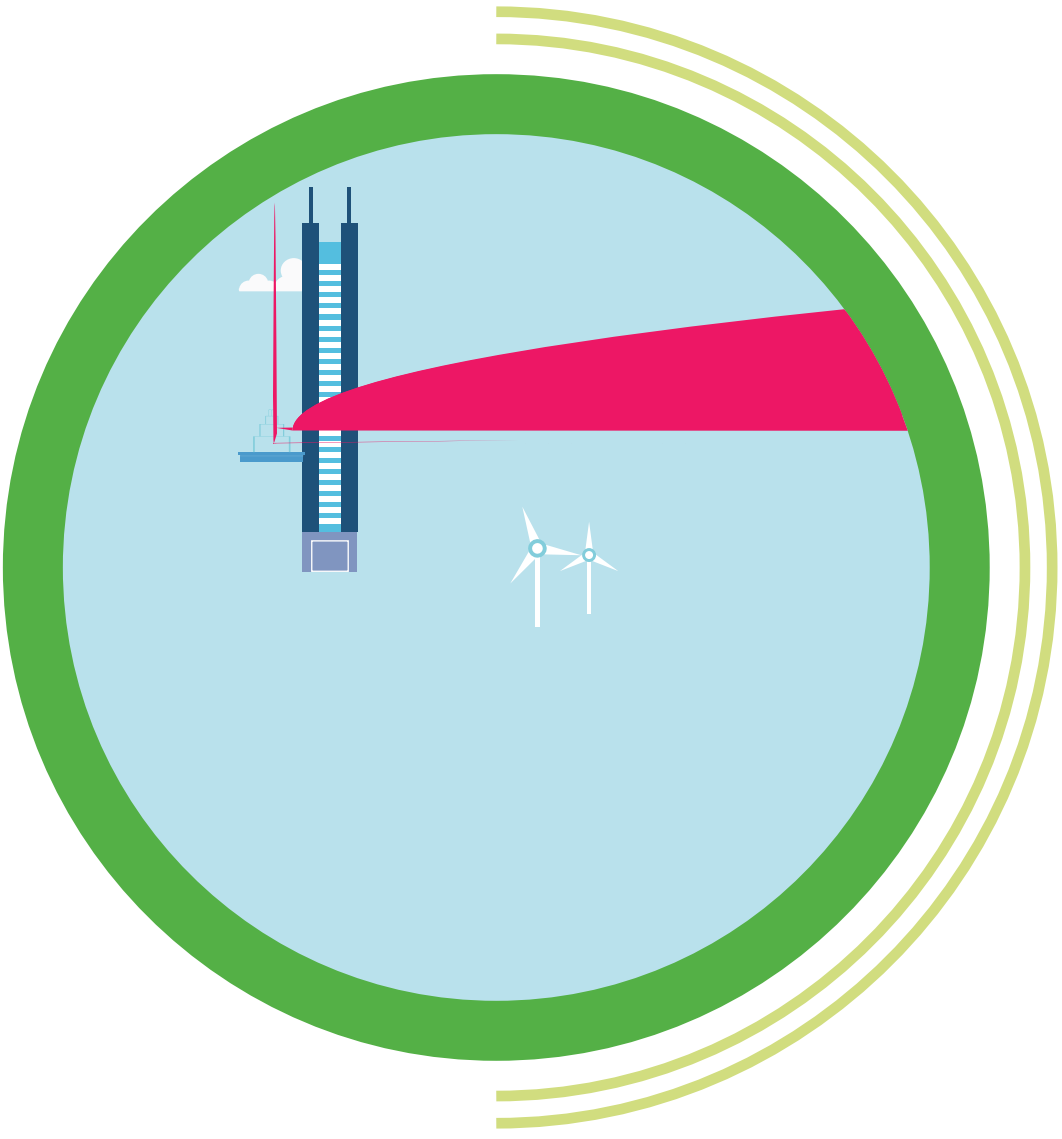


This is the fourth corporate social responsibility report by China Lesso Group Holdings Limited and its subsidiaries. The report systematically explains the Group's philosophy of corporate social responsibility, and its practices and performance in fulfilling its corporate social responsibility towards shareholders, customers, business partners, the environment, employees and society for the year 2018. It also covers the Group's outlook for its endeavors to serve customers and society.

2018

Period Covered by this Report

This report principally covers a period from 1 January 2018 to 31 December 2018, and part of both the previous financial year and the year 2019.

2018 1 1 2018 12 31

Scope of this Report

This report covers the performance of China Lesso Group Holdings Limited and its domestic subsidiaries, but does not include that of its overseas subsidiaries.

Definitions

For the purposes of expression and readability, "China Lesso Group Holdings Limited and its subsidiaries" are referred to as "China Lesso", "Group", "Company" or "We" in this report.

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For China Lesso, 2018 was an extraordinary year. As the global economy endured profound adjustments and the domestic market experienced constant changes, we faced up to the test at home and abroad and progressed at a steady beat. We must extend our gratitude to the government, shareholders, business partners and our employees who have been champions of China Lesso. Without you, China Lesso would not be where it is today.

In 2018, adhering to our brand confidence – "building a relaxing life for residents", we performed the responsibilities as a corporate citizen and deepened the connotation of "quality Lesso products". Meaningful connections between the Company0F63949ED3F602cation onn Le'ionrsolunectiondt

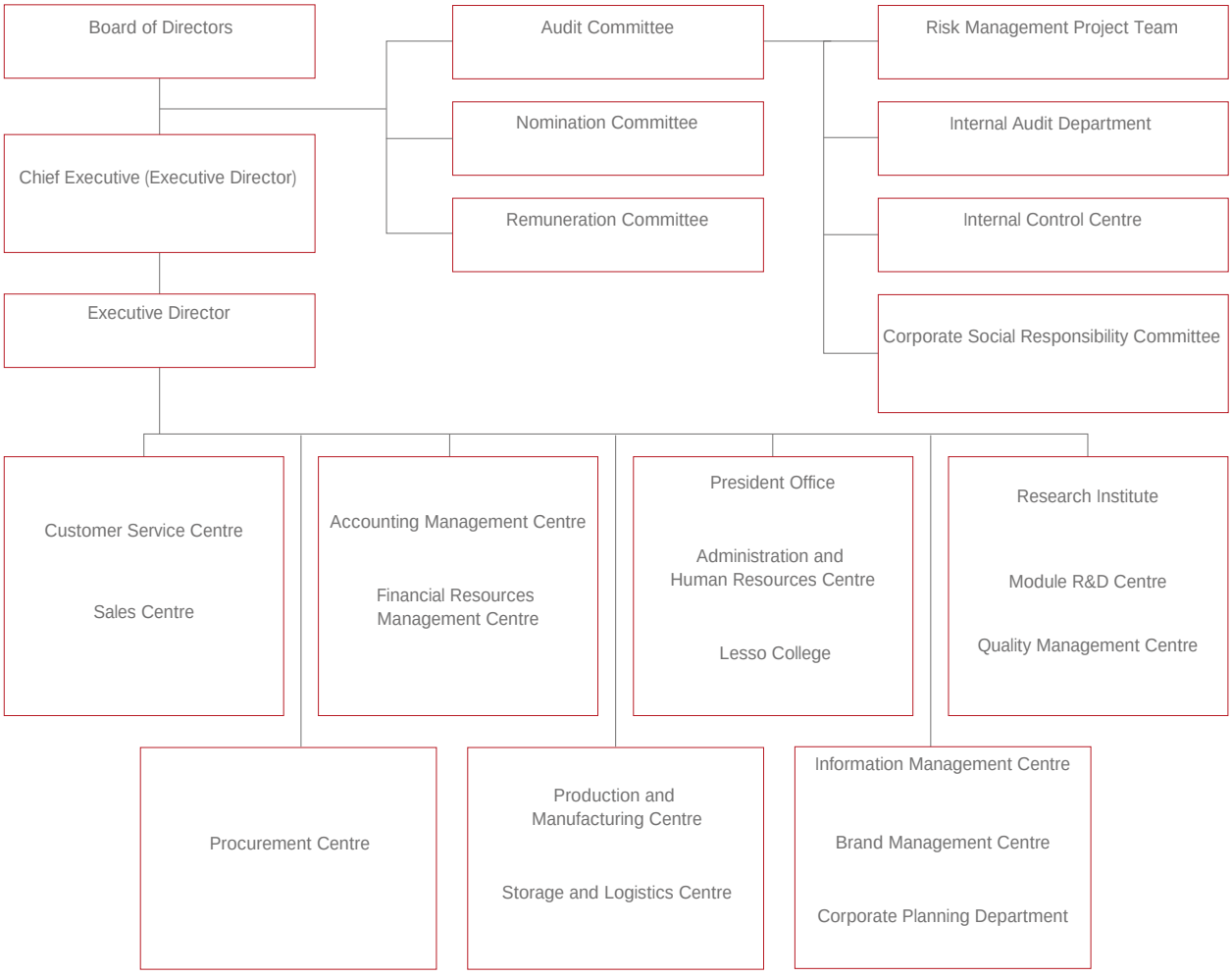
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The Group has established a standardized corporate governance structure, and formulated rules and systems in compliance with the requirements for the Company's development such as the *Articles of Association* and *Director Nomination Policy*, thus perfecting internal control systems and standardizing corporate governance in accordance with requirements of the *Securities and Futures Ordinance, Cayman Islands Companies Law, Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong, Company Law of the People's Republic of China* and other laws and regulations. For details about the Board of Directors and the committees under the Board of Directors, please refer to the *2018 Annual Report of China Lesso Group Holdings Limited.*

The Group implements the Chief Executive Accountability System under the Board of Directors (the "Board"). The Board is comprised of 15 directors, including ten executive directors and five independent non-executive directors. There are two female directors, of whom one is an executive director and the other independent non-executive director. In order to ensure independence of the respective roles of the Board and management teams who are in charge of the Group's business administration and operations, the positions of Chairman and Chief Executive are held by different people, namely Mr. Wong Luen Hei and Mr. Zuo Manlun respectively.



Organizational Structure of China Lesso

The Board maintains an on-going dialogue with shareholders and investors via regular earnings conferences, general meetings, investor receptions, investor conferences and roadshows, responsiveness on phone calls and emails, reception of research and investigation personnel and other methods to reinforce connection and communication with capital markets and the management of information disclosure and to enhance transparency. In 2018, China Lesso held eight Board meetings.

