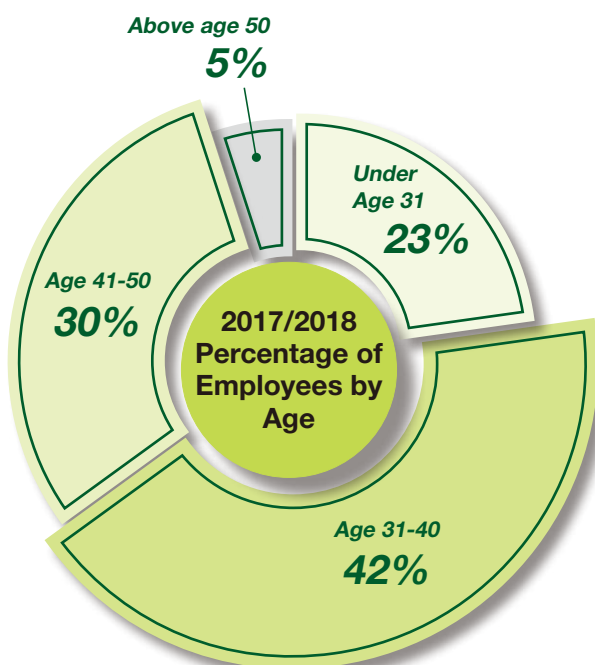
5.2 LABOUR PRACTICES AND LABOUR STANDARDS

Employees with diverse background and experience could bring various perspectives and innovative solutions to the Group. Thus, Sanbase valued the diversity of its employees, and committed to the elimination of organizational structures and actions that oppress, exclude, limit or discriminate on the basis of race, gender, ethnicity, financial ability, sexual orientation, religion, disability or age. Human Resource Department was responsible to ensure the recruitment process has complied with relevant laws and recruitment guidelines. Policies on salary, working hours, compensation, leaves and benefits and welfare were included in the employee handbook to ensure transparent and fair operation.

The Group provided its employees with paid holidays and ensured reasonable working hours. There were also special leaves allowed within the Group, such as maternity and paternity leave. The Human Resource Department was in charge of promoting equality at the workplace and setting in place disciplinary measures should discrimination acts be uncovered.

Total Number of Employees

2016/2017	30
2017/2018	40



5 PUTTING PEOPLE FIRST (Continued)



In the case of inappropriate behavior or action, an employee was given a verbal then written warning before he or she was dismissed from the Company. In the dismissal stage, a disciplinary hearing was held by the director or his or her delegate to fully investigate the situation. When dismissed, the Group would provide written reason for the dismissal and date of termination.

The Group prohibited any violation on human rights, and sanction all use of child and forced labour. Therefore, candidates' age shall be verified from identity card checking by Human Resource Department before the commencement of works.

During the reporting period, the Group has complied with all relevant laws and regulations relating to employment and labour standards, such as Employment Ordinance, Employees' Compensation Ordinance, and Minimum Wage Ordinance. At the end of the reporting period, Sanbase had a total of 40 staff, including executive directors.

5.3 TRAINING AND DEVELOPMENT

Sanbase fully supports the development of its employees. All training, experience and promotional opportunities have been opened to all employees, and would be given based on employee's existing skills, qualification and abilities required to perform the job. The Group also provided sponsorships to encourage its staff to attend external training programs such as conferences, forums, or seminars.



A total of **25.5** hours of training



Average **40** minutes training per person

During the reporting period, Sanbase has organized a total of 25.5 hours of various training on digital tax, tax audit, and operational transfer pricing. The average training hours completed was 40 minutes per employee.

5.4 ANTI-CORRUPTION

The Group has established anti-fraud policy and procedure document that explicitly spelled out the code of conduct for employees to follow. Forgery, bribery, extortion, fraud, money laundering, theft, and profiteering from insider knowledge of company activities were prohibited accordingly. If a related problem emerges, the employee who was aware of the situation must immediately report the case. To bring home this point, an **Independent Commission Against Corruption (ICAC)** seminar was held for the staff regularly. Throughout this reporting period, the Group has complied with laws and regulations relating to bribery, extortion, fraud and money laundering, and no concluded legal cases regarding corrupt practices brought against the Group.

6 PROTECTING ENVIRONMENT



As a leading company in the industry, Sanbase has incorporated sustainability into its operations and placed strong emphasis on environmental protection. With this instance, Sanbase has identified energy usage, greenhouse gas emission and non-hazardous wastes as its material environmental impacts. Since 2016, the Group has successfully qualified as **ISO 14001 Environmental Management System (EMS)**. Under this framework, a formal environmental policy has been established to ensure the Sanbase's on-site activities and office operation adhere to the requirements of EMS and comply with all applicable legal standards.

