



柏榮集團(控股)有限公司

PAK WING GROUP (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8316



2020

Environmental, Social and Governance Report

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

Pak Wing Group (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”, “Pak Wing”, or “we”) is pleased to present the Environmental, Social and Governance Report (the “ESG Report”) for the financial year from 1 April 2019 to 31 March 2020 (the “Reporting Year” or “2019/20”). This ESG Report summarizes the Group’s environmental, social and governance (“ESG”) initiatives, plans, and performance transparently and demonstrates our ongoing commitment towards sustainable development. We believe it is a good platform to communicate with our stakeholders on the Group’s sustainability performance through this ESG Report.

ABOUT PAK WING

OUR BUSINESS

Pak Wing was listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) in 2015 with the stock code of 8316. The Group is principally engaged in the foundation business in Hong Kong, for which the principal operating activities involve lateral support works (“LS Works”), mini piling, H-piling, earth stabilization, and pile extraction, etc. We believe our success lies heavily on the competitive strengths of having a good reputation in the foundation industry, being strategically positioned as a subcontractor in the foundation industry, having a capable team of well-trained operations staff and workers lead by an experienced team of executive management, and possessing a broad range of machinery suited to carry out various types of projects.

OUR VISION

To be a professional construction service provider in the foundation market in Hong Kong, enhancing effectiveness and efficiency in our operations, and providing excellent project outputs to our customers.

BOARD OF DIRECTORS (THE “BOARD”)

As at the date of this ESG Report, the Board consists of:

Executive Directors

Mr. Wong Chin To
Mr. Lau Yik Lok (*Chief executive officer*)
(appointed on 16 September 2020)

Independent Non-executive Directors

Mr. Lee Man Yeung
Mr. Sai Chun Yu (appointed on 29 April 2020)
Mr. Lee Yan Sang (appointed on 29 April 2020)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

SUSTAINABILITY APPROACH

Pak Wing is committed to providing excellent construction services as a foundation subcontractor in Hong Kong while integrating sustainability into our business strategy. Various factors including business-related challenges, work ethics, global trends, applicable laws, and regulations, etc., are taken into account by the Group to continually promote business growth and achieve long-term sustainability. The Group constantly seeks opportunities to grow our businesses that will not only be beneficial to our stakeholders, but also to the environment in which we operate.

We constantly monitor the risks and explore potential opportunities within the Group. To strike a balance among business needs, social demands, and environmental impacts, we are committed to continuously monitoring the risks and opportunities that exist in our daily operations and embracing transparent corporate culture to ensure our sustainability strategies are well communicated to our stakeholders.

To implement sustainability strategies at all levels of the Group, a top-down approach is adopted for the following sustainability strategies:

- To achieve environmental sustainability
- To respect human rights and social culture
- To engage with stakeholders
- To support our employees
- To sustain local communities

THE ESG GOVERNANCE STRUCTURE

The Group conducts a top-down management approach regarding its ESG issues. The Board supports the Group's commitments to fulfilling its ESG responsibilities, sets the overall direction of the Group's ESG strategies, and ensures the effectiveness of ESG risks control and internal monitoring mechanisms.

The Group has assigned designated personnel from various departments to systematically manage ESG issues. The designated personnel are responsible for collecting relevant information on ESG aspects for the preparation of the ESG Report. It periodically reports to the Board, assists in identifying and assessing the Group's ESG risks, and evaluates the implementation and effectiveness of the internal control mechanism. It also examines and evaluates the performance in different aspects such as environment, labour practices, and other ESG performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

ABOUT THIS REPORT

REPORTING SCOPE

This ESG Report generally covers the Group's business activities in Hong Kong. The ESG key performance indicator ("KPI") data are gathered only from the operations under the Group's direct operational control. During the Reporting Year, the Group did not operate as the main contractor for any projects. The Group will continue to assess the major ESG aspects of different businesses and to extend the scope of disclosure when and where applicable.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

Information relating to the Group's corporate governance practices has been set out in the Corporate Governance Report on P. 17 to P. 31 of the 2020 annual report.

REPORTING PERIOD

This ESG Report specifies the ESG activities, challenges, and measures being taken during the financial year ended 31 March 2020.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

STAKEHOLDER ENGAGEMENT

We recognize the responsibility and accountability to all our stakeholders. To understand and address the key concerns of different stakeholders, we have been maintaining close communication with them. We will continue to increase the involvement of stakeholders via constructive conversation to chart long term prosperity. Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communications channels as shown below:

Stakeholders	Possible issues of concern	Communication channels
Stock Exchange	<ul style="list-style-type: none"> • Compliance with listing rules • Timely and accurate announcements 	<ul style="list-style-type: none"> • Meetings • Training • Roadshows • Workshops • Programs • Website updates • Announcements
Shareholders and investors	<ul style="list-style-type: none"> • Corporate governance system • Business strategies and performance • Investment returns 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Financial reports • Operation reports • Announcements and circulars • Company website and email • Seminars • Interviews
Customers	<ul style="list-style-type: none"> • Product quality • Delivery times • Reasonable process • Service value • Labour protection • Work safety 	<ul style="list-style-type: none"> • Site visits • After-sales services • Meetings • Phone and email communications
Employees	<ul style="list-style-type: none"> • Rights and benefits • Remuneration and compensation • Training and development • Working hours • Career development • Health and safety • Working environment 	<ul style="list-style-type: none"> • Union activities • Training • Interviews for employees • Employee handbook • Internal memos • Employee suggestion boxes