2018 8

China Lesso Won "Golden Wing Award" Hong Kong Stock Connect Valuable Rankings

On 18 April 2018, China Lesso held an investor conference entitled "Connecting with the World for a Brilliant Future" in Shunde, Guangdong, which attracted 156 analysts and fund managers from approximately one hundred institutions such as Harvest Fund, China Merchants Fund, Guotai Junan Securities, GF Securities, and Haitong Securities. This investor conference was held through two mediums, on-site conference and live video stream, and introduced China Lesso's development footprint, principal businesses, investment highlights and outlook, heightening investors' understanding and trust in the Group and boosting the Group's image and influence.

2018 4 18 2018 156



Communicate confidentially with the anti-fraud management team

Call the anti-fraud hotline

Mail the information to the special whistleblower mailbox



Taking the establishment of a perfect social responsibility management system as the basis for managing and promoting the performance of its corporate social responsibility, the Group has gradually established a relatively sound social responsibility management system starting with organizational structure, capacity building and the like, striving to make it a sustainable enterprise and pursuing the symbiosis between the enterprise, environment and society.

The Group is committed to fulfilling its corporate social responsibility and has integrated the relevant practices into its daily business management and operations. While developing its business, the Group fulfils its economic, environmental and social responsibilities.

The Group has been improving its corporate organization for fulfilling its corporate social responsibility implementing a "four-tiered approach" to corporate social responsibility work units and driving the orderly performance of its corporate social responsibility from all angles.



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Taking sustainable development as the key goal for business development, the Group has responded to the demands of stakeholders, established a good corporate image and promoted a steady advancement of the Group's business through the provision of high-quality products and one-stop convenient services, creation of a supply chain for mutual benefit and win-win cooperation, social and charitable activities, environmental protection, employee care and other actions.

The Group attaches great importance to communication with its stakeholders. It has established a mechanism for regular communication to understand the demands of different stakeholders through multiple channels and methods to offer important reference information for the sustainable development of the Group.

Employees	Protection of legitimate rights and interests	Diversified and equal employment, improvement of the remuneration and benefits system
	Promotion of employees' growth and development	Streamlining of career paths
	Caring about employee livelihoods	Caring for employees health
Partners	Establishment of a fair and transparent industrial chain	Enhancement of supply chain management
	Win-win cooperation	Implementation of technical exchange and cooperation

e the substance of this Report, the Group has surveyed
eholders and selected substantive issues from the two
tance of such issues relating to China Lesso's business
ortance of such issues relating to the stakeholders" and
hereof in this report in an effort to respond to the
f every stakeholder.

Identify important issues relating to the Group's sustainable development, study the key concerns of stakeholders, and reconcile the system to identify 28 issues from seven perspectives

7 28

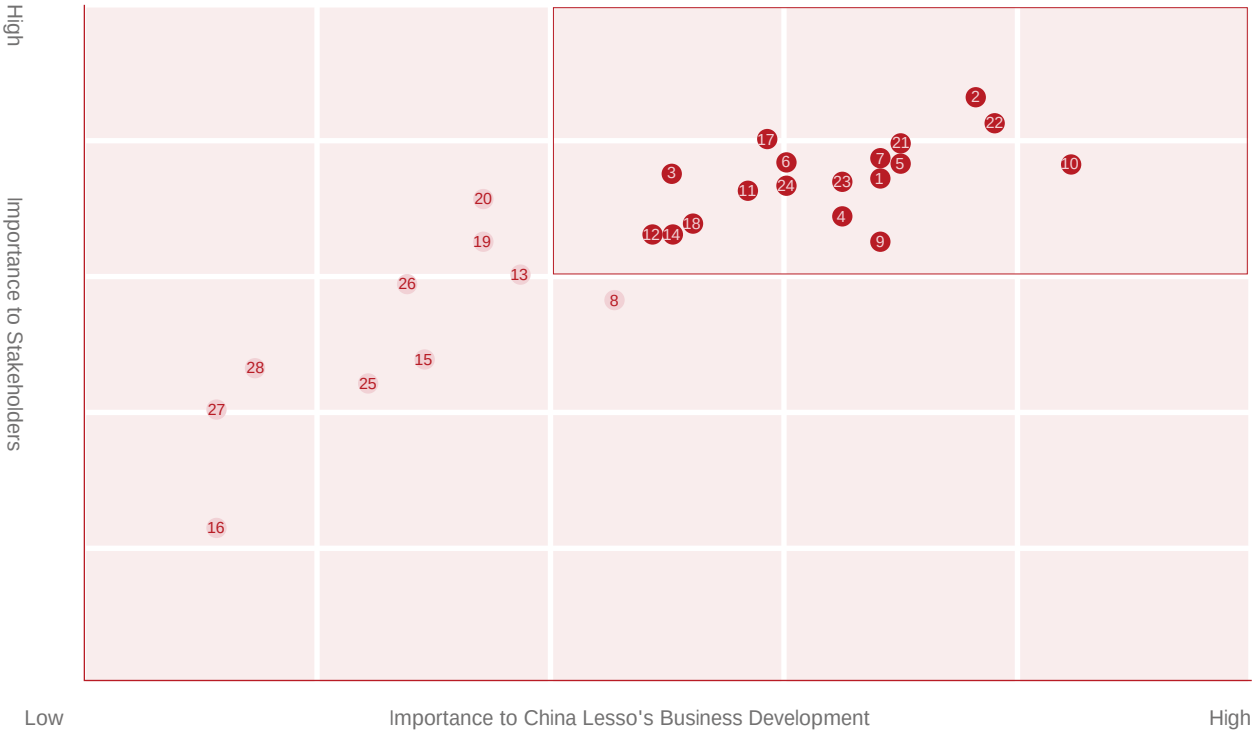
ey internal and external stakeholders through questionnaires and select issues from the two pectives important to the Company's business development and its stakeholders

selection and analysis results through internal management and external experts

ment action plans for substantive issues, and disclose the key points of the 18 issues rt

18





Substantive Issues Identified

1. Sustainable development strategy and management
2. Compliant Operations with Integrity
3. Transparent communication and operation
4. Response to national policies
5. Development of green industries
6. Utilization efficiency of energy and resources
7. Sewage and waste emission management
9. Equal employment and remuneration and benefit system
10. Occupational health and safety
11. Employee training and development
12. Employee care and support
14. Assisting suppliers in enhancing their products
17. Dealer credibility management
18. Dealer supervision
21. Product quality and innovation
22. Safe production guarantee
23. Provision of quality service
24. Customer privacy safeguarding

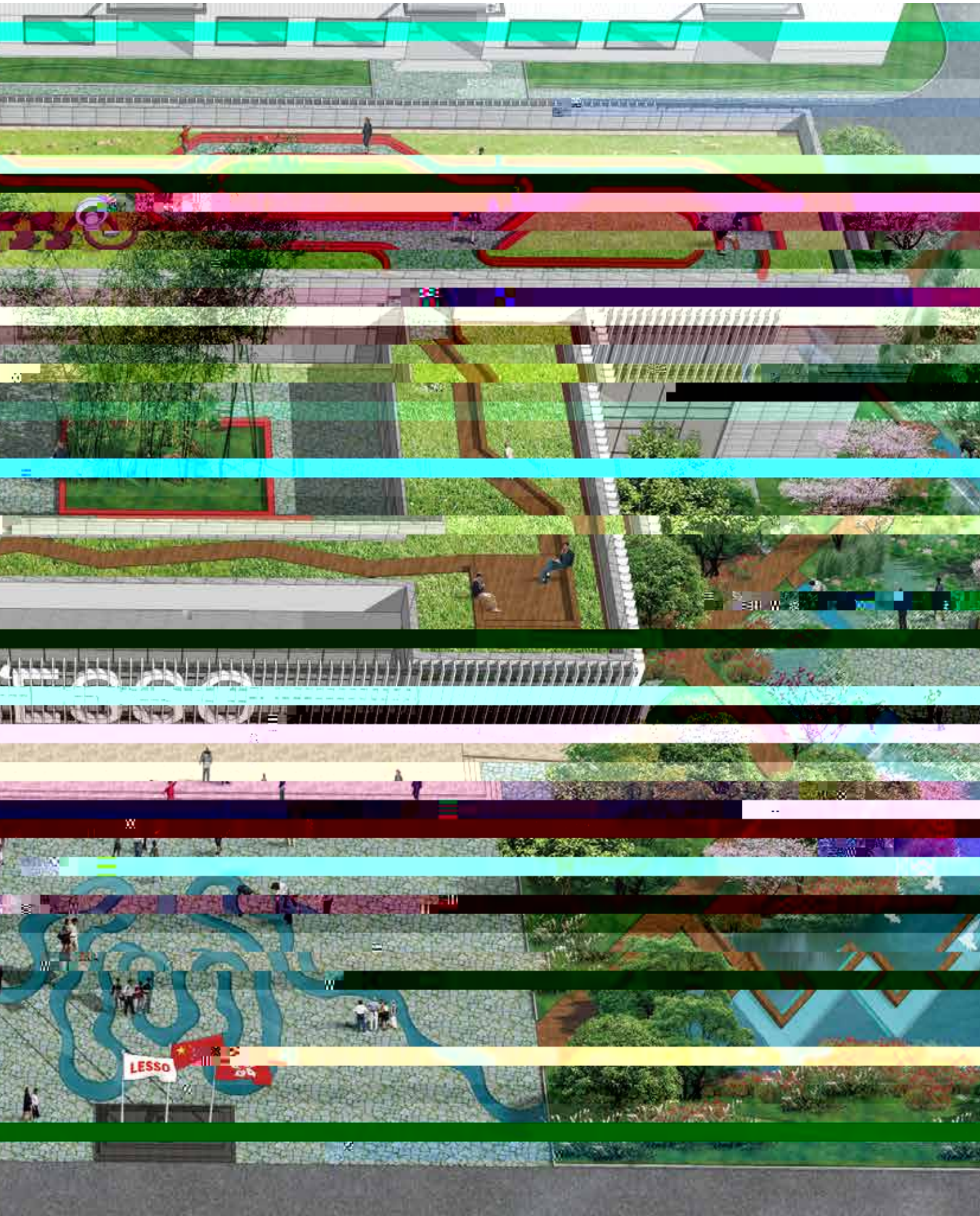


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LESSO

Constructing Diversified Product Ecology

To fulfill city dwellers' aspirations for beautiful living, the Group has focused on developing products with high quality, innovation and functionality to satisfy residents' demands for exquisite living and beautiful living. Furthermore, it has played an active role in serving the economic and social development of regions, contributing to the portrait of modernization.

