



Pioneer

PIONEER GLOBAL GROUP LIMITED

建生國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00224)

Environmental, Social and Governance Report

Year 2022/2023

* *For identification purpose only*

INTRODUCTION

Pioneer Global Group Limited (the “Company”) and together with its subsidiaries (the “Group” or “We”) is pleased to present this Environmental, Social and Governance (“ESG”) Report (“This Report”) for the year ended 31 March 2023.

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.

This Report supplements information disclosed elsewhere in our Annual Report 2022/2023. For the governance section, please refer to the Corporate Governance Report as set out on pages 22 to 34 of our Annual Report 2022/2023. The Company has adopted the principles and the Corporate Governance Code (the “CG Code”) set out in Part 2 of Appendix 14 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing Rules”). The Company has complied with all the code provisions set out in the CG Code throughout the year under review.

REPORTING STANDARD AND PRINCIPLES

This Report is prepared in accordance with ESG Reporting Guide (“ESG Guide”) set out in Appendix 27 to the Listing Rules and the operational status of the Group. The preparation of This Report adheres to the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”.

This Report is prepared by engaging stakeholders and conducting materiality assessment as set out in the “Stakeholder Engagement” and “Materiality Assessment” of This Report. Key performance indicators are presented numerically so that they can be compared against our peers, industry standards and previous years figures. All information disclosed is unbiased and all key performance indicators calculation and assumption are consistent with previous year. Any changes in our methodologies are disclosed clearly to inform the stakeholders.

ESG APPROACH AND STRATEGY

The Group continues to follow the ESG Guide in accordance with the Listing Rules on the areas and aspects and considers them as significant considerations for the short and long-term operations of our business, and is committed to conducting our business in a socially responsible manner. We have not changed our ESG management and operation structure since the commencement of ESG reporting that the board of directors of the Company (the “Board”) has overall responsibility for the Company’s strategy and reporting in respect of the ESG issues. The Board, with the assistance of the Audit Committee and the management of the Group (the “Management”), reviews the effectiveness of the risk management and internal control system, including the risk management mechanism, policies and procedures, and major control measures implemented covering aspects of finance, operation, compliance as well as sustainable development. The Board also reviews the ESG report and the progress made against ESG-related goals and targets from time to time, inspects the ESG-related issues and identifies the key opportunities.

The Board has delegated the Management to have the overall responsibility to implement the approved strategies and policies. The Management is responsible for examining and addressing all the environmental and social issues listed in the aspects and areas in the ESG Guide, as well as managing the established key performance indicators in line with the Group's strategies and policies. The asset management team and corporate secretary team work closely to collect and analyze ESG data and report the identified ESG issues to the Management. The Management then evaluates the ESG related risks and assesses their materiality to our business as well as to our stakeholders regularly. In managing the ESG priorities, the Management requires all operations to fulfill and comply with their environmental and social responsibilities and obligations in compliance with the ESG Guide, the laws and related regulations and all relevant statutory requirements, operating practices and standards of Hong Kong. The Management also reviews and discusses with the asset management team the process, attainability and implementation of the sustainable development measures against the ESG related goals and targets of the Group periodically. Communication with the stakeholders will be strengthened and sustainable development policies will be adjusted if the performance does not meet the expected targets and operations of the Group. The Management confirmed that those systems are effective for the reporting period under review.

STAKEHOLDER ENGAGEMENT

The Group values the mutual understanding with its stakeholders and believes that fostering a sound relationship with the stakeholders is the premise of value creation for all. In order to strengthen our understanding of stakeholders' expectations and needs, as well as to identify material issues, the Group maintained diversified communication channels for the external and internal stakeholders (including but not limited to shareholders, tenants, suppliers, employees, governmental organizations, and regulated bodies).