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

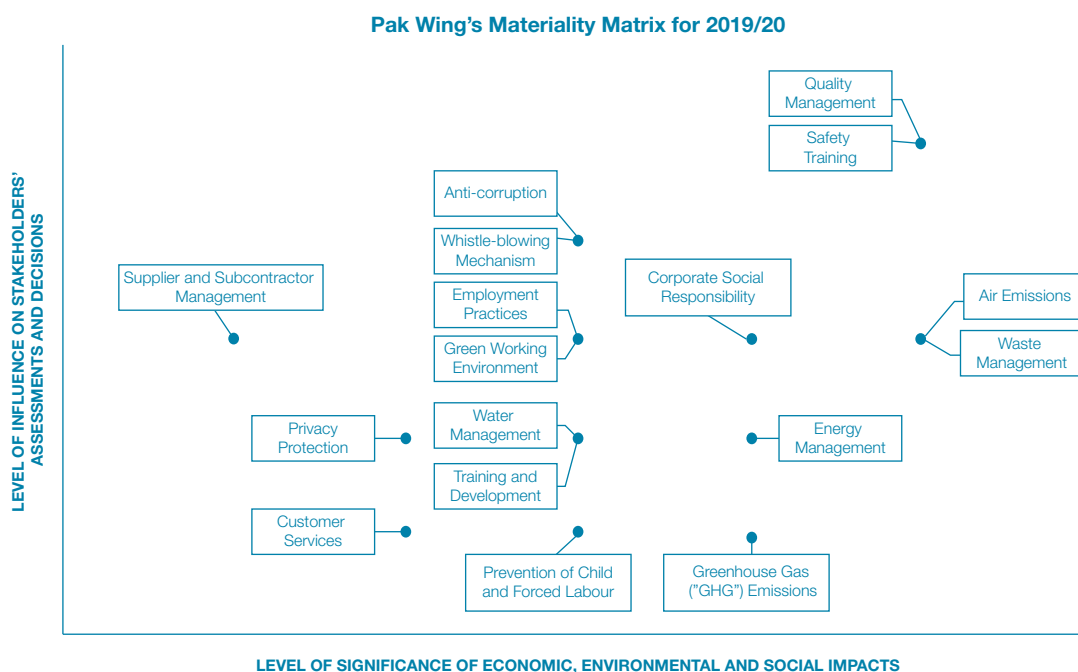
Stakeholders	Possible issues of concern	Communication channels
Suppliers	<ul style="list-style-type: none"> • Payment schedule • Stable demand 	<ul style="list-style-type: none"> • Site visits
Regulatory bodies and government authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Prevention of tax evasion • Social welfare 	<ul style="list-style-type: none"> • Interaction and visits • Government inspections • Tax returns
Media and Public	<ul style="list-style-type: none"> • Corporate governance system • Environmental protection • Human rights 	<ul style="list-style-type: none"> • Community activities • Issue of newsletters on the Company's website • ESG Reports
Community	<ul style="list-style-type: none"> • Community environment • Employment and community development • Social welfare 	<ul style="list-style-type: none"> • Community activities • Employee voluntary activities • Community welfare subsidies • Charitable donations

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for the wider community continuously.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

MATERIALITY ASSESSMENT

The Group's management and staff in major functions are involved in the preparation of the ESG Report. They have assisted the Group to review its operations, identify key ESG issues, and assessed the importance of those relevant matters to our business and stakeholders. The Group has compiled a survey in accordance with the identified material ESG issues to collect information from relevant departments, business units, and stakeholders of the Group. The following matrix is a summary of the Group's material ESG issues.



During the Reporting Year, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents comply with the requirements of the ESG Reporting Guide.

CONTACT US

For details of our ESG performance, corporate governance as well as financial performance, please visit our website at <http://pakwingc.com/en/index.php> and our annual reports. We treasure your feedback and comments on our sustainability performance. Please send your feedback and inquiries by email to info@pakwingc.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

A. ENVIRONMENTAL

A1. Emissions

Environmental protection and sustainable development rely on concerted efforts from all industries and society. Rooted in the foundation industry in Hong Kong, we strive to integrate environmental sustainability into our business operations and are committed to reducing our environmental footprint.

Apart from implementing a set of environmental management system in accordance with ISO 14001, the Group has also formulated related environmental policies and initiatives to promote sustainability within our business. We constantly uphold the principles of emission reduction and resource efficiency in our environmental management approaches by implementing measures that promote energy efficiency, wastes reduction, and other green initiatives. The Group is also committed to educating our employees in raising their awareness of environmental protection and complying with relevant environmental laws and regulations. Within our policy framework, we continually look for opportunities to pursue environmentally friendly initiatives, enhance our environmental performance by reducing energy consumption and the use of other resources.

During the Reporting Year, the Group was not aware of any material non-compliance with environmental related laws and regulations that would have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance, Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation, the Noise Control Ordinance, and the Waste Disposal Ordinance of Hong Kong.