Serving the Lives of Residents

Guided by product value, the Group has never stopped diversifying its pipes, building materials, interior decoration products and other offerings, fulfilling residents' demands for warm, cozy and healthy living spaces, and answering their need for beautiful living with high quality products.

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Water supply pipes, drainage pipes, communication pipes, gas pipes, home decoration pipes, heating pipes, pc pipes and agricultural pipes

Bsgjbg l e K_rcpg_jq _ l b Fm k c Dsp l gq f g l eq

Plumbing and sanitary ware, integrated home (cabinet, wardrobe), wooden doors, integrated doors and windows, water purifiers, building decorative panels and sealants

A f _ l l cjq _ l b Qcp tg ac

LESSO HOME
Technology R&D
Global sales network







Building Green Cities

The Group actively responds to and implements national environmental protection policies. With the improvement goals of promoting ecological civilization construction, strengthening environmental protection and building green cities, the Group has been continuously exploring environmental governance solutions for municipal water supply and drainage projects, urban underground integrated piping system construction, municipal sewage and industrial wastewater treatment, black and odorous water treatment, waste gas treatment, comprehensive improvement of rural environment, ecological restoration of contaminated soil, waste and hazardous waste disposal, sponge cities and other fields, providing a complete set of solutions covering feasibility studies, environmental assessment, design, construction, operation and monitoring with the goal of becoming a one-stop environmental service provider to create a beautiful and livable ecological environment for the public, and make cities greener.

The Group is committed to the design and construction of municipal water supply and drainage facilities. By virtue of its advantages in pipeline products, the Group provides customers with high-quality urban water supply systems, which ensures the water supply for urban residents, enterprises, transportation, commercial and firefighting departments, and provides customers with safe and reliable drainage systems to realize the diversion of rain and sewage and reduce urban pollution.

Underground integrated piping system

The Group is committed to the comprehensive treatment of the rural environment, and provides design and construction services in respect of rural sewage collection and treatment, garbage collection and transshipment and upgrading the appearance of villages, enabling contributions to building a beautiful countryside and creating an ecologically harmonious living environment.

Using our own innovative pipeline products and technical strengths, we provide systematic solutions in terms of design, construction general contracting and functionalization for sponge city construction, helping buildings, communities, urban green spaces and plazas in urban areas to realize the accumulation, penetration and purification of rainwater, promoting the use of rainwater resources and ecological environment protection.

Rainwater collection and reuse of buildings and communities

Uses PVC-U drain pipes to discharge rainwater from roof to ground, collect it in a gully, and flow it through the municipal drainage network including the plastic inspection wells, HDPE double-wall corrugated pipes and HDPE reinforced hollow wall winding pipes. Rainwater flows into the reservoir at the front end of the school's municipal rainwater inlet.

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Rainwater Collection and Reuse Project of Tsinghua University High School

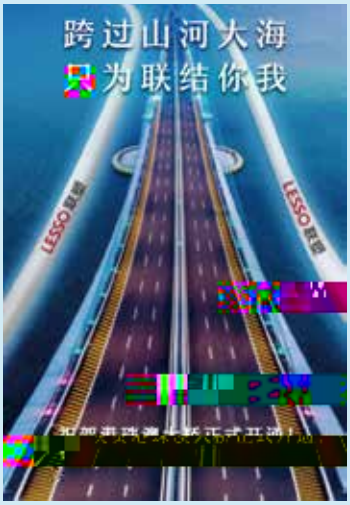
Rainwater collection and reuse of urban green spaces and squares

Running through the ground, rainwater flows from city squares and green spaces to a gully, and then flows through the municipal rainwater pipe network including plastic inspection wells and HDPE double-wall corrugated pipes. Rainwater flows into the reservoir at the front end of the municipal rainwater inlet.

FBNC

Government Pilot Project of Zhejiang Taizhou Comprehensive Service Center

On 23 October 2018, the opening ceremony of the Hong Kong-Zhuhai-Macao Bridge was held in Zhuhai. President Xi Jinping attended the ceremony and announced the official opening of the bridge. The Hong Kong-Zhuhai-Macao Bridge, with its important historical mission, was completed and opened to traffic, which greatly shortened the travel time and distance between Hong Kong, Zhuhai and Macau. It coincides with the theme "connect the present and shape the future" of China Lesso. The quality of China Lesso products have been widely recognized by project developers, with its PE water supply pipes, PVC water supply pipes, PVC drainage pipes, Lesso Walton electrical metal casings, steel-plastic composite pipes, hot-dip galvanized steel pipes and other products used in the construction of various projects such as the Macau Port Management District project, Hong Kong-Zhuhai-Macao Bridge Security Inspection Station project and Bridge Green Belt project, so as to boost the construction of the Hong Kong-Zhuhai-Macao Bridge and make contributions to the world-famous "new miracle".



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Following the development of the Shenzhen Special Economic Zone and Shanghai Pudong New Area, another new district with national significance, the Xiong'an New District, was officially established. This project contributed to the development of the China's "Millennium Plan" and represented a significant milestone in its realization. In 2018, with its excellent product quality and strong brand strength, China Lesso successfully won the bid for the Xiong'an New District Civic Center Outer Network Materials project. Its products, including corrugated pipes, krah tubes, steel wire mesh skeleton tubes and plastic manholes were all selected for the building materials list of the Xiong'an New District, which contributed to the construction and development of the Xiong'an New District.



China Lesso contributing to construction of the Xiong'an New District

2018

Establishing Industry Quality Benchmark

The Group places emphasis on product quality management, continuously promotes safe production and constantly pursues the common improvement of its own value and customer value. With diversified and high-quality building materials and household items, it stimulates the infinite vitality of the development of the industry and drives the building materials and home furnishing industry to contribute to the quality life of residents.

The economic benefit of quality improvement project promotion is

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In April 2018, at the "2018 Lv Ying Awards" for value benchmarks of the 11th China Environmental Industry Conference, Lesso Valve was awarded the "Lv Ying Award – Benchmark Enterprise of Pipe Valve Manufacturing and Services" for its high quality and excellent brand strength. Lesso Valve has always adhered to the "win with quality" approach, employing professional teams for its R&D, sales and after-sales service. Lesso Valve was the only pipe valve manufacturer at the award ceremony to win the "Lv Ying Award", which is an affirmation and recognition of its high quality product offerings.

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Product Quality Inspection

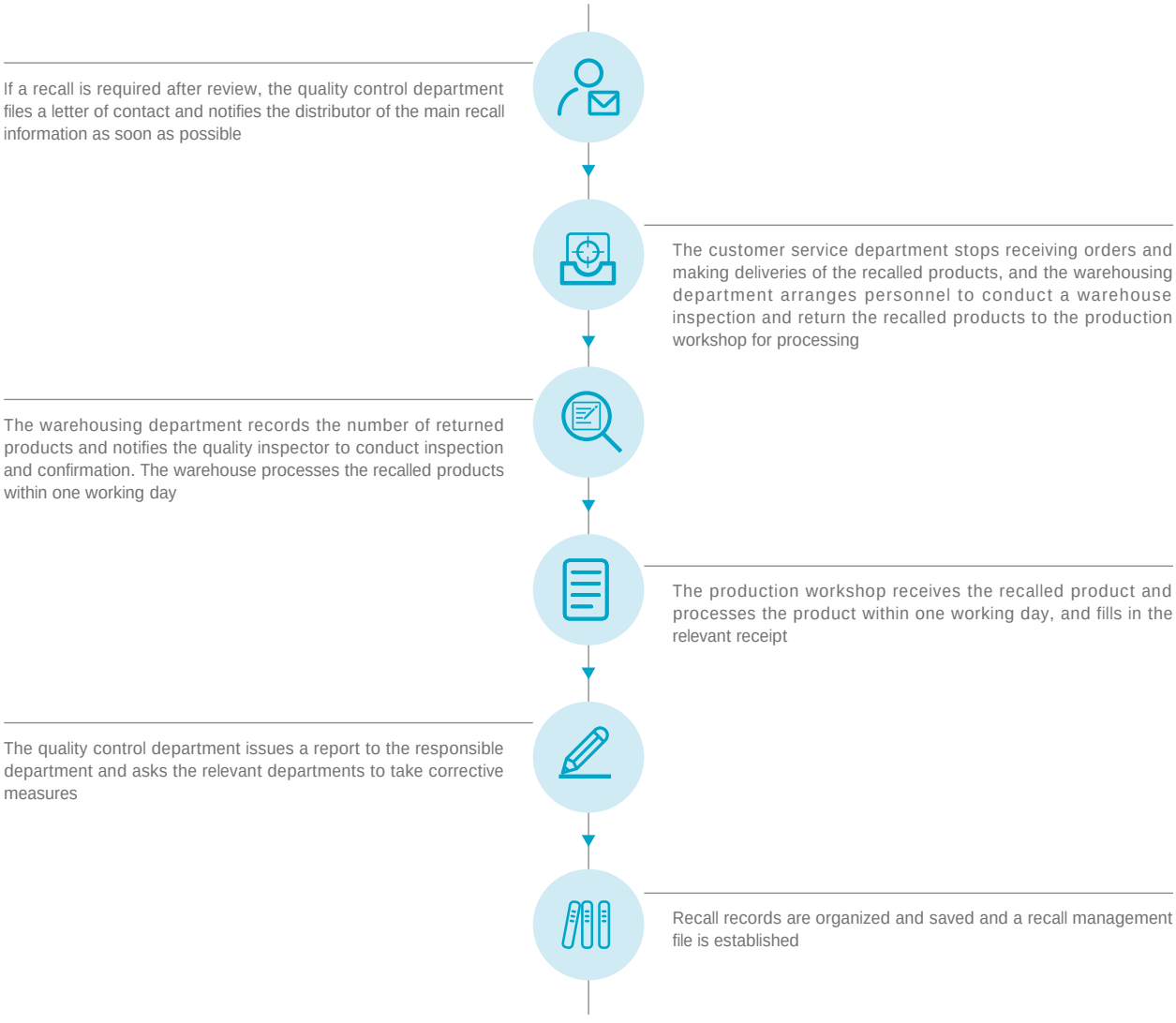
The Group regards product quality as the life of the company, constantly improving various production and testing systems and conducting comprehensive multi-dimensional inspection from the incoming of raw materials, product design and sample creation to production and product delivery. It relies on the three inspection system of "self-inspection, mutual inspection and sampling inspection" to control production and ensure stable product quality.