STAKEHOLDERS	COMMUNICATION CHANNELS	EXPECTATIONS
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meeting • Financial reports • Announcements and circulars • Company website 	<ul style="list-style-type: none"> • Investment return and financial stabilities • Enhancement in company core value • Compliant operation and corporate governance
Management and employees	<ul style="list-style-type: none"> • Staff training • Direct emails • Face to face communication 	<ul style="list-style-type: none"> • Rights, compensation and benefits • Safe and healthy working environment • Effective internal and external communication • Training opportunities and career development
Suppliers	<ul style="list-style-type: none"> • Face to face meetings and events • Direct contacts (telephone and/or email) 	<ul style="list-style-type: none"> • Integrity • Cooperation • Stable and qualified products and services • Compliance with local laws and regulation
Customers	<ul style="list-style-type: none"> • Survey • Direct contacts (telephone and/or email) with asset management team 	<ul style="list-style-type: none"> • Customer rights and interests protection • Rapid response and customer satisfaction
Government and regulatory bodies	<ul style="list-style-type: none"> • Written or electronic correspondences • Regular reports and filing • Workshops 	<ul style="list-style-type: none"> • Compliance with local laws and regulations • Tax payment in accordance with laws • Transparency of financial and ESG issues disclosure

MATERIALITY ASSESSMENT

The Group identified the ESG related issues which are considered to have impacts on the environment and the society during our operation in accordance with the disclosure requirements set out in the ESG Guide and the business nature and operation of the Group. Through a variety of open communication channels, the Group has a deeper understanding of its stakeholders' concerns and expectations, which facilitates the Group to better position itself in the competitive market and to make rapid and appropriate strategic adjustments and helps the Group to determine the materiality of ESG issues. The ESG issues considered to be material and with areas of improvement in the future ESG work of the Group are listed below:

ASPECTS	MATERIAL ISSUES
Emissions and Use of Resources	<ul style="list-style-type: none">• Greenhouse gas emissions• Energy consumption and savings• Water consumption and savings
Employment Management	<ul style="list-style-type: none">• Employee welfare and working conditions• Work-life balance• Occupational health and safety• Staff training and development• Human rights and equal opportunities
Operating Practices	<ul style="list-style-type: none">• Supplier selection mechanism• Quality management• Customer satisfaction• Whistle-blowing mechanism• Business ethics
Community Investment	<ul style="list-style-type: none">• Community Services• Charity

REPORTING BOUNDARY

The business of the Group 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 90% (2022: 91%) of the Group’s total rental and property management service income. 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. During the reporting year, the Management provided confirmation on the compliance of those laws and regulations. In our business, we focus on minimizing our environmental footprint and making a positive impact on the environment. We also engage our staff, tenants and partners to promote environmentally sustainable business practices.

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

Key Performance Indicator:

Types	Year 2022/2023		Year 2021/2022	
	Total (in kg)	Intensity (kg per sq. ft.)	Total (in kg)	Intensity (kg per sq. ft.)
GHG emissions	<u>3,438,744</u>	<u>6.20</u>	<u>3,872,568</u>	<u>6.98</u>

We support environmental conservation at both office and rental properties. At office level, we participate in the Green Office Awards Labelling Scheme organized by World Green Organisation to implement green initiatives, encourage staff to join environmental related training, initiate recycling programs at office, e.g. red packet envelopes recycling campaign and provide greenery in rooms and common areas of office. At rental property level, we advocate e-bill, e-receipt and e-circular to our tenants and actively participate in various energy saving programs, e.g. participating in Earth Hour and waste recycling programs, e.g. participating in moon cake box recycling program. Also, we built green walls in the lobby of all 3 rental properties, closely monitored the chiller plant operations and replaced traditional lightings with LED lightings and energy saving fluorescent light tubes in the common areas and carparks of our rental properties. We will continue to adopt more green management when it is feasible to our properties.

As our GHG emission is the energy indirect GHG emission, we target to reduce our GHG emission by reducing our electricity and water consumption intensity. Details of our targets and steps taken to achieve them were set out in “Aspect A2: Use of Resources” of This Report.