AIR EMISSIONS

The principal sources emissions arising out of the Group's operation were petrol and diesel consumed by vehicles and machinery in construction sites. Due to our business nature and industry limitations, the use of vehicles and machinery is inevitable, therefore we have adopted a series of preventive and corrective measures to control air emissions from such sources. For the sake of dust control, facilities such as hand-held hoses, dust screens, and wheel washing bay have been taken in place in construction sites, low-dust techniques and equipment are also used. Monthly checking is performed to monitor air pollution emissions. We have also encouraged our employees to utilize the capacity of vehicles and other machinery to reduce unnecessary usage and wastage.

Summary of exhaust gas emissions performance:

Types of exhaust gas	Unit	2019/20	2018/19
Nitrogen oxides (NOx)	kg	484.62	644.92
Sulphur oxides (SOx)	kg	0.80	0.84
Respiratory suspended particles (RSP)	kg	40.02	52.59

Looking ahead, we endeavour to improve the overall air quality by adopting appropriate dust controlling measures and effective emissions control measures in our construction sites.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

GHG EMISSIONS

The principal sources of the Group's GHG emissions were generated from petrol and diesel consumption by vehicles and machinery at construction sites (Scope 1), purchased electricity (Scope 2), as well as disposal of paper waste (Scope 3). To reduce GHG emissions, we embrace in driving green practices in our day-to-day operations and have adopted the following measures in our operations:

1. Actively adopt environmental protection, energy conservation, and water conservation measures, which are described in the sections headed "Energy Management" and "Water Management" under aspect A2; and
2. Actively adopt paper-saving measures in office, which are described in the section headed "Waste Management" under this aspect.

Besides, the Group also propagates environmental protection messages to employees by posting notices and posters of green information in office areas to raise their awareness and promote best practices of environmental management. During the Reporting Year, the total GHG emissions intensity has decreased by about 3% from approximately 14.31 tCO₂e per million revenue in 2018/19 to approximately 13.85 tCO₂e per million revenue in 2019/20. Our success in the reduction of GHG emissions was mainly contributed by the reduction in the use of fuels by vehicles and machinery in construction sites. The Group will make a continuous effort in reducing GHG emissions in the forthcoming year.

Summary of GHG emissions performance:

Indicators ¹	Unit	2019/20	2018/19
Scope 1 — Direct GHG emissions			
• Fuel consumed by vehicles and machinery	tCO ₂ e	1,371.32	1,387.66
Scope 2 — Energy indirect GHG emissions			
• Purchased electricity	tCO ₂ e	10.08	16.67
Scope 3 — Other indirect GHG emissions			
• Freshwater and sewage processing			
• Paper waste disposal	tCO ₂ e	1.12	0.66
Total GHG emissions	tCO ₂ e	1,382.52	1,404.99
Total GHG emissions intensity ²	tCO ₂ e/million revenue	13.85	14.31

Note:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), and the Sustainability Report 2019 published by Hong Kong Electric Investments.
2. For the Reporting Year, the Group recorded a revenue of approximately HK\$99,833,000 (2018/19: HK\$98,175,000). The data are also used for calculating other intensity data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

WASTEWATER DISCHARGE

Due to the Group's business nature, wastewater will be generated and discharged at construction sites. To fully utilize water resources, wastewater is collected and preceded for reuse, such as reusing for dust control measures. A sewage treatment system is also installed in every construction site to filter the wastewater before discharging to public sewers. More water-saving initiatives will be described in the section headed "Water Management" under aspect A2.

WASTE MANAGEMENT

The Group adheres to the waste management principle and strives to properly manage and dispose wastes produced by our business activities. Our waste management practices have complied with relevant laws and regulations relating to environmental protection.

Hazardous Waste

The Group's business operations may produce chemical wastes during construction work. However, the amount of chemical waste produced cannot be estimated accurately due to the limitation of the data collection system. Yet, all chemical waste was filtered and passed to a qualified chemical waste collector to lawfully handle and dispose. The Group aims to continuously reduce its adverse impact due to the production of hazardous waste.

Non-hazardous Waste

Non-hazardous waste generated was principally construction waste and paper waste. We uphold the 5Rs principle, namely reduce, renew, reuse, recycle, and replace for waste management and strive for resource utilization. To minimize the environmental impacts from non-hazardous wastes generated from our business operation, the Group has implemented measures to manage different types of waste and launched different waste reduction initiatives in different working areas.

For each construction sites, solid waste is segregated into general waste and construction waste before transporting to landfills. 3-color recycling bins are placed in site areas to collect any recyclable waste. Moreover, an on-site waste sorting area is made available for storing segregated waste material temporary for the reuse of such material in other sites to avoid wastage.

In offices, the Group promotes the reduction of paper and stationery usage by adopting the following initiatives and assumes the responsibility for the overall waste management:

- Encourage double-sided printing;
- Collect single-side printed paper and computer accessories for reuse;
- Recycle rechargeable batteries and double-side-printing paper;
- Utilize electronic communication where applicable; and
- Reduce the use of single-use disposable items.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Given that the Group did not operate as the main contractor for any projects during the Reporting Year, therefore the construction waste were passed to the main contractors for handling. As a result, there were no records of construction waste disposed. The Group's total non-hazardous wastes disposal intensity has therefore decreased significantly when compared with 2018/19.

Summary of waste disposal performance:

Types of non-hazardous waste	Unit	2019/20	2018/19
Construction waste	tonnes	–	135.10
Paper waste	tonnes	0.23	0.14
Total non-hazardous wastes	tonnes	0.23	135.24
Total non-hazardous wastes intensity	tonnes/million revenue	0.002	1.38

A2. Use of Resources

Pak Wing is committed to becoming a resource-saving and environmentally friendly enterprise to promote environmental protection. The Group has established relevant policies and procedures governing the use of energy and water to achieve higher efficiency and reduce unnecessary use of resources.