Product Anti-counterfeiting Application

The Group carries out anti-counterfeiting and anti-channel conflict on products, applying digital codes, barcodes and two-dimensional codes on products to link to the customer order information through the warehouse shipment scanning code, so as to attain anti-channel conflict and traceability management. Consumers can quickly identify the authenticity of products through traceability codes, which further secures product quality and consumer rights.

Product Recall Process

The Group has established a rigorous product recall process. For any products identified as unqualified, the Group immediately initiated the product recall process to protect consumers' health and safety with practical actions.



Securing Safe Production

The Group regards safe production as the foundation of the corporation. It has firmly established the production concept of safe development, strictly abided by the requirements of laws and regulations such as *the Safe Production Law* and improved its safety management systems. In addition, it has strengthened the construction of a safe production responsibility system, consolidated the foundation of safe production and promoted safe production culture in order to create a solid safety guarantee for developing the Group into a first-class international enterprise.

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Improve safety management

Establish the Safety Supervision Department, which is independent of the entire production system, and strictly require the department to operate in accordance with safe production requirements

Increase investment in equipment improvement and automation, and eliminate hidden safety hazards in the production process

Promote involvement of all employees, and implement safe production responsibility systems at all levels

Formulate *the Safe Production Inspection System* to ensure the safe operation of facilities

Establish a special equipment safety management team to actively rectify problems

Strengthen the construction of the building complex management system to ensure the normal operation of pc efrle equipment

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Signed

160 safety responsibility statements

160

Conducted

7,895 safety hazards investigations

7,895

Organized

34,529 person-times of various safety awareness education and training

34,529

Performed

102 pc emergency drills

102

June 2018 marked the 17th national safe production month. China Lesso actively carried out safe production month-related activities, attaching importance to safe production and safety education, which enhanced employees' safety awareness and improved employees' safety literacy. On 12 June 2018, the Yunnan subsidiary organized more than 90 employees to carry out fire emergency evacuation drills and actual early stage fire drills for firefighting. At the drill site, the safety specialist explained the precautions of the fire scenario to the on-site personnel, and demonstrated the performance and operation methods of various firefighting equipment, effectively improving the safety awareness of employees and their ability to respond to emergencies.

2018 6 17

2018 6 12 90



Safety specialist explaining the precautions of the fire scenario

Providing Quality and Convenient Service

Upholding the customer-focused operation policy of "Customer Satisfaction First", the Group builds innovative service models and continuously improves its one-stop service processes, in turn enhancing service quality and improving the customer service experience.

One-stop Service Provision

The Group optimizes its service methods, sets up professional service teams and perfects one-stop service processes before, during and after the sales process. It also enriches service coverage, handles feedback in a timely manner and processes customer opinions to solve problems for customers with ingenuity.

Full-process service procedures

Pre-sale Services

We understand customer needs, collect customer opinions and develop reasonable and effective service plans

We provide customers with services for inquiries about product performance, stock, orders and delivery time

Sales Services

We develop teaching plans and easy-to-understand handouts and provide free engineering technical manuals

We answer questions or provide reasonable solutions to customer questions with short response times

We rush to the scene to solve problems for users

After-sales Services

We adhere to the service concept of "quick response, quality service, transmitting technology and timely delivery", establishing technical support, product quality follow-ups and effective information feedback and improvement mechanisms



Expanding Sales Channels

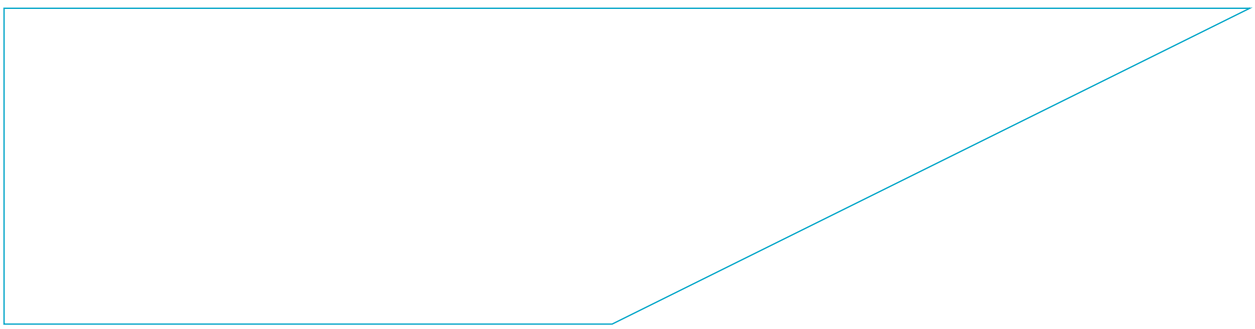
With the concept of cooperation, win-win, intelligence and internationalization, the Group has built a global O2O sales platform – Lesso Home, shifting from a single offline sales network to a combined online-offline network. The online platform displays products to customers worldwide through the Internet, while offline physical stores provide customers with product experiences and services and continuously strengthen the development and management of offline sales networks, leaving customers with diverse experiences and services.

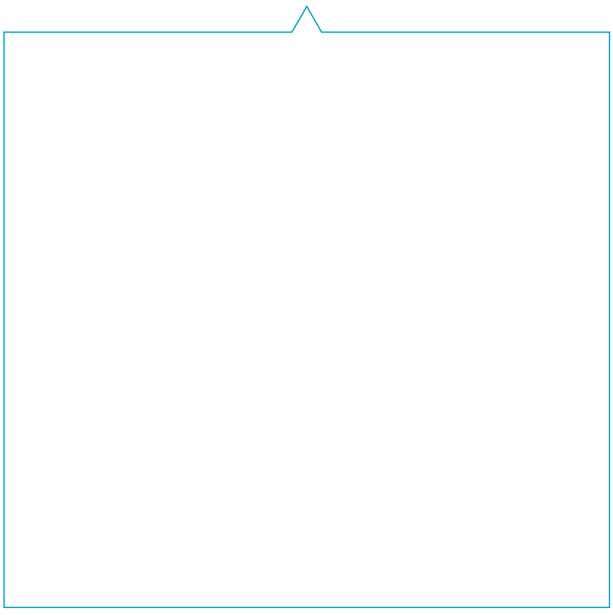
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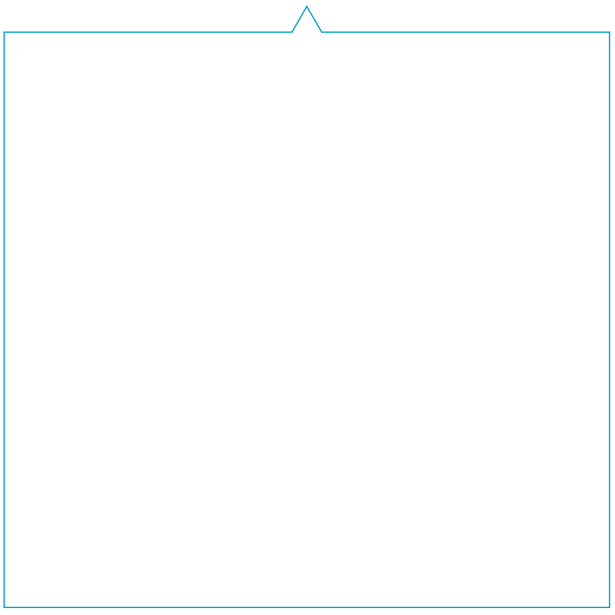
Safeguarding Customer Rights and Interests

The Group provides products and services according to laws and regulations and identifies, understands and satisfies customer needs in a timely manner. It lays emphasis on protecting customers' legal rights and information security, and continuously improves service quality and customer satisfaction. In 2018, customer satisfaction for the Company reached 97.31%.

2018 97.31%







Provides solutions including the overall design, construction and rainwater engineering for sponge cities, and realizes the urban development methods of natural storage, natural penetration and natural purification.

Committed to the research and development of integrated piping system and achieving lead-free PVC-U water supply and drainage storage, natueco17 iendeionss; participS

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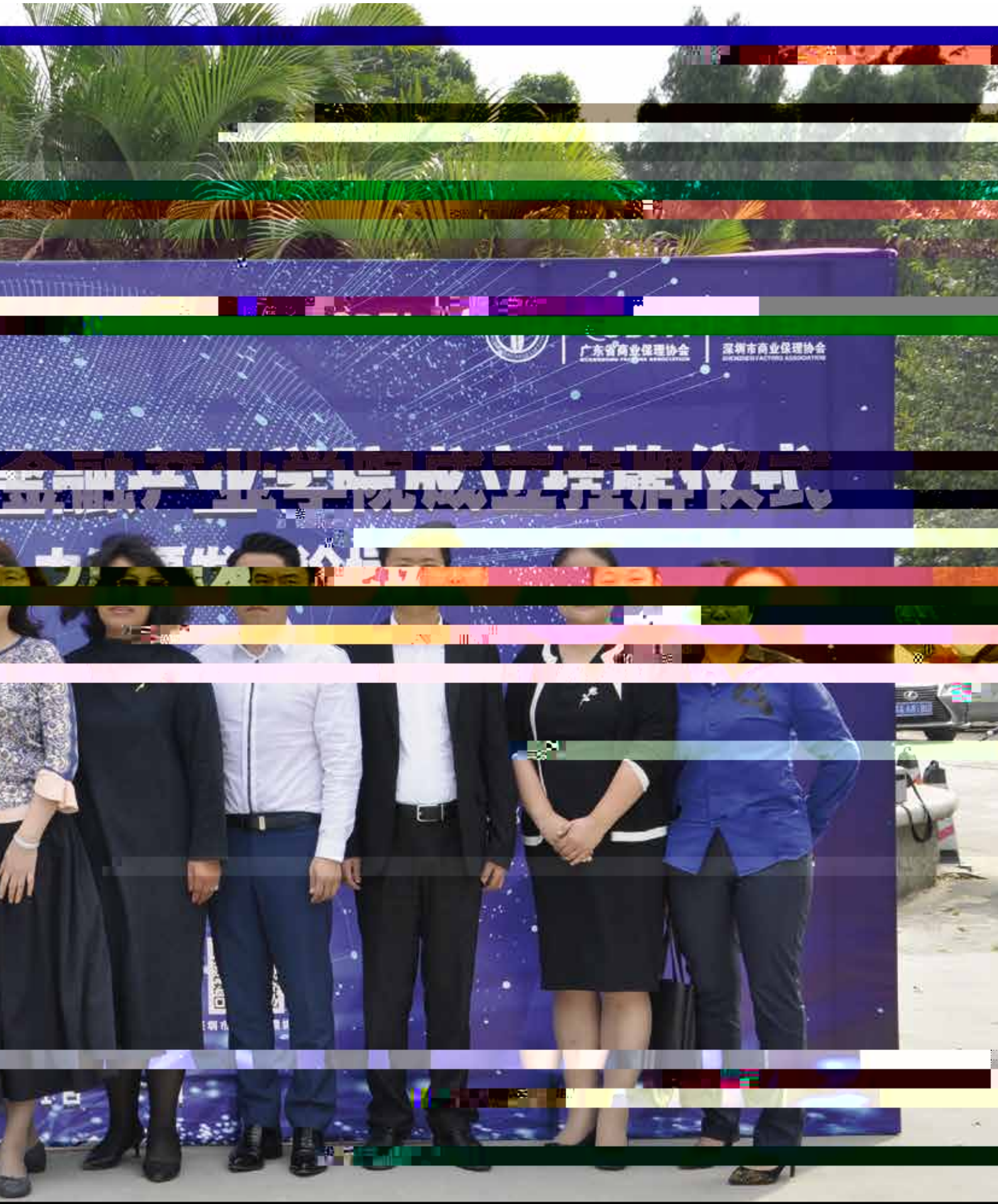
Fresh air special pipeline transmission and distribution system schematic diagram