For this purpose, the Group is committed to:

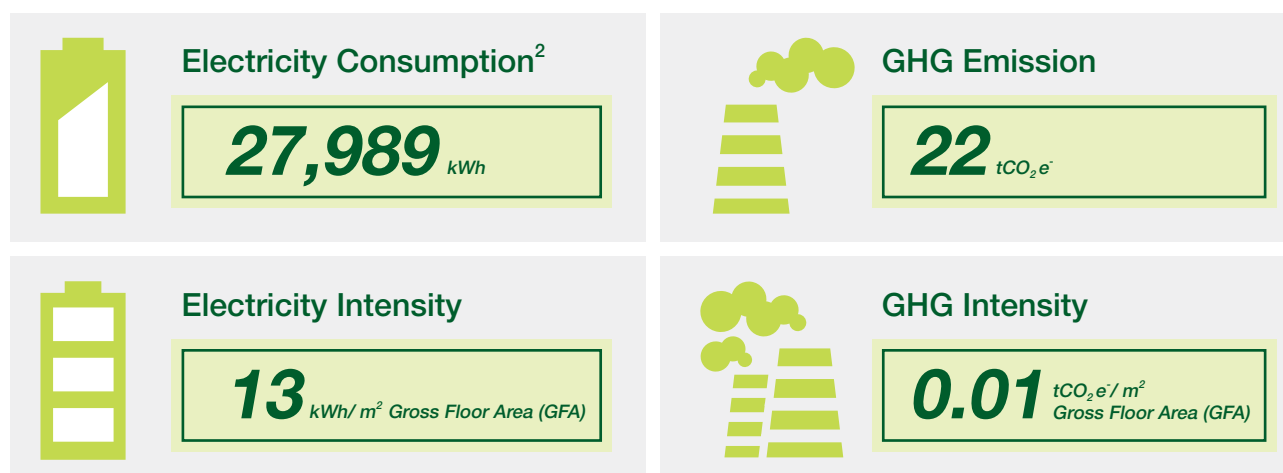
- ▶ Meeting and exceeding all applicable environmental requirements throughout the operation
- ▶ Ensuring the responsible use of energy throughout the business
- ▶ Conserving energy through regular equipment maintenance
- ▶ Continuously improving the Group's environmental management system
- ▶ Reporting the non-compliance issues in its environmental, social and governance report
- ▶ Ensuring employees are knowledgeable of, understand and comply with all applicable environmental laws and regulations

6.1 ENERGY CONSUMPTION AND GREENHOUSE GASES

The Group recognized the main source of energy consumption is the electricity, and it is the main contributor of Sanbase's carbon footprint. The Group targeted to put energy conservation practices in place by upgrading the office hardware with energy efficient alternatives. For instance, the Group upgraded **100%** of the office lights to **LED lights** to conserve the energy.

Moreover, the Group has embedded the best energy conservation practices into on-site operation by establishing guidelines for workers. For example, on-site workers were required to carry out regular equipment maintenance to prevent its susceptibility to equipment aging and excessive energy use. Furthermore, on-site operations and activities were monitored by Project Managers for energy efficiency and compliance with environmental laws and regulations.

Overview of 2017 Electricity Consumption and Greenhouse Gas (GHG) Emission



² The data refers to the electricity consumption of the headquarter office. The on-site electricity consumption is paid by client, and the Group is currently proactively collecting the consumption.

6 PROTECTING ENVIRONMENT (Continued)



6.2 WASTE MANAGEMENT

The Group is committed to reducing the amount of waste by following the principal of “**Reduce, Reuse, Recycle**”. Plastic, aluminum and paper were the main wastes generated by the Group’s operation. These wastes were sorted and stored at designated areas, and the Administration Department was in charge of handling the waste.

Improper on-site waste management may cause negative effects such as soil contamination and water pollution. Though the Group has not directly deal with hazardous or non-hazardous wastes on the construction sites, it has established waste management policies for all projects and has been committed to:



380 tonnes of general wastes³

380
tonnes

380 tonnes of general wastes generated on-site were properly sorted, stored and handled by licensed waste management and recycling companies in the reporting period.

During the reporting period, the Group and its subcontractors have complied with the following laws and regulations:

Category	Relevant laws and regulations
General	Environmental Impact Assessment Ordinance (Cap. 499)
	Hong Kong Planning Standards and Guidelines
Air	Air Pollution Control Ordinance (Cap. 311)
	Hong Kong Air Quality Objectives
	Air Pollution Control (Construction Dust) Regulation (Cap. 311R)
Waste	Summary Offences Ordinance (Cap. 228)
	Factories and Industrial Undertakings Ordinance (Cap. 59)
	Waste Disposal Ordinance (Cap. 354)
	Public Cleansing and Prevention of Nuisances (Regional Council) By-Law (Cap. 132BJ)
	Public Health and Municipal Services Ordinance (Cap. 132)
	Waste Disposal (Chemical Waste) (General) Regulations (Cap. 354C)
	Practice Note for Authorised Persons 144: Control of Environmental Nuisance from Construction Sites (August 1997)

³ As the waste data of some projects were not provided to the Group, the result is the best estimation based on the current information. The Group is actively looking for ways to refine the data collection system.