ENERGY MANAGEMENT

The Group aims to minimize the environmental impacts that resulted from our operations by identifying and adopting appropriate measures. Energy policies, measures, and practices have been developed to show our commitment to energy efficiency. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Maintain room temperature at 25.5 degree Celsius;
- Encourage the use of products with energy efficiency labels;
- Switch off all idle appliances and unnecessary lightings upon leaving the office;
- Post reminders near switches and electrical appliances to remind employees to reduce electricity consumption; and
- Purchase equipment and machinery with high energy efficiency on the replacement of old equipment.

Besides, the Group's Administrative Officer performs daily checking over the air-conditioning system, lighting, and other appliances in offices to ensure energy consumption performance. Unexpected high consumption of energy will be investigated to find out the root cause and corresponding preventative measures will be taken.

During the Reporting Year, the Group's total energy consumption had increased significantly due to the newly added disclosure on the consumption of diesel and petrol. When only comparing purchased electricity, electricity consumption has decreased by about 40% from that in 2018/19. Indeed, electricity consumption by the Group depends greatly on the nature and number of construction projects, therefore the fluctuation of electricity consumption can be out of the Group's control to a certain extent. Regardless, the Group strives to reduce unnecessary electricity consumption in the forthcoming years.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Summary of energy consumption performance:

Types of energy	Unit	2019/20	2018/19
Direct energy consumption	MWh	5,582.13	N/A
Diesel	MWh	5,394.13	N/A
Petrol	MWh	188.00	N/A
Indirect energy consumption	MWh	12.44	20.84
Purchased electricity	MWh	12.44	20.84
Total energy consumption	MWh	5,594.57	20.84
Total energy consumption intensity	MWh/million revenue	56.04	0.21

WATER MANAGEMENT

Water was mainly used in offices and construction sites. The Group actively promotes the importance of water conservation to its employees. Apart from posting reminders next to water taps, the Group also regularly inspects water taps to prevent leakage.

Similar to electricity, the Group's water consumption depends heavily on the quantity and nature of its construction projects, therefore the fluctuation of water consumption may not be able to fully reflect the Group's effort in water saving. Yet, the Group is committed to saving water resources through different measures in the forthcoming year. Since the Group did not operate as the main contractor for any construction projects during the Reporting Year, the information on water consumption data was therefore not available.

Summary of water consumption performance:

Indicator	Unit	2019/20	2018/19
Water consumption	m ³	–	12.00
Water consumption intensity	m ³ /million revenue	–	0.12

Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

PACKAGING MATERIAL

Due to the Group's business nature, the use of packaging material is not considered to be a material ESG issue of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

A3: The Environment and Natural Resources

Pak Wing believes that corporate development should not come at the expense of the environment and natural resources, therefore the Group recognizes the responsibility in minimizing the negative environmental impacts of our business operations as an ongoing commitment to good corporate citizenship. The Group remains conscious of its potential impact, therefore, regularly assesses the environmental risks of its business model, adopts preventive measures to reduce risks, and ensures compliance with relevant laws and regulations.

GREEN WORKING ENVIRONMENT

The Group considers that providing a pleasant and safe working environment to its employees is of paramount importance. Air quality is therefore regularly monitored and measured. In offices, air purifying equipment is placed and the ventilation system is cleaned periodically. At construction sites, monthly checking will be performed to monitor air pollution emissions.

In addition to air quality, noise is regularly monitored and measured at the construction sites. The Group has implemented different measures to reduce noise level and ensured that workers and the surrounding neighbourhood will not be disturbed. Such measures include the installation of acoustic barriers, inspect and maintain all equipment before use to ensure compliance of permitted noise level, and only undertake construction works during permitted hours and days.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

B. SOCIAL

B1. Employment

As an enterprise with social responsibility, we are not only responsible for our consumers, but also responsible for our employees. The Group attaches great importance to its employees' contribution and dedication to sustainable business development. Employment policies are formally documented in the Employee Handbook, covering recruitment, compensations, remuneration, diversity, and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness among the industry.

During the Reporting Year, the Group was not aware of any material non-compliance with employment-related laws and regulations, including but not limited to the Employment Ordinance, the Mandatory Provident Fund Schemes Ordinance, and the Minimum Wage Ordinance of Hong Kong that would have a significant impact on the Group.

EMPLOYMENT PRACTICES

Recruitment, Promotion, and Dismissal

The Group adheres to the principles of openness and fairness to adopt a robust recruitment process based on merit selection against the job criteria applied. Job applicants are assessed based on their suitability for the positions and potential to fulfil the Group's current and future needs, regardless of their race, gender, religion, physical disability, marital status, sexual orientation, etc.

We offer promotion and development opportunities for outperforming employees through an open and fair assessment system to explore employees' potential. Performance reviews are conducted annually and employees are provided with the opportunity to openly discuss with their supervisors on their performance and career development. During the performance review, employees will normally be assessed on the objectives set for the previous year by Directors. The results of performance reviews are used for employees' salary review and promotion consideration.