Leading Industry Development

The Group promotes the application of advanced technology achievements, participates in the formulation of various national and industry standards, shares experiences with the industry to lead industry innovation and provides comprehensive technical and practical support for the development of the Company and wider industry. In 2018, the Group led or participated in the compilation and revision of 65 international, national, industry and association standards and national atlases. Among them, eight national and industry standards have been issued and implemented.

2018	65
	8


2018


广东省商业保理协会
深圳市商业保理协会

Creating a Responsible Supply Chain

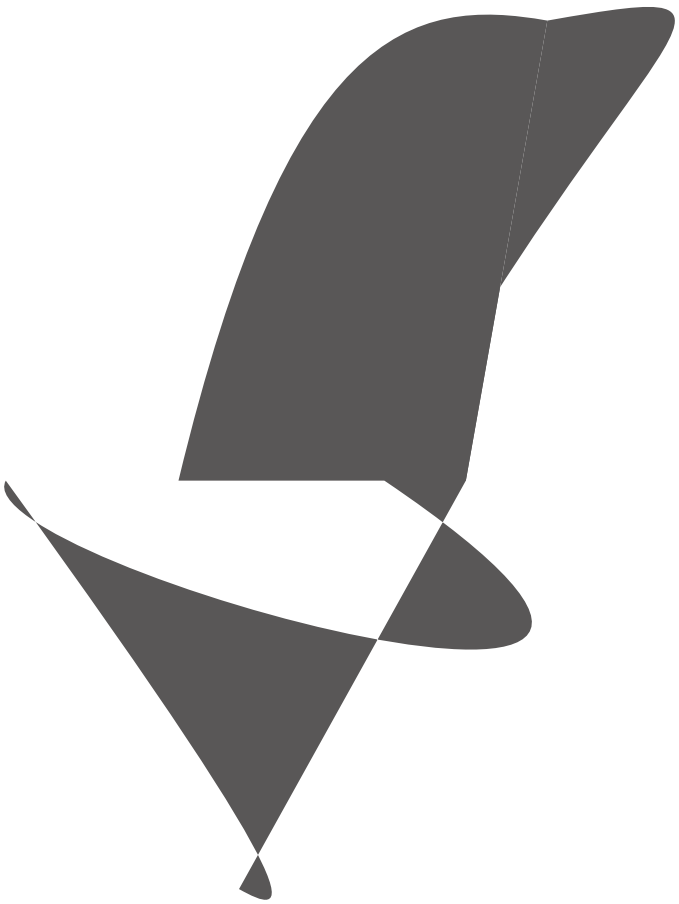
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Strengthening Supplier Management

The Group has formulated the *Supplier Management Measures* to provide systematic management and professional support, promote the common growth and coordinated development of suppliers and create greater value with supply chain enterprises in a broader development space. In 2018, 90% of suppliers were picked out according to ISO 9000 quality standards, ISO 14000 environmental standards and ISO 18000 occupational health and safety standards of the Group.

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2018 GQM 9000
GQM 14000 GQM 18000

90%



Formulation of a supplier management system for the Group

Conduct site visits to suppliers and implementation of responsible procurement

Regular and independent evaluation and scoring of suppliers by each department

Adoption of an early warning mechanism for suppliers with low scores, proposing rectification opinions, and urging rectification within a time limit

Maintenance of long-term cooperation with suppliers with higher evaluation scores

The Group continuously expands its cooperation and communication channels with an




"六·五"世界环境日
美丽中国 我是行动者
美丽龙江 爱河做起
龙江是我家 清洁靠大家

Perfecting Environmental Management

A sound environmental management system is a solid foundation and favorable guarantee for carrying out environmental protection. While strictly adhering to the *Environmental Protection Law* and other relevant laws and regulations, the Group has gradually implemented the Quality, Environment and Occupational Health (QEO) certification model across the entire group and its subsidiaries to ensure that the Group's environmental management is scientific and effective. By the end of 2018, 25 subsidiaries of the Group had passed the QEO certification.

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OCM

2018

25

OCM



Greenification of Operations

As a manufacturing-oriented company, the Group places importance on improving the utilization efficiency of energy resources and developing and using clean renewable energy to reduce greenhouse gas emissions. For waste water, waste gases, noise pollution and hazardous and non-hazardous wastes generated during operation, the Group has tapped its potential in energy conservation and emission reduction through water recycling and harmless treatment of wastes, and strived to minimize environmental impact. In 2018, the Group's greenhouse gas emissions totaled 574,386.08 tons.

2018

574,386.08

The declaration of the second-batch project on energy consumption improvement of motors was completed, and a total of 521 motors were modified or replaced, which is expected to save 9,603,300 kWh of electricity per year;

25 new light-weight forklifts with outstanding performance were put into use, gradually phasing out old forklifts, resulting in a drop in fuel consumption of roughly 0.6 liter per hour;

The photovoltaic projects of the Hainan and Maoming subsidiaries were connected to the grid for power generation. By the end of 2018, the installed capacity of the Group's distributed solar power generating units was 26.45 MW.

25

521

960.33

0.6

2018

26.45



Solar PV Panels on the Roofs of Plants

2016-2018 PV Project Power Generation and Income from Electricity Savings of the Group
2016-2018

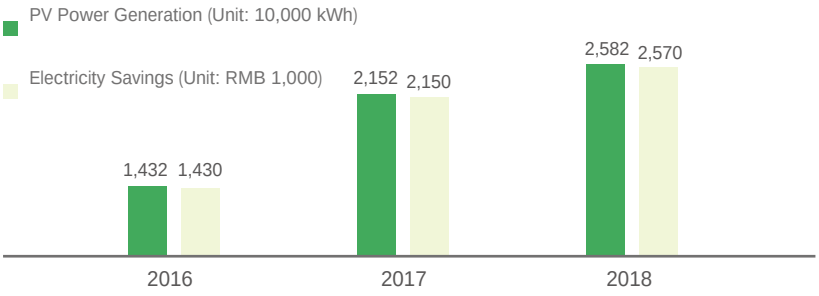


Table 1: Energy Consumption in 2016-2018
1 2016-2018

Type of Energy	Electricity/10,000 kWh /	Diesel/Ton /	Gasoline/Ton /	Natural Gas/10,000 m^3 /	Lubricating Oil/ Ton /
2016	77,051.00	662.00	631.00	496.00	1,622.00
2017	83,916.55	2,403.09	485.13	358.15	190.37
2018	98,759.51	1,826.64	634.05	499.38	105.82

Table 2: Greenhouse Gas Emissions in 2018
2 2018

Type of Greenhouse Gas	Nitrous Oxide/Tons of CO_2e /	Carbon Dioxide/Tons of CO_2e /	Methane/Tons of CO_2e /
C k gqqgm l	319.26	574,062.61	4.21

Note: The statistical scope of greenhouse gas emissions in 2018 covers Category 1 and Category 2. Category 1 measures direct greenhouse gas emissions from operations owned or controlled by the Group; and Category 2 measures indirect greenhouse gas emissions caused by the Group's purchased electricity.

2018

Water Resource Management

Water Conservation

Attaching importance to the conservation and protection of water resources, the Group has strengthened the recycling of production water and lowered water consumption through transforming and upgrading production equipment.

4,231,300 tons
of water was consumed by the Group in 2018

3,774,100 tons
of water was recycled by the Group in 2018

423.13

377.41

Treatment of Wastewater

With regard to the treatment of domestic sewage, the Group has employed a three-stage septic tank to treat canteen and toilet sewage and has protected collected rainwater in accordance with the *Law of the People's Republic of China on Prevention and Control of Water Pollution* and other laws and regulations.

It is strictly forbidden to wash dishes with phosphorus-containing detergent or pour any residual oil or leftovers from the canteen into the sewage; domestic waste filtered from the sewage of the canteen should be treated in compliance with the *Regulations on Waste Management.*

The operation of toilet facilities should be regularly checked, and septic tanks should be cleaned once a year.

Rainwater collection pipes should be installed to separate rainwater from sewage; and it is strictly forbidden to stack industrial nor domestic waste in the open air to prevent the rainwater from being polluted.

Waste Management

In strict compliance with the *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste* and other regulations, the Group has diminished the environmental impact of waste gases, hazardous wastes and non-hazardous wastes generated during operation by cutting down on their volume and conducting harmless treatment.