Aspect A2: Use of Resources

The Group consumes electricity and water during 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 reduce the energy and water consumption as follows:

- maintaining the indoor temperature of common areas at 25 degrees Celsius;
- using more environmental friendly water-cooled air conditioning system and reusing the wastewater from the cooling towers for toilets flushing;
- using the high interfacing control system for chiller system and apply for the Hong Kong Electric’s Smart Building Fund;
- participating in Earth Hour every year by switching off the lights to show support for our planet;
- 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 of water efficient and/or low-flow water fixtures including automatic faucet and automatic flushing system; and
- replacing energy wasting lights with LED lightings or energy saving fluorescent light tubes in most of the common areas and carparks.

Key Performance Indicator:

Types	Year 2022/2023		Year 2021/2022	
	Total	Intensity (per sq. ft.)	Total	Intensity (per sq. ft.)
Electricity (kWh)	<u>5,539,307</u>	<u>9.98</u>	<u>6,075,726</u>	<u>10.95</u>
Water (m ³)	<u>28,856</u>	<u>0.05</u>	<u>30,466</u>	<u>0.05</u>

We set out to reduce both carbon emission intensity and electricity consumption by average of 15% by fiscal year 2031/2032 (baseline: 2018/2019). To achieve the targets, we often look into any measures and options for consuming energy and water more efficiently in our future operations and maintenance works. For example, in year 2022/2023, we started to increase our chilled water supply temperature of our chiller system during winter season to reduce our energy consumption. The result was encouraging and we are in good progress towards our target. We, however, will not be content but will continue to improve energy efficiency in our operations.

As water usage in our properties is minimal, we target to keep the consumption intensity per sq. ft. below 0.05 m³ in the next 5 years. We will continue to carry out our water saving measures, such as adjusting water pumps to ensure optimal use, using automatic faucet and automatic flushing system. We will also consider carefully the issue of water conservation whenever we renovate our properties or purchase new buildings. During the reporting year, there was no issue for the Group in sourcing water.

Aspect A3: The Environment and Natural Resources

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

Actions have been taken by the Group to reduce its impact on the environment by adopting energy-saving measures as set out in Aspect A1: Emissions and Aspect A2: Use of Resources of This Report.

Aspect A4: Climate Change

Climate change gives rise to certain risks to our business. We address climate change risks as part of our corporate risk management process. We first perform a climate-related risk assessment, and then develop strategies in line with the Group practices to mitigate the impact of climate change on our operations, to adapt our operations to cope with it and to increase our resilience to climate change.

The two major risks of climate change that have potential impacts on the Group's business are the physical risk and transition risk.

Physical risk referred to the risk of property damages and economic losses caused by extreme weather-related events. Our investment properties are built with certified materials and are not located in low-lying area and the related risk is therefore considered minimal.

Transition risk referred to the risk of higher operating costs caused by the transition to a carbon neutral economy. One of the decarbonization strategies as stated in The Hong Kong's Climate Action Plan 2050 published by the Hong Kong government is to reduce the overall electricity consumption of the buildings through regulation. As we had introduced measures to improve the energy and water consumption efficiency in our buildings, we believe our business operations align with Hong Kong decarbonization goal. The Management will continue to monitor the climate related risks that may affect the Group and take appropriate actions when considered necessary.

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 and training subsidies are provided to our staff. We also encourage our staff to maintain a work-life balance 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 the Group and the society at large.

For the year ended 31 March 2023, the breakdown of employees and turnover rate by gender, age group, employment type and region is set out below:

Percentage of Employees by Gender, Age Group, Employment Type and Region

Percentage of Employees	As at	As at
	31 March 2023	31 March 2022
	%	%
By Gender		
Female	65	67
Male	35	33
By Age Group		
Aged 30 – 40	12	11
Aged 41 – 50	24	33
Aged 51 – 60	35	22
Aged 61 or above	29	34
By Employment Type		
Full Time	100	100
Part Time	0	0
By Region		
Hong Kong	100	100

Employee turnover rate by gender, age group, and region

For the year ended 31 March 2023, there was two employees (female, aged 30-40 and 41-50 respectively working in Hong Kong) left the Group. The turnover rate for year 2022/23 was 12% (2021/22: 6%).