Besides, the Group does not tolerate the dismissal of employees under any unreasonable basis. Any termination of the employment contract would be based on reasonable and lawful grounds. Exit interviews will also be conducted with leaving employees to help us better understand the needs of our employees and to improve the overall working environment.

Work-life Balance

The Group strives to create a work-life balanced lifestyle for its employees and has formulated policies in regulating the working hours and rest periods for employees following local employment laws. A 6-day work week with 6 to 8 working hours is applied for employees of the Group. Overtime compensation is paid for employees who work overtime voluntarily.

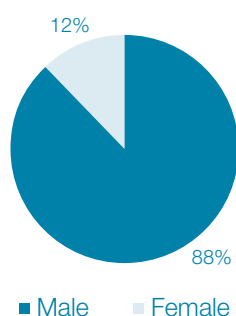
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Diversity, Equal Opportunities, and Anti-discrimination

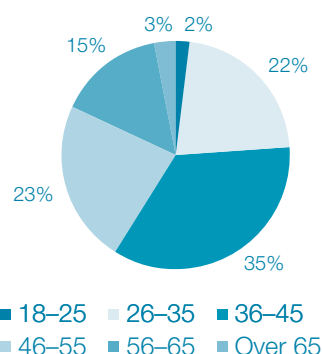
The Group recognizes the value of a diverse and skilled workforce and is committed to creating and maintaining an inclusive and collaborative workplace culture in which all can thrive. We are dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination, physical or verbal harassment against any individual based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation.

As at 31 March 2020, the Group had a total of 60 employees. The distribution of employees according to age group, gender, employment type, and years of serving are as follows:

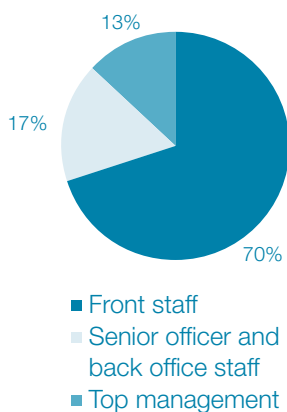
Employees by Gender



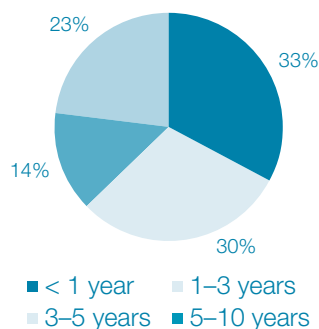
Employees by Age Group



By Employment Type



By Years of Serving the Group



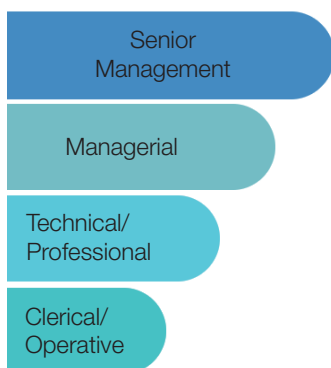
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Remuneration and Benefits

The Group understands that a competitive remuneration package together with good benefits and welfare encourage retention and foster a sense of belonging. The Group offers a comprehensive remuneration package for all its employees, and employees are remunerated fairly according to their contributions with reference to the market practice. A remuneration committee is established for making appropriate updates on the Group's remuneration standards annually.

Remuneration packages of the Group include basic salary, leaves as stipulated by relevant laws and regulations, as well as discretionary bonuses. The Group also provides a variety of leaves to cater to the needs of its employee, such as marriage leave, funeral leave, etc. Employees' salaries are reviewed annually based on many factors, such as the Group's performance, individual performance, job responsibilities, and market conditions; while discretionary bonuses are granted in respect of the Group's and individual employee's performance in the previous year. Besides, we contribute to the Mandatory Provident Fund and employees' compensation insurance with reference to related local laws and regulations.

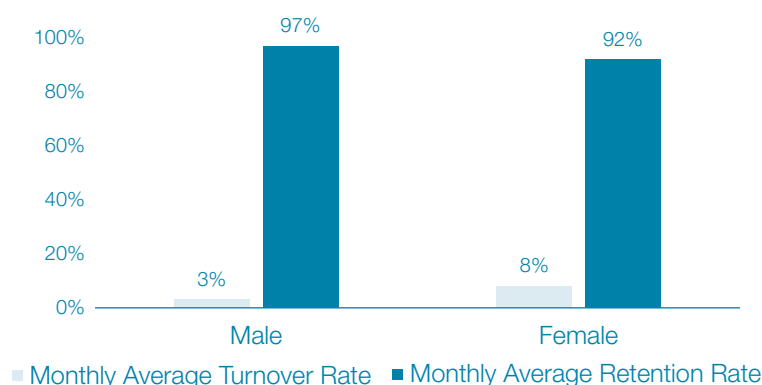
To standardize pay and benefits as well as provide clear promotion and advancement path, the Group has set out a clear structure to classify employees into 4 categories, which are shown as follows:



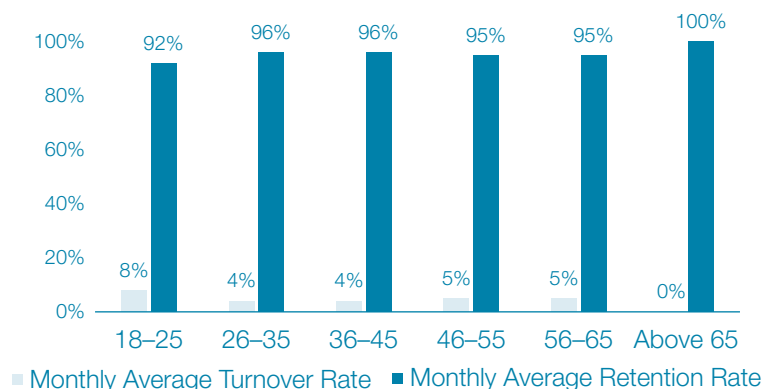
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