Table 3: Amount of Recycled Waste in 2018

3 2018

Type of Waste	Plastics/Ton /	Used Oil/Ton /	Used Oil Barrels/Ton /	Used Tinplate Cans/Ton /
2016	33,728.88	64.78	108.86	135.44
2017	5,874.71	122.05	9.42	48.14
2018	9,942.28	33.68	34.14	105.78

Waste Gas Management

To minimize the impact of waste gas emissions on employees and the environment, the Group has adopted measures such as installing equipment and strengthening monitoring to lessen the emissions of dust and odors in workshops, exhaust of external vehicles and fumes in kitchen.

Table 4: Waste Gas Emissions in 2018

4 2018

Type of Waste Gas	LM_V	QM_V
C k gqqgm l /Rm l /	655,647.15	3,261.93

The environment-friendly dust removal system, automatic feeding system and air supply system are installed to decrease dust emissions during production.

:

The UV photo-oxidation equipment is configured to effectively control VOCs exhaust; and the impact of odors on the environment and employees is controlled by adding exhaust gas filtering devices and ventilation devices, providing isolated closed control rooms, and wearing respirators.

: ST TMAq

The vehicle exhaust pollution is curbed by measuring, checking and treating the exhaust of external transportation vehicles.

:

The approach to collect and precipitate kitchen fumes is adopted to minimize emissions.

:





Exhaust gas treatment device in a workshop



Hazardous Waste Treatment

With regard to the treatment of hazardous wastes, the Group has strictly complied with national regulations, implementing control throughout the entire process of classification, procurement, storage, use, disposal, fixed placement and transfer to qualified third-party companies to ensure that the disposal of hazardous waste is compliant. In 2018, 984.68 tons of hazardous wastes were disposed of.

2018

984.68

Table 5: Treatment Methods of Hazardous Wastes

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Non-hazardous Waste Treatment

For non-hazardous wastes generated during operation, the Group has entrusted qualified recycling companies for processing or secondary processing to promote sustainable use of resources. In 2018, a total of 8,596.23 tons of non-hazardous wastes were disposed of.

2018

8,596.23

Noise Control

Pursuant to the relevant requirements of the *Emission Standard for Industrial Enterprises Noise at Boundary*, the Group has mitigated the impact of noise pollution on employees and the surrounding environment by reducing the operating noise of fan rooms and machines in production workshops and distributing labor protection appliances to employees.

Use of Packaging Materials

Packaging materials used by the Group mainly stem from the packaging of pipes and fittings. To effectively reduce the use of packaging materials and mitigate resource consumption and environmental impact, the Group has applied measures such as using automated equipment, taking a package-free strategy and recycling waste materials.



Automatic packaging machines are used to adopt tidy and uniform packaging and reduce the use of reserved and extra-long packaging materials;

Package-free strategies have been adopted for PE200 water supply pipes to save packaging materials;

Scraps of packaging bags are collected and recycled in a centralized manner to cut down on packaging material waste.


ESSO



Improving Employee Well-being

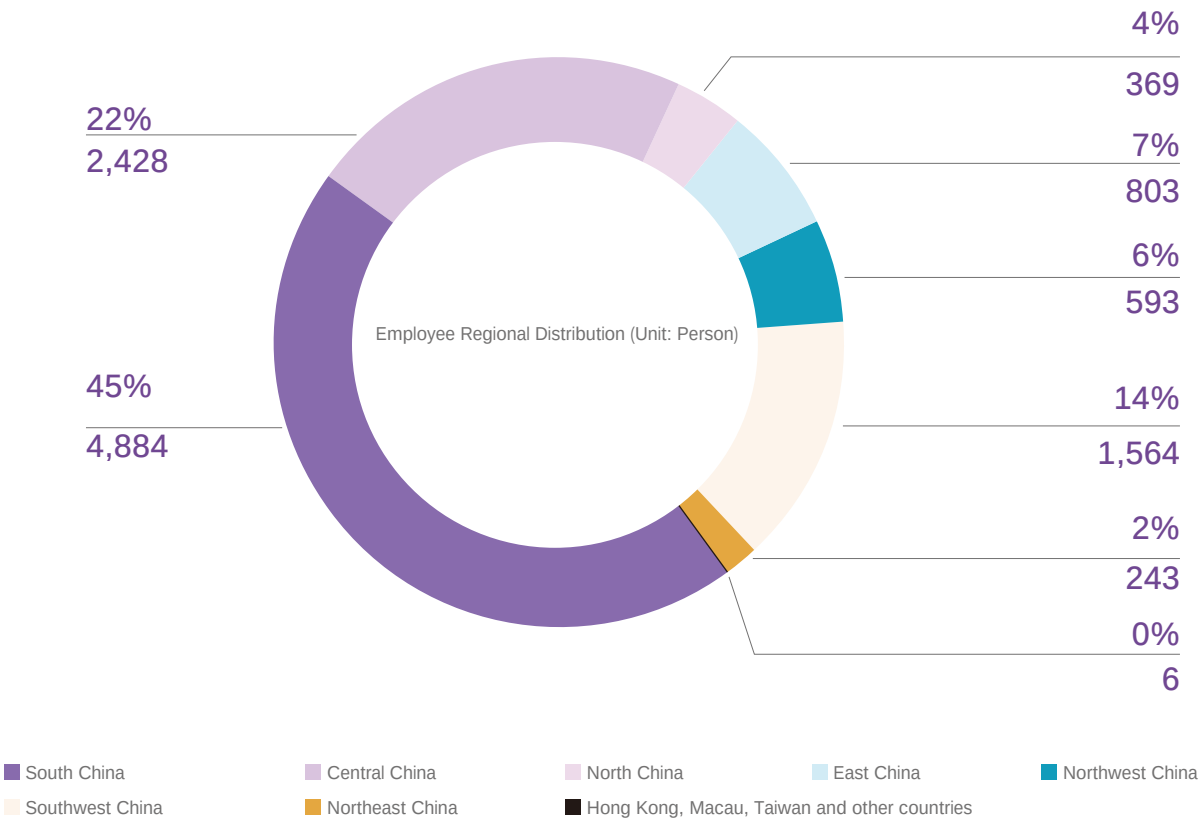
The Group attaches great importance to the rights and growth of employees, safeguards the basic rights and interests of employees, builds a platform for talents to grow, enriches employees' spare time, creates a harmonious and healthy working environment and strives to achieve the common growth and development of employees and the Company.

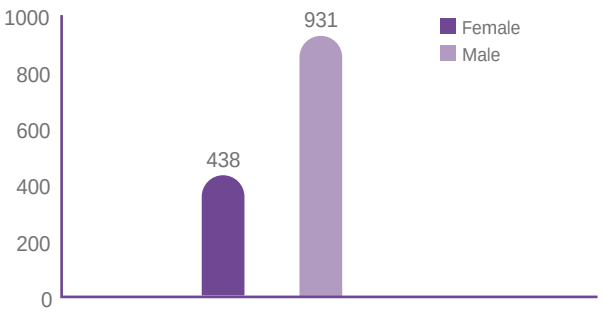
Safeguarding the Rights and Interests of Employees

The Group shows respect for labor and talents, and conscientiously implements *the Labor Law of the People's Republic of China* and other relevant laws and regulations and employment policies. We have formulated *the Guidelines on Labor Relations Management* to protect the legitimate rights and interests of employees and create a harmonious labor relationship.

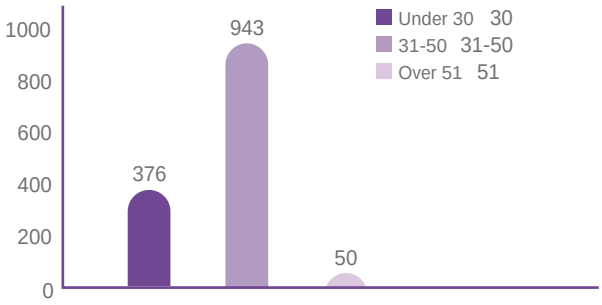
Diversified Talent Structure

The Group is committed to attracting, motivating and fostering diverse and high-quality talents, and it has formed a multi-level talent echelon.

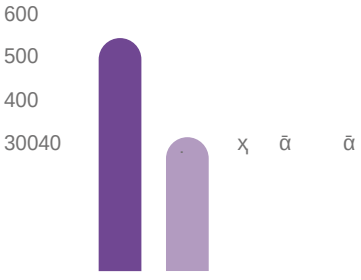




Employee Turnover by Gender (Unit: Person)



Employee Turnover by Age Group (Unit: Person)



Adhering to Equal Employment

Strictly abiding by policies and regulations, the Group advocates equal employment and signs labor contracts with employees based on the principles of equality, voluntariness and consensus. We resolutely put an end to any discrimination against employees due to factors such as age, gender, marital status, disability, ethnicity, race and religious beliefs, oppose any form of child labor and forced labor and strive to create a fair and lawful working environment for employees.