Employee Turnover Rate	Year 2022/2023	Year 2021/2022
	<i>%</i>	<i>%</i>
By Gender		
Female	18	0
Male	0	17
By Age Group		
Aged 30 – 40	50	50
Aged 41 – 50	25	0
Aged 51 – 60	0	0
Aged 61 or above	0	0
By Region		
Hong Kong	12	6

During the reporting year, the Group complied with laws and regulations in relation to labour and human resources practices and our Management provided confirmation on the compliance. Also, our employees are encouraged to have direct dialogue with the Management and can freely bring up issues to the Management when they considered necessary.

Aspect B2: Health and Safety

The Group endeavours to provide a safe, healthy and pleasant working environment, which protects the physical and mental health of our staff and minimises the risk of occupational diseases. 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. As part of our commitment to support our employees' health and wellness, we provide a medical insurance scheme to all full-time employees on a non-contributory basis upon successful completion of the probation period.

During the COVID-19 pandemic, surgical masks, disinfectant detergents, alcohol-based hand sanitisers and rapid antigen test kits are distributed to employees. More air purifiers as well as disinfection and sanitization devices are installed and more frequent cleaning of air filters in order to protect our employees from possible virus infection. Video conferencing facilities are setup and software is installed for the employees to have meetings while they are working from home.

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 period, the Group achieved zero work-related fatalities and no working days lost due to work injury. In addition, no work fatalities were reported for the past three years.

The occupational safety and health related policies and practices are regularly reviewed by the Group so that preventive and corrective measures are implemented to minimize occupational health and safety hazards. During the reporting year, the Group complied with laws and regulations in relation to health and safety and our Management provided confirmation on the compliance.

Aspect B3: Development and Training

Continuing education and development of our employees is a priority for the Group. In order to create a supportive workplace that develops the competency of our employees and supports their personal growth, the Group actively invests time and resources in staff training and development. On the job training is provided to all employees and employees can take job-related courses at the Group's expense. This ensures our employees are constantly updated with adequate skills and professional knowledge to perform quality work.

During the reporting year, staff training across the Group amounted to a total of 180 hours (2022: 180 hours) and the breakdown is as follows:

	Year 2022/2023		Year 2021/2022	
	Average		Average	
	training hours	% of	training hours	% of
	completed per	employee	completed per	employee
	employee	trained	employee	trained
By Gender				
Female	10.4	58	12.1	74
Male	19.0	42	11.8	26
By Grade				
Senior Management	18.0	50	18.0	60
Middle Management	23.6	39	12.8	21
Other Staff	3.2	11	5.6	19

Aspect B4: Labour Standards

We are 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 and forced labour is prohibited in any of our operation.

To ensure the Group is legally complied with local laws and regulations, it has implemented effective controls in the recruitment process, for example, the applicant’s identity is checked, including but not limited to his or her age and eligibility for employment. We avoid engaging vendors of administrative supplies and services and contractors that are known to employ child or forced labour in their operations. If child labour is detected, a corrective plan is required and implemented by the suppliers/contractors. The plan must take into consideration the child’s best interest, including their family and social situation. If concrete steps are not taken to eliminate the problem, or there are repeated violations, the contracts will be terminated and no new contract will be issued.

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 external property management companies (“Management Companies”) are our key service provider which pose a significant impact.

We carefully select our Management Companies and assess them based on a list of criteria including not only the financial status, reputation, past performance, reliability and costs, but also the environmental and social standards relating to their services provided. The Group encourages our suppliers the efficient use of resources and gives higher priority to the suppliers that incorporate and promote sustainable practices at their work.