With the above benefits and welfare, Pak Wing successfully achieved a 96% retention rate during the Reporting Year. The employee turnover and retention rate by gender and age group are as follows:

Monthly Average Turnover and Retention Rate by Gender



Monthly Average Turnover and Retention Rate by Age Group



Employees Communication

The Group strives to create an open environment in which employees can speak up with ideas and issues. Employees are welcome to provide comments and feedback directly to their supervisors or the next upper-level managers in the first instance. In case of any complaint received from employees, an independent investigation and the appropriate follow-up actions would be taken, if necessary. Through both top-down and bottom-up communication approach, the Group is confident that a harmonious relationship with its employees is achieved.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

B2. Health and Safety

Pak Wing places a high priority on providing employees with a safe and healthy working environment and is committed to complying with all applicable health and safety laws and regulations. An Occupational Safety and Health Guideline has been established and circulated for creating a safe working environment and protecting employees from occupational hazards. The Group has also implemented the health and safety management system in accordance with ISO 14001 and reviews it annually. A safety committee has been established to identify, recommend, and review measures to improve workers' health and safety. Besides, the Group has acquired staff medical insurance which reimburses employees from any unexpected medical costs. The insurance plan is closely monitored and adjusted according to the headcounts of the year.

During the Reporting Year, there were no death or permanent disability case noted and there were no records of lost days due to work injury. The Group was also not aware of any material non-compliance with health and safety-related laws and regulations, including but not limited to the Factories and Industrial Undertakings Ordinance, the Occupational Safety and Health Ordinance, and the Employees' Compensation Ordinance of Hong Kong that would have a significant impact on the Group.

SAFETY TRAINING AND INSPECTION

The Group actively strengthens the occupational safety awareness of employees by providing regular in-house safety training. We encourage employees to attend external safety training revalidation courses and we ensure employees who are required to work onsite have obtained a valid Construction Industry Safety Training Certificate (also known as the green card) as well as relevant certificates for operating cranes and other machinery.

Concerning health and safety at construction sites, warnings will be displayed on facilities, machines which are dangerous or prone to accidents. A first-aid cabinet has been placed in every construction site in case of any accidents. The safety officer on duty is responsible for monitoring the safety environment in construction sites and preparing safety reports. In case of any potential safety hazards, the safety officer is responsible for providing aids immediately. An incident investigation report will be prepared by the safety officer, recording the causes and findings regarding the incident. Recommendations for further improvement to avoid relevant injuries will also be included in the incident investigation report.

In response to the outbreak of the Coronavirus Disease 2019 ("COVID-19") pandemic, the Group has taken certain actions to strengthen the health and safety precautionary measures in both our offices and construction sites to ensure the health of our employees and workers. Apart from increasing the frequency of office cleaning and sterilization in office areas, employees are also required to wear surgical face masks at the office as well as construction sites and check their body temperature prior to work every day. Besides, the Group has issued memorandums to its employees to remind them of the importance of maintaining personal hygiene. The Group has strictly followed guidelines and announcements made by the Center for Health Protection in regards to epidemic prevention, and we strive to provide a healthy and safe working environment for which employees are comfortable to work at.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

B3. Development and Training

Training and continuous development are indispensable to the Group's employees to keep abreast of the everchanging trend of the industry and also to satisfy its customers' evolving needs. The Group holds a firm belief that the provision of training opportunities and continuous career development to its employees, which strengthens the professional capabilities and growth of the employees and retains high-caliber talent, provides a solid foundation for the Group's continuing success. At the same time, it also supports the sustainable growth of business and maintenance of the Group's competitive edge in the industry.

TRAINING AND DEVELOPMENT

The Group provides a wide range of training to its employees to equip themselves with work-related skills. Induction training is provided to all newly recruited employees, while regular on-job training is provided to all employees of the Group. The Group also encourages its employees to attend external vocational training and enrich themselves through acquiring higher professional skills and qualifications. Training subsidies are provided to employees who attend training courses relating to top topics such as construction safety, environmental management, professional skills operation training, and emergency awareness.

During the Reporting Year, the Group had achieved a 90% training rate for all employment types, including front staff, senior officer and back office staff, and top management.

B4. Labour Standards

PREVENTION OF CHILD AND FORCED LABOUR

The employment of child and forced labour are strictly prohibited during the recruitment process as defined by laws and regulations. The Group strictly complies with local laws and prohibits any child and forced labour employment. The Group's human resources department is responsible to monitor and ensure compliance of the latest and relevant laws and regulations that prohibit child labour and forced labour.

To avoid illegal employment of child labour, underage workers, and forced labour, personal data are collected during the recruitment process to assist the selection of suitable candidates and to verify candidates' identity. The human resources department also ensures identity documents are carefully checked. If violations are involved, they will be dealt with in the light of circumstances.