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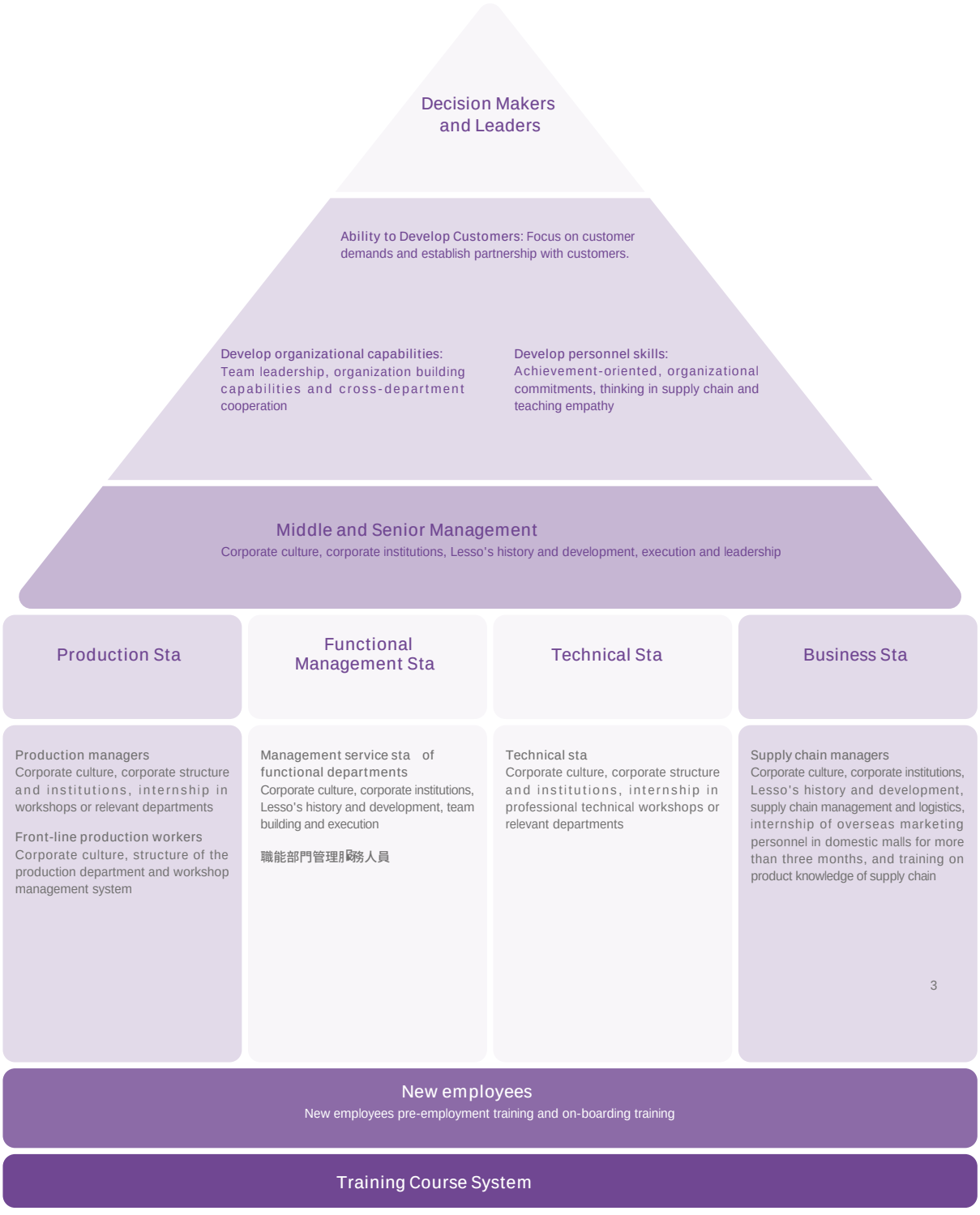
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Diversified Training for Employees

Through its Lesso College, the Group has developed professional knowledge manuals and in-house training courses. It offered personalized training basouscwFu the training needs of employees of different types and positions. With an aim to improve the professional quality of employees in an all-around manner, Lesso College helped employees enhance their professional competitiveness and achieved the common growth of employees and the Company. A total of 83 training courses were developed in 2018.

2018

83



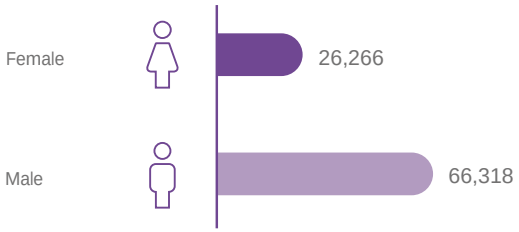
92,584 participants

252,555 employee training hours

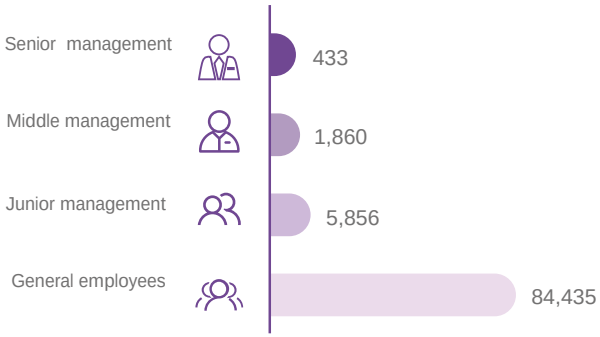
92,584

252,555

Employee training by gender



Employee training by type



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In response to the requirements of foreign employees to learn Cantonese, help them integrate into Cantonese culture quickly and improve communication efficiency, Lesso College has planned and launched the "Cantonese Class" program which realizes an online and offline closed-loop environment through a community learning model, and designs training content in an accurate way. Additionally, the "Lesso Reading" reading club program was launched, which adopts an O2O (online to offline) model. The program is intended to assist employees improve work efficiency and quality of life.

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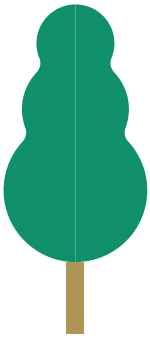
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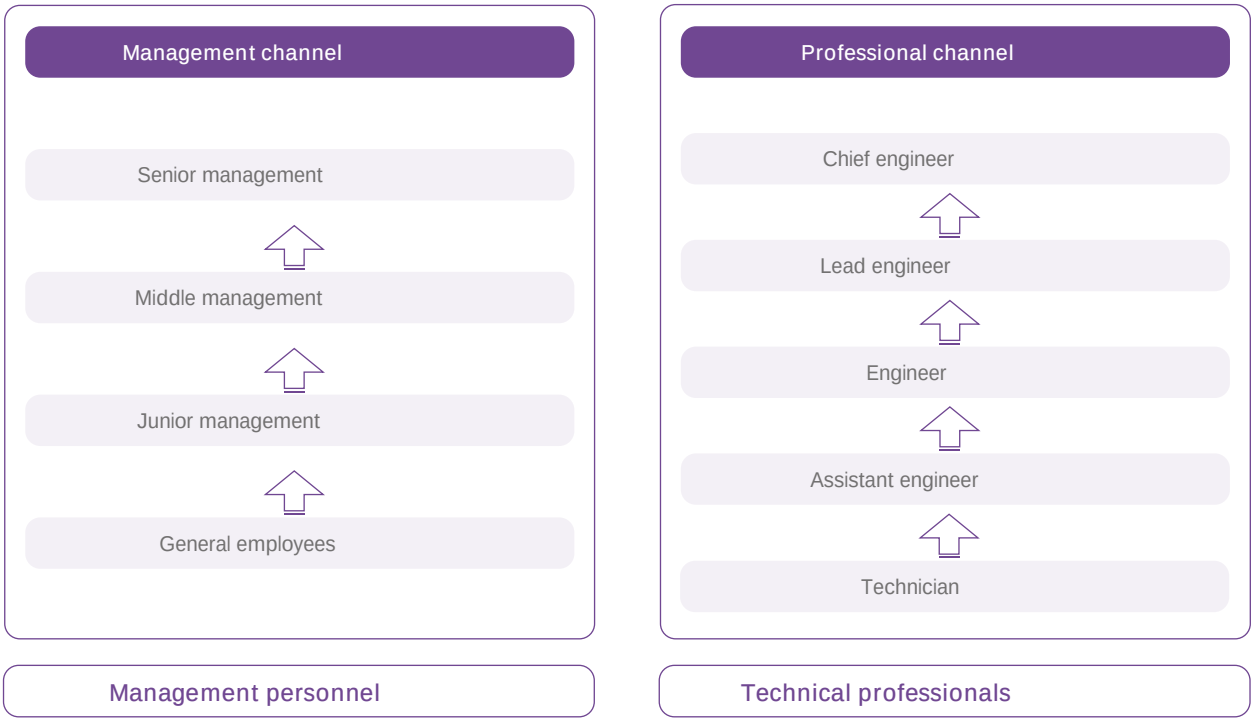
M2M



Lesso College's Cantonese Class

For new hires of the Group to participate in the "New Power" training camp, through which they can quickly familiarize and get comfortable with the Group, transforming themselves into a new sailor to contribute to





Professional Development Channel

Cultivating talent through "apprenticeship"

Increasing the Happiness of Employees

For the safety and physical and mental health of its employees, the Group develops a wide range of leisure activities to help employees achieve work-life balance. The Group also provides considerate care for female employees and those in need, continuously improving their overall happiness and satisfaction.

Focusing on Occupational Health

The Group strictly abides by occupational health laws and regulations and strives to provide employees with a safer working environment and protect employee health by issuing labor protection equipment, transforming the production environment of workshops and conducting occupational disease examinations.

Work Injury and Lost Days due to Work Injury		2018
Lost days due to work injury (business day)	/	8,040
Number of work-related fatalities (person)	/	0
Rate of work-related fatalities (%)	/%	0
Frequency rate of disabling injury per 1,000 people	/.	13



Fall protection equipment

Promoting Warmth through Public Outreach

Adhering to the public welfare concept of "Serving the community and giving back to society", the Group shares its development achievements with the community by actively offering their time to carrying out poverty alleviation and volunteer services. By doing so, the Group is committed to building a stable and harmonious social environment for residents and spreads warmth and love across the community.

Donations of RMB

5,129,000 in 2018

658 hours

of volunteer service in 2018

Employees participation in charitable activities

197 person-time

512.9

658

197

Targeted Poverty Alleviation

In response to the government's call, the Group gave full play to its advantages to deepen targeted poverty alleviation efforts and help improve the infrastructure and educational environment in poverty-stricken areas, helping contribute to meeting people's needs for a brighter future. In June 2018, the Group donated RMB1 million to the 2018 "Love Night" party held by Shunde Poverty Alleviation and Development, of which RMB600,000 was used for targeted poverty alleviation projects in three counties, namely Meigu, Jinyang and Leibo of Liangshan Prefecture, Sichuan.

China Lesso donated RMB1 million to the 2018 Guangdong Poverty Alleviation Day and Rural Revitalization activities and was awarded the "Bronze Medal of Cotton Cup for Poverty Alleviation in Guangdong Province in 2017" by the Guangdong Foundation for Poverty Alleviation.

In November 2018, a team organized by China Lesso went to Leibo County, Butuo County and Yanyuan County in Liangshan Prefecture, Sichuan to carry out poverty alleviation activities. The Company donated 810 children's coats to Waerzui Primary School and Waerzui Preschool in Meiyu Town, Yanyuan County, worth more than RMB140,000, enabling the students of the two schools to enjoy a warm winter. In 2018, China Lesso supported education in Liangshan Prefecture with practical actions, and assisted in targeted poverty alleviation projects. As of October 2018, China Lesso has donated materials and funds of more than RMB1.1 million.