The Management Companies engaged by the Group are top tier and well-established management companies. These companies have their own set of internal guidelines and policies on environmental, health and safety and social aspects. Even though the Group does not maintain a separate policy on managing environmental and social risks of the Management Companies, we have reviewed their policies and procedures to ensure they embedded the relevant concerns in line with the Group’s. Also, the 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. Our asset management team works closely with the Management Companies to monitor and ensure their work and practices align with the Group’s sustainability strategy. The performance of the Management Companies is evaluated at least once a year to determine whether corrective or preventive actions have to be implemented on suppliers with unsatisfactory performance.

	Year 2022/2023	Year 2021/2022
	No. of	No. of
By Geographical Region	Major Suppliers	Major Suppliers
Hong Kong	<u>2</u>	<u>2</u>

Aspect B6: Product/Service Responsibility

Quality Assurance Process and Recall Procedures

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. For the reporting period, there were no substantiated complaints received relating to the provision of use of products or services that have a significant impact on the Group. When we receive any complaints, our asset management team closely liaise with the complainants to understand his/her needs, then work with the management company or relevant parties to take suitable follow up actions to address the concerns. Therefore, most of the complainants accepted or were satisfied with our replies.

The Company also regularly reviews its strategies and adopts special measures in extraordinary situation. For example, in order to maintain long term business partnership with our tenants, the Company offered short-term relief in form of rent concessions or deferment to tenants in view of the difficult operating environment during COVID-19 pandemic. We introduced a wide range of virus prevention solutions to protect and ensure the health and safety of our tenants and visitors such as temperature sensors, disinfection and sanitization devices at office lobbies, anti-bacterial treatments for lifts and door handles.

With the business of property rental, the Group did not consider product recall procedures as applicable to its operation and no products would be sold, shipped out or recalled for safety and health reasons.

Data Protection and Privacy Policies

The Group ensures a high standard of security and confidentiality of personal data throughout its business and operation. We only collect personal data for operational needs and clearly inform all customers or persons about the intended use of the data and their rights to review and revise their information. Collected information is accessible on a "need-to-know" basis. Disclosure of personal data to any third parties without explicit permission, unless required by law, is not allowed. Statutory requirements are strictly adhered to and employees are required to retain in confidence any and all information obtained in connection with their employment, including but not limited to trade secrets, client personal data and information, supplier information and other proprietary information.

Intellectual Property Protection

The Group respects intellectual property rights. Employees are not allowed to possess or use copyrighted materials, including computer software and published materials, without the permission of the copyright owners. The Group maintained proper records of software applicants and assured only legitimate and genuine software is installed to the employee's computer.

The Group was not aware of any violation of product responsibility laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

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 adopted whistleblowing procedures for employees to raise concerns, in confidence, about possible improprieties in any matters related to the Group. Our employees can report any unlawful conduct, incident of corruption, incorrect or improper financial reporting and other fraudulent activities directly to the chief financial officer. Any reported case of fraudulence will receive immediate, fair and independent investigation and appropriate follow-up action. The Management will regularly review and monitor the anti-bribery and anti-corruption principles and procedures. Though the Group did not provide any internal anti-corruption training to directors and staff during the reporting year, they are encouraged to attend anti-corruption training provided by external parties at the Company's expenses.

During the reporting year, the Group received no complaints or legal cases in relation to corruption. The Group was also 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 year 2022/2023, we made a donation of HK\$250,000 to West Kowloon Cultural District Foundation Limited to support the organization to promote art and culture in the city.

We strive to promote social development and progress by contributing mainly to youth business startup and health related issues.

The Group participated in the Space Sharing Scheme for Youth by donating two-third of the prevailing market rental to the identified quality and readily usable space for operation of co-working spaces or studios for young users (e.g. start-ups, young entrepreneurs and artists). We hope that our donation would help the young entrepreneurs to enjoy a concessionary rental in developing their business in Hong Kong. During the reporting year, the Group made donation of HK\$478,000 (2022: HK\$316,000) for the Space Sharing Scheme for Youth.

Also, we helped to promote the campaign of the Hong Kong Breast Cancer Foundation by showing the videos and e-Poster at our office buildings so to raise the public awareness of breast cancer.