During the Reporting Year, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations, including but not limited to the Employment Ordinance of Hong Kong that would have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

B5. Supply Chain Management

The Group recognizes the importance of good supply chain management practices in mitigating environmental and social risks. In view of green supply chain management, the Group strives to engage suppliers and subcontractors who incorporate the consideration of environmental and social risks into their supply chain management.

SUPPLIER AND SUBCONTRACTOR MANAGEMENT

To ensure supplier and subcontractors have met our requirements regarding quality, environmental, and safety standards, the Group has formulated stringent procedures and standards in selecting subconsultants. The Group has established and maintained a list of approved suppliers and subconsultants with certain service quality. Factors such as financial and operational background (including recognized qualifications and licenses) of suppliers, price, respective terms, and conditions are all taken into consideration when annually reviewing the list. Besides, safety performance evaluation will be conducted to subcontractors on the approved list to ensure subcontractors are well-aware of safety issues and have complied with the Group's safety standards. Subcontractors who fail to pass the safety performance evaluation maybe suspended or removed from the approved list.

Apart from the above, suppliers are encouraged to demonstrate their corporate social responsibilities by complying with corporate social responsibility codes as well as business ethics with respect to workplace operations, marketing activities, social contacts, and environmental responsibilities.

During the Reporting Year, the Group had cooperated with 77 suppliers from the approved supplier list.

B6. Product Responsibility

Achieving and maintaining a high-quality standard for projects is of utmost importance for the sustainable growth of the Group. The Group believes completing works that meet or exceed our client's requirements is crucial for job references and future business opportunities. The Group regularly controls and monitors the process of each project to ensure that it delivers high-quality services and sustainable projects.

During the Reporting Year, the Group was not aware of any material non-compliance with laws and regulations concerning advertising, labelling, and privacy matters relating to products and services provided and methods of redress, including but not limited to the Personal Data (Privacy) Ordinance that would have a significant impact on the Group. Moreover, disclosure on the number of products sold or shipped subject to recalls for safety and health reasons was not applicable due to the Group's business nature.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

QUALITY MANAGEMENT

The Group is committed to providing services with high standards of quality and reliability. A detailed SWOT analysis is conducted annually to analyze the Group's strengths, weaknesses, opportunities, and threats, and the Group will prepare relevant remediate or follow-up actions when deemed necessary.

To ensure the quality of the supplied materials and products, the Group requires suppliers and subcontractors to provide a product quality certification regularly.

PRIVACY PROTECTION

The Group recognizes the protection of confidential information is the key to its success, therefore protecting confidential data and customers' privacy always remains the priority of the Group. All confidential data relating to the Group's business and customers' information are securely protected and only use for internal purposes. Employees who have access to the tender and quotation information are required to sign a confidential agreement to better protect customers' privacy. Any leakage of confidential information to third parties is strictly prohibited.

CUSTOMER SERVICES

Being a subcontractor in the foundation industry, customers of the Group are primarily main contractors and property developers. To understand our customers' needs and provide services that meet their expectations and standards, customer satisfaction questionnaires are distributed to ensure that any dissatisfying product quality can be found and follow-up actions can be taken on a timely basis. Besides, the Group maintains on-going communication with them through regular meetings as well as phone and email communications. During the Reporting Year, no products and service-related complaints were received.

ADVERTISING AND LABELLING

As the Group's operational process does not involve advertising and labelling practices, the disclosure on information relating to advertising and labelling is not applicable to the Group.

B7. Anti-corruption

The Group strives to maintain a high level of ethical corporate culture and we strictly prohibit all forms of bribery and corruption. The Group has formulated an internal control code to ensure that every employee complies with the rules of the Group in daily operation to prevent violation of the law. A section 'Business Conduct, Integrity, Ethics, and Discipline' has been formally documented in the Employee Handbook to ensure every employee understands and is well-aware of the Group's ethical expectations and standards.

During the Reporting Year, there were no conclude legal case regarding corrupt practices brought against the Group or its employees. The Group was also not aware of any material non-compliance with related laws and regulations concerning bribery, extortion, fraud, and money laundering, including but not limited to the Prevention of Bribery Ordinance of Hong Kong that would have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

ANTI-CORRUPTION

The Group believes in fairness and honesty in business dealings. Without the prior consent of the management, employees are prohibited to accept any advantage for themselves, either directly or indirectly, any commission, rebate, spotter's fee, gratuity, loan, gift or favour, monetary or otherwise from any person, firm, company, or organization which has dealings with the Group. Acceptance of or solicitation for any such benefits will result in disciplinary action by the Group or reported to relevant judiciary regulators.

Employees are also required to refrain from dealing in the Group's securities when they are in possession of material, non-public, or inside information about the Group. Moreover, employees are prohibited from directly or indirectly engage in any personal activities or transactions with customers, principals, suppliers, or third parties which would create conflict with their commitment to their jobs and the interests of the Group.

WHISTLE-BLOWING MECHANISM

A Whistle-blowing Policy is set up to encourage and allow employees to raise concerns about possible improprieties in matters of financial reporting, compliance, and other malpractices at the earliest opportunity. If any employee believes reasonably and in good faith that malpractice exists in the workplace, he/she should report immediately to the supervisor, department head, or Compliance Officer. All reports are treated confidentially and every effort is made not to reveal the employee's identity. The Compliance Officer or the responsible management is responsible to look into the issue and take necessary actions. Where appropriate, the matters raised may be referred to the regulatory bodies.