2018 11
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2018 2018 10
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China Lesso donated children's coats to Waerzui Primary School and Waerzui Preschool

Butuo County in Liangshan Prefecture is a poverty-stricken area. Many schools do not have safe drinking water due to the climate, terrain and other reasons. In October 2018, Sichuan Lesso Technology Industrial Co., Ltd. donated PE water supply pipe fittings to a safe drinking water project for the Lada Township Central School in Butuo County, Liangshan Prefecture, the value of which was more than RMB200,000. An earlier safe drinking water project at the Jiudu Township Central School in Butuo County, to which a subsidiary in Sichuan donated more than RMB180,000 of pipes and fittings, was put into operation in early May. The project will provide safe drinking water for 963 students and 37 teachers of the Jiudu Township Central School for years to come and realize favorable social benefits. China Lesso's involvement in the construction of the safe drinking water project for the schools in Butuo County, Liangshan Prefecture and support of local education demonstrates the Company's dedication to giving back to the community and fulfilling its corporate social responsibility amid its steady development.

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In February 2018, the 6th "Warm Station, Full of Love" – an activity to provide care for homeward bound migrant workers during the Spring Festival, was held at the Longshan Gas Station in Shunde, which attracted a total of 53 volunteers from China Lesso, Zhida Group and Longjiang Middle School. Volunteers distributed reflective vests, raincoats, knee pads and other materials to migrant workers who were returning home by motorcycle, providing migrant workers a safer and warmer trip back home and delivering the big love of Lesso through a good deed.

On 14 June 2018, the 15th World Blood Donor Day, China Lesso held a volunteer blood drive with the theme of "Caring for Others, Donating Blood, Sharing Life". This voluntary blood drive aims to ensure the medical needs and safety of blood use and popularize knowledge about voluntary blood donation. It attracted more than 220 employees, with a total blood donation of more than 75,000 ml. Throughout its years of participation, China Lesso employees have donated in excess of 350,000 ml of blood. In addition, China Lesso also won the title of "2017 Advanced Unit of Volunteer Blood Donation in Shunde District", which fully reflected China Lesso's public welfare concept of "Serving the community and giving back to society".

2018 6 14 15

220 75,000

35 2017

In December 2018, the "Love and Student Aid" activity, jointly carried out by China Lesso, Radio Foshan FM901 and Xishan Primary School, came to Ya'an, Sichuan. Xishan Elementary School assigned a group of teachers in language, mathematics, music, information and other subjects to teach in the Shangli Township Central School and Shangli Qijia Primary School in Ya'an, Sichuan and pay visits to families in need. China Lesso paid the transportation, accommodation and publicity expenses of the support teaching activity and united the strength of social charity, bringing care and warmth to the students in Ya'an.

2018 12 DK901

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Aspect	
General disclosure	
A1.1	

Aspect	Indicator No.	Indicator Content	Location in the Report	Indicator Performance
A2 Resource Utilization	General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	"Energy Efficiency Management" and "Water Resource Management"	*Energy Conservation Law of the People's Republic of China* and *Law of the People's Republic of China on Prevention and Control of Water Pollution*
	A2.1	Direct and/or indirect total energy consumption by type (e.g. electricity, gas or oil) (in 1,000 KWH) and intensity (e.g. per unit of production volume, per facility).	"Energy Efficiency Management"	Power consumption was 987,595,100 kWh; diesel consumption was 1,826.64 tons 98,759.51 1,826.64
	A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility).	"Water Resource Management"	The annual water consumption of the Group was 4,231,300 tons. 423.13
	A2.3	Description of energy use efficiency initiatives and achievements.	"Energy Efficiency Management"	The declaration of the second-batch project on energy consumption improvement of motors was completed, and a total of 521 motors were modified or replaced, which is expected to save 9,603,300 kWh of electricity per year 521 960.33
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and achievements.	"Water Resource Management"	We have transformed and upgraded production equipment to strengthen the recycling of production water supply, reducing dependence on water resources and achieving zero discharge of production wastewater.
	A2.5	Total packaging materials (in tons) used for finished products and with reference to per unit produced where applicable.		No statistics
A3 Environment and Natural Resources	General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	"Noise Control"	*Emission Standard for Industrial Enterprises Noise at Boundary*
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	"Noise Control"	We have controlled the noise during operation of fans and machines in production workshops, and distributed labor protection equipment to employees to reduce the impact of noise on the environment and employees.

Aspect	Indicator No.	Indicator Content	Location in the Report	Indicator Performance
	General disclosure	Information on policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.	"Safeguarding the Rights and Interests of Employees"	We have implemented *the Labor Law of the People's Republic of China* and other relevant laws and regulations and employment policies, and formulated *the Guidelines for the Management of Labor Relations* and *Remuneration Management Regulations of China Lesso* to safeguard the legitimate rights and interests of employees.
B1 Employment	B1.1	Total number of employees by gender, employment type, age group and geographical region.	"Diversified Talent Structure"	Female: 3,451/ Male: 7,439 Senior management: 175 / Middle Management: 585 / Junior management: 3,064 / General employees: 7,066 Under 30: 3,636 / 31-50: 6,872 / Over 51: 382 South China: 4,884 / Central China: 2,428 / North China: 369 / East China: 803 / Northwest China: 593 / Southwest China: 1,564 / Northeast China: 243 / Hong Kong, Macao, Taiwan and other countries: 6 High school graduates or lower: 6,738 / College graduates: 2,423 / Undergraduates: 1,615 / Postgraduates and above: 114
	B1.2	Employee turnover rate by gender, age group and geographical region.	"Diversified Talent Structure"	Female: 4% / Male: 8.5% Under 30: 3.5% / 31-50: 8.7% / Over 51: 0.5% South China: 5% / Central China: 2.8% / North China: 0.6% / East China: 1.1% / Northwest China: 0.9% / Southwest China: 1.9% / Northeast China: 0.3% / Hong Kong, Macao, Taiwan and other countries: 0%
B2 Health and Safety	General disclosure	Information on policies and their compliance with relevant laws and regulations that have a significant impact on the issuer, in regards to the provision of a safe working environment and protection of employees from occupational hazards.	"Focusing on Occupational Health"	We have been in strict compliance with the laws and regulations on occupational health.
	B2.1	Number and rate of work-related fatalities.	"Focusing on Occupational Health"	Nil

Aspect	Indicator No.	Indicator Content	Location in the Report	Indicator Performance
	General disclosure	Policies on managing environmental and social risks along the supply chain.	"Strengthening supplier management"	*Supplier Management Measures*
	B5.1	Number of suppliers by geographical region.	"Creating a Responsible Supply Chain"	South China: 565 Central China: 138 North China: 48 East China: 153 Northwest China: 45 Southwest China: 52 Northeast China: 18 Hong Kong, Macao, Taiwan, and other countries: 5
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.		In 2018, the Group screened up to 90% of its
	General disclosure			

Aspect	Indicator No.	Indicator Content	Location in the Report	Indicator Performance
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	"Transformation of Innovation Results"	We continuously improve the level of patent protection for independent innovation achievements, and promote economic efficiency through technological innovation. In 2018, the Group applied for 389 patents and authorized 154 patents.
B6 Product Responsibility	B6.4	Description of quality assurance processes and recall procedures.		The Group conducts comprehensive multi-dimensional

Aspect	Indicator No.	Indicator Content	Location in the Report	Indicator Performance
	General disclosure			
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sports).		We have deepened targeted poverty alleviation and

Award Winner	Honor	Presented by
Guangzhou EP Environmental Engineering Ltd.	Brand Enterprise in Environmental Protection of Guangdong Province	Organization Committee of IE Expo Guangzhou
Lesso Technology Development (Guiyang) Co., Ltd.	Advanced Unit of Energy Conservation and Emission Reduction of Guangzhou Province	Guizhou Province Energy Conservation and Emission Reduction Research Association
Changchun Lesso Industrial Co., Ltd.	Building Energy Conservation Technology Certificate Issued by Jilin Province	Jilin Provincial Department of Housing and Urban-Rural Development
Zhongshan Lesso Walton Coating Steel Plastic Pipe Co., Ltd.	Selected Certificate for *Green Building Product Selection Guide Directory* t u	China Building Material Test & Certification Group Co., Ltd.

Award Winner	Honor	Presented by
Lesso Technology Development (Wuhan) Co., Ltd.	Level III Standardization of Work Safety Enterprise	State Administration of Work Safety
Lesso Technology Development (Guiyang) Co., Ltd.	Demonstration Enterprise of Safety Culture Construction of Guiyang	Guiyang Municipal Safe Production Committee Office
Shaanxi Lesso Technology Industrial Co., Ltd.	Level II Standardization of Work Safety Enterprise of the Industry and Trade Industry	Administration of Work Safety of Shaanxi Province

Award Winner	Honor	Presented by
China Lesso Group Holdings Limited	2017 Excellence Enterprise of the Manufacturing Industry of Guangdong Province	Guangdong Manufacturers Association, Guangdong Association for the Promotion of Industrial Development

China Lesso Group Holdings Limited	Pipe and Pipe Fitting Supplier Preferred by Top 500 Chinese Real Estate Development Enterprises 2018 2018 500	China Real Estate Association, Shanghai E-house Real Estate Research Institute, and China Real Estate Appraise Centre
Guangdong Liansu Technology Industrial Co., Ltd.	Member of Guangdong Association for Quality	Guangdong Association for Quality
Guangdong Liansu Technology Industrial Co., Ltd.	Model Enterprise of Pipeline Valve Manufacturing and Service	Lv Ying Award Selection Committee
Guangdong Liansu Technology Industrial Co., Ltd.	Guangdong Patent Award (Excellence Award)	

China Lesso Group Holdings Limited	Social Contribution (Charity Unit) Bronze Medal	The People's Government of Longjiang Town,

Dear Sir/Madam,

Thank you for taking the time to read this report. We look forward to receiving your opinions and suggestions so as to improve the compilation of the report and enhance our performance in the fulfilment of corporate social responsibility.

、Government 、Investor 、Employee 、Customer 、Supplier 、Dealer

、Academic/Research Institute / 、Peer 、Community and the Public

、Welfare Group/NGO / 、Media 、Others (Please specify)]]]]]]]]]]]]]]]]

哪些内容最切合您的需要？（可選2項）

、Chairman's message 、Corporate governance

、Socially responsible management of business 、Diversified products 、Quality service

、Win-win cooperation with partners 、Green development 、Giving back to the community

AQP aqp@jcqqm.am k

SS 联塑