7 COMMUNITY INVESTMENT



The Group's community investment policy addressed internal company activities to build up a cohesive culture, and followed by participation in external activities to contribute to society.

To encourage unity amongst the employees, the Group has organized various activities, such as **Mid-Autumn Festival Dinner**, **Christmas Dinner**, and **Chinese New Year Dinner** to engage the employees, understand their needs, and recognize and reward their hard work.



Christmas Dinner 2017



Listing Dinner



Mid-autumn Festival Dinner 2017

7 COMMUNITY INVESTMENT (Continued)



Earth Hour 2018

The close relationship between the Group and its employees enabled Sanbase to communicate its social responsibility to the staff. On 24 March 2018, Sanbase and its staff have participated in the **Earth Hour** event, a world-wide campaign to turn lights off for an hour, initiated by **World Wide Fund (WWF)**. All lights were switched off at all offices and staff's family homes from 20:30 to 21:30 to reduce energy consumption and greenhouse gas emission. Employees actively participated in the event and showed their support to global warming mitigation.

Extending its care to the society, Sanbase and its staff paid special attention to the patients suffering from cancer. To support the patients and cancer research, the Group has participated the walkathon event Stride for a Cure in December 2017 and was able to raise HK\$10,000.

HK\$10,000



Stride for a Cure walkathon event 2017

During the reporting period, the Group has spent a total of HK\$136,000 on the community, and its employees volunteered 60 hours.

HK\$136,000

8 LOOKING FORWARD



Nowadays, increasing numbers of investors and clients take ESG performance as indicators of a long-term success corporate. Superior ESG performance not only enhances a company's reputation, but also assists in risk mitigation and drives improved operational performance. Sanbase has recognized the importance of ESG, and has taken an active role in the sustainable development of its operation. The Group has put an emphasis on product quality, occupational health and safety and environmental protection.

After a series of measures and unremitting efforts, the Group has achieved **zero complaints** on product quality. As for health and safety, Sanbase has reported **zero injuries** during the reporting period. The Group has also upheld its commitment to environmental management and operated under the framework of ISO 14001:2004 Environmental Management System. The Group will continue to uphold its core values and to transform itself into a sustainable and corporate responsible company.

9 ESG CONTENT INDEX



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A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	6.1	11
A1.3	Total hazardous waste produced and, where appropriate, intensity	6.1	11
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	6.1	11
A1.5	Description of measures to mitigate emissions and results achieved	6.1	11
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	6.2	12
A2 Use of Resources			
A2	General Disclosure	6	11
A2.1	Direct and/or indirect energy consumption by type in total and intensity	6.1	11
A2.2	Water consumption in total and intensity	The water consumption is not reported as the water usage of the main business activities was supplied by the clients/properties and not provided to the Group.	—
A2.3	Description of energy use efficiency initiatives and results achieved	6.1	11
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	As water came solely from municipal utility provider, there were no particular issues with regards to sourcing water.	—
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable	—
A3 The Environment and Natural Resources			
A3	General Disclosure	6	11
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	6	11

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B1.1	Total workforce by gender, employment type, age group and geographical region	5.2	9
B1.2	Employee turnover rate by gender, age group and geographical region	Not disclosed	—
B2 Health and Safety			
B2	General Disclosure	5.1	8
B2.1	Number and rate of work-related fatalities	5.1	8
B2.2	Lost days due to work injury	5.1	8
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	5.1	8
B3 Development and Training			
B3	General Disclosure	5.3	10
B3.1	Percentage of employees trained by gender and employee category	Not disclosed	—
B3.2	Average training hours completed per employee by gender and employee category	Not disclosed	—
B4 Labour Standard			
B4	General Disclosure	5.2	9
B4.1	Description of measures to review employment practices to avoid child and forced labour	5.2	9
B4.2	Description of steps taken to eliminate such practices when discovered	5.2	9
B5 Supply Chain Management			
B5	General Disclosure	4.1	6
B5.1	Number of suppliers by geographical region	Not disclosed	—
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	4.1	6
B6 Product Responsibility			
B6	General Disclosure	4.2	6
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable	—
B6.2	Number of products and service related complaints received and how they are dealt with	No complaints were received during the reporting period	—
B6.3	Description of practices relating to observing and protecting intellectual property rights	Not applicable	—
B6.4	Description of quality assurance process and recall procedures	4.2	6
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Not applicable	—

9 ESG CONTENT INDEX (Continued)



B7 Anti-Corruption			
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B8.2	Resources contributed to the focus area	7	13