B8. Community Investment

CORPORATE SOCIAL RESPONSIBILITY

The Group is committed to emboldening and supporting the public by various means of social participation and contribution as part of our strategic development. The Group strives to nurture corporate culture and practice corporate citizenship in daily work life. To fulfill our corporate social responsibility, the Group focuses on inspiring our employees' sense of social responsibility by encouraging them to participate in charitable activities during their work and spare time. The Group also believes participating in activities that repay the society can increase our employees' civic awareness while establishing correct values. The Group embraces the human capital into social management strategies to sustain our corporate social responsibility as a part of the strategic development of the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

PERFORMANCE SUMMARY TABLE

Environmental Performance

	Unit	2019/20	2018/19
AIR EMISSIONS			
Nitrogen oxides (NOx)	kg	484.62	644.92
Sulphur oxides (SOx)	kg	0.80	0.84
Respiratory suspended particles (RSP)	kg	40.02	52.59
GREENHOUSE GAS EMISSIONS			
Total GHG emissions	tCO ₂ e	1,382.52	1,404.99
Total GHG emissions intensity	tCO ₂ e/million revenue	13.85	14.31
Scope 1 — Direct GHG emissions			
• Fuel consumed by vehicles and machinery	tCO ₂ e	1,371.32	1,387.66
Scope 2 — Energy indirect GHG emissions			
• Purchased electricity	tCO ₂ e	10.08	16.67
Scope 3 — Other indirect GHG emissions			
• Freshwater and sewage processing			
• Paper waste disposal	tCO ₂ e	1.12	0.66
WASTE MANAGEMENT			
Total non-hazardous waste	tonnes	0.23	135.24
Total non-hazardous waste intensity	tonnes/million revenue	0.002	1.38
Construction waste	tonnes	—	135.10
Paper waste	tonnes	0.23	0.14
ENERGY CONSUMPTION			
Total energy consumption	MWh	5,594.57	20.84
Total energy consumption intensity	MWh/million revenue	56.04	0.21
Direct energy consumption			
• Petrol	MWh	5,582.13	N/A
• Diesel	MWh	188.00	N/A
Indirect energy consumption			
• Purchased electricity	MWh	5,394.13	N/A
	MWh	12.44	20.84
	MWh	12.44	20.84
WATER CONSUMPTION			
Water consumption	m ³	—	12.00
Water consumption intensity	m ³ /million revenue	—	0.12

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Social Performance

	Unit	2019/20	2018/19
EMPLOYMENT			
By Gender			
Male	%	88	86
Female	%	12	14
By Age Group			
18–25	%	2	2
26–35	%	22	21
36–45	%	35	39
46–55	%	23	21
56–65	%	15	15
Over 65	%	3	2
By Years of Serving			
Less than 1 year	%	33	33
1 to 3 years	%	30	33
3 to 5 years	%	14	26
5 to 10 years	%	23	8
By Employment Category			
Top Management	%	13	16
Senior officer and back office staff	%	17	15
Front-line staff	%	70	69
TURNOVER			
Total turnover rate	%	4	8
By Gender			
Male	%	3	8
Female	%	8	4
By Age Group			
18–25	%	8	21
26–35	%	4	7
36–45	%	4	5
46–55	%	5	9
56–65	%	5	10
Over 65	%	0	24
HEALTH AND SAFETY			
Number of work-related fatalities	number	–	–
Lost days due to work injury	day	–	–
SUPPLY CHAIN MANAGEMENT			
Suppliers	number	77	26
PRODUCT RESPONSIBILITY			
Number of products and service-related complaints	number	–	–
Number of products recalls	number	N/A	N/A
ANTI-CORRUPTION			
Number of concluded legal cases	case	–	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions — Air Emissions
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Not applicable — Explained
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Waste Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Management
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources — Water Management
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Management
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Not applicable — Explained

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Green Working Environment
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) 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, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1 ("Recommended Disclosure")	Total workforce by gender, employment type, age group and geographical region	Employment — Diversity, Equal Opportunities, and Anti-Discrimination
KPI B1.2 ("Recommended Disclosure")	Employee turnover rate by gender, age group and geographical region.	Employment — Remuneration and Benefits
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1 ("Recommended Disclosure")	Number and rate of work-related fatalities.	Health and Safety
KPI B2.2 ("Recommended Disclosure")	Lost days due to work injury.	Health and Safety
KPI B2.2 ("Recommended Disclosure")	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety — Safety Training and Inspection

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards
KPI B4.1 ("Recommended Disclosure")	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards — Prevention of Child and Forced Labour
KPI B4.2 ("Recommended Disclosure")	Description of steps taken to eliminate such practices when discovered.	Labour Standards — Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1 ("Recommended Disclosure")	Number of suppliers by geographical region.	Supply Chain Management — Supplier and Subcontractor Management
KPI B5.2 ("Recommended Disclosure")	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management — Supplier and Subcontractor Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1 ("Recommended Disclosure")	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable — Explained
KPI B6.2 ("Recommended Disclosure")	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility — Customer Services
KPI B6.4 ("Recommended Disclosure")	Description of quality assurance process and recall procedures.	Product Responsibility — Quality Management
KPI B6.5 ("Recommended Disclosure")	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1 ("Recommended Disclosure")	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption — Anti-corruption
KPI B7.2 ("Recommended Disclosure")	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption — Whistle-blowing Mechanism
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment