

TM

AL GROUP LIMITED 利駿集團(香港)有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 8360

AL Group

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction, Environmental, Social and Governance (“ESG”) Policies

AL Group Limited (the “Company”, together with its subsidiaries, “the Group” or “we”) engages in provision of interior design and fit out solutions as well as overall project management in Hong Kong. We believe that environmental protection, low carbon footprint, resource conservation and sustainable development are the key trends in society. In order to follow the key trends and pursue a successful and sustainable business model, the Group recognises the importance of integrating ESG aspects into its risk management system and has taken corresponding measures in its daily operation and governance perspective.

This Environmental, Social and Governance Report (the “ESG Report”) summarises the ESG initiatives, plans and performances of the Group and demonstrates its commitment to sustainability development.

The ESG Governance Structure

The board (the “Board”) of directors (the “Director(s)”) of the Group set the tone at the top for the ESG strategies and are responsible for ensuring effective risk management and internal controls. The Group has set up an ESG working taskforce (the “Taskforce”), composed of staff from relevant departments in this year, in which, full-time staff has been assigned to collect the data relevant to ESG and compile the ESG Report. The Taskforce would periodically report to the directors, assist in the assessment and identify the risk management of the Group on ESG aspects to evaluate, prioritise and manage material ESG-related issues and whether its internal control system is appropriate and effective. The Taskforce reviews the ESG performance of the Group, including environmental, labour practices, and other ESG aspects to reviews progress made against ESG-related goals and targets.

Scope of Reporting

Unless specified otherwise, the ESG Report covers the Group’s business activities in Hong Kong offices, which represent the Group’s major sources of revenue.

The ESG Report covers the Group’s policies, compliance issues as well as key performance indicators (“KPIs”) in Environmental and Social areas. We will continue to assess the major ESG aspects of different businesses to determine whether it needs to be included in the ESG reporting.

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 the Appendix 20 of the GEM Listing Rules. Information relating to the corporate governance practices of the Group has been set out in the Corporate Governance Report on p.35 to p.50 of 2021 Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Reporting Principles

This ESG Report follows the reporting principles in the ESG Guide:

“Quantitative”: The Group has established internal guidelines and procedures with reference to industry practices, guidelines of exchanges or relevant government departments, as well as laws and regulations, to collect environmental and social performance data from various business departments, and to keep relevant monitoring instruments records or supporting documents. Please refer to the relevant sections in the ESG Report for the standards, methodologies and assumptions (where applicable) for the calculation of performance data.

“Consistency”: Except for the changes in the scope of this ESG Report due to the change in operation, the disclosure and statistical methods of this ESG Report are consistent with those of last year, and the same data statistics and conversion methods are used. Relevant historical data have been disclosed in this ESG Report to enable stakeholders to better understand and compare the Group’s sustainability performance.

“Materiality”: In defining the material ESG issues that are relevant to the Group’s business and stakeholders, we maintain communication with internal and external parties to understand their expectations and suggestions. We continue to engage closely with our stakeholders, including employees, investors, customers, suppliers, local government agencies and organisations, regardless of whether they are affected by our operations or have a significant impact on our operations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Reporting Period

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the year ended 31 December 2021 (the “Year” or “2021”).

Stakeholder Engagement

The Group values its stakeholders and their feedback regarding its businesses and ESG aspects. In order to understand and address their key concerns, we have maintained close communication with the key stakeholders, including but not limited to shareholders and investors, customers and business partners, employees, suppliers and subcontractors as well as non-governmental organisations (“NGOs”) and the public. We take stakeholders’ expectations into consideration in formulating our business and ESG strategies by utilising diversified engagement methods and communication channels, shown as below.

Stakeholders	Communication Channel
Shareholders and Investors	<ul style="list-style-type: none"> • General Meeting and Other Shareholder Meetings • Annual Reports, Interim Reports and Quarterly Reports • Announcements and Circulars • Company’s Website
Customers and Business Partners	<ul style="list-style-type: none"> • Customer Support Hotline and Company’s Website
Employees	<ul style="list-style-type: none"> • Employee Feedbacks • Training Programs and Staff Meetings • Regular Performance Reviews
Suppliers and Subcontractors	<ul style="list-style-type: none"> • Supplier Meetings and Events • Project Manager and Site Supervisor
NGOs and the Public	<ul style="list-style-type: none"> • ESG Reports • Public and Community Events

We aim to collaborate with our stakeholders to improve our ESG performance and create greater value for a wider community on a continuous basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Materiality Assessment

The management and staff of the Group's respective major operations have participated in the preparation of the ESG Report and assisted the Group in reviewing our operations, identifying relevant ESG issues and assessing the importance of related matters to our business and stakeholders. Based on the assessed significant ESG issues, a data collection questionnaire was prepared to collect information from relevant departments and business units of the Group.

The following table is a summary of the Group's material ESG issues included in this ESG Report:

The ESG Reporting Guide	Material ESG aspects of the Group
A. Environment	
A1. Emissions	Greenhouse Gas ("GHG") Emissions Waste Management
A2. Use of Resources	Energy Consumption
A3. The Environment and Natural Resources	Environmentally Friendly Measures
A4. Climate Change	Responsibility to Climate Impacts
B. Social	
B1. Employment	Recruitment, Remuneration and Promotion Communication Channels Diversity, Equal Opportunities and Anti-discrimination
B2. Health and Safety	Safety Plans and Trainings
B3. Development and Training	Training and Development Management
B4. Labour Standards	Prevention of Child and Forced Labour
B5. Supply Chain Management	Supply Chain Management Structure Environmental and Social Risk Management of Suppliers Fair and Open Procurement
B6. Product Responsibility	Quality and Safety of Products and Services Customer Service and Privacy Protection Intellectual Property Management
B7. Anti-corruption	Anti-corruption
B8. Community Investment	Community Participation

During the 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 are in compliance with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Contact Us

We welcome stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG Report or our performances in sustainable development on the Company's website at www.al-grp.com.

A. Environmental

A1. Emissions

The Group principally engages in provision of interior design and fit out solutions as well as overall project management in Hong Kong, mainly rely on internet technology and related equipment and do not involve any manufacturing processes in the course of business. We recognise potential direct and indirect negative environmental impacts associated with our business operations, and have taken related measures to reduce the associated impacts.

By integrating environmental consideration into our decision-making processes, we embrace the responsibilities to create an environmentally sustainable business. We are also committed to raising the employee's environmental awareness and complying with relevant environmental laws and regulations. The Group complies with applicable laws and regulations, including but not limited to the "Waste Disposal Ordinance", "Air Pollution Control Ordinance" and "Noise Control Ordinance" during the Year.

To enhance our environmental governance practice and mitigate the environmental impacts produced in operations, we have implemented relevant environmental protection policies and communicated such policies to our employees. These policies encourage our staff to contribute towards sustainability by adopting environmentally friendly fit out methods and planning their works to efficiently eliminate waste to the maximum extent with the view of achieving long-term cost savings. The Group also aims to minimise energy consumption and carbon emissions and has been exploring ways to adopt operation model which incurs less adverse impact on the environment. In the long run, we will continue to enhance our environmental management strategies in monitoring and minimising the environmental impacts brought by our businesses regularly.

During the Year, the Group did not have any violation of relevant local environmental laws and regulations in relation to exhaust gas and GHG emissions, water and land discharge, and the generation of hazardous and non-hazardous waste that have a significant impact on the Group.

As a corporation providing interior design and fit out solutions, the Group's daily operations have minimal impacts on the environment while the emissions are limited to GHG, domestic waste water, and non-hazardous wastes. Nevertheless, we still focus on nurturing and strengthening the employees' awareness of environmental protection in their daily work process, and actively implement the Group's environmental protection measures, with the aim to lower the GHG emissions and reduce non-hazardous waste generation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Exhaust Gas Emissions

The Group's major sources of exhaust gas emissions were originated from petrol and diesel consumed by vehicles and town gas cooking for cafeteria. Thus, the Group has developed clear guidelines in relation to daily vehicular operation. The Group periodically records and monitors the fuel consumed, educates employees to turn off engines for idling vehicles, and conduct regular vehicle inspections and maintenance to enhance vehicle efficiency. The exhaust gas emissions performances were as follows:

Types of exhaust gas	Unit	2021	2020
Nitrogen oxides (NO _x)	g	490.9	148.9
Particulate Matter (PM)	g	36.1	10.9
Sulphur oxides (SO _x)	g	9.3	3.3

GHG Emissions

The principal GHG emissions of the Group are generated from the gasoline consumption of vehicles (Scope 1), purchased electricity (Scope 2) and paper consumption (Scope 3).

The summary of GHG emissions performance:

Indicator ¹	2021 Total emissions (kgCO ₂ e)	2021 Intensity ² (kgCO ₂ e/ employee)	2020 Total emissions (kgCO ₂ e)	2020 Intensity (kgCO ₂ e/ employee)
Direct GHG emissions (Scope 1) — Gasoline consumption	1,675.3	54.0	592.3	14.8
Indirect GHG emissions (Scope 2) — Electricity consumption	31,955.7	1,030.8	38,633.3	965.8
Other Indirect GHG emissions (Scope 3) — Paper and Water consumption	674.0	21.7	1,133.0	28.3
Total GHG emissions	34,305.0	1,106.6	40,358.6	1,008.9

The intensity of GHG emissions is increased 11.2% compared to 2020 since one of the vehicle of the Group was acquired in September 2020. The details of the policies would be explained in Aspect A2. The Group has set the emission target to maintain the total GHG emission intensity level in 2022 as in 2021 (FY2021: approximately 1.2 tCO₂e per employee). In order to achieve this emission target, the Group has implemented a number of energy-saving measures. For measures on energy conservation and emission reduction, please refer to the section headed "Use of Resources".

Notes:

1. GHG emission data is presented in terms of carbon dioxide equivalent and are based on, including 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, the latest released emission factors of Hong Kong Electric Investments, and "How to prepare an ESG Report? - Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX.
2. The figures of other indirect GHG emissions (scope 3) of 2020 is restated to include both the GHG emissions of paper and water consumption.
3. As at 31 December 2021, the Group had 31 employees in total. The data is also used for calculating other intensity data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

We have adopted the following measures to mitigate the direct GHG emissions from gasoline consumption during the operations:

- Selected the shortest route from the Group and targeted venue;
- Switched off engine whenever the vehicle is idled;
- Provided maintenance service to the vehicles on a regular basis to ensure engine performance and efficient use of fuel; and
- Implemented flex-working hour policy to allow the employees to avoid heavy traffic commutes.

Consumption of electricity is accounted for the most significant source of indirect GHG emissions. The Group has implemented measures stated in "Energy Consumption" of Aspect A2 below in order to reduce energy consumption, and thereby minimising carbon footprint. Also, the paper-saving measures are described in the section "Waste Management".

Through these GHG emissions mitigating measures, the employees' awareness on GHG emissions mitigation has been enhanced.

Sewage Discharge

We do not consume significant volume of water through our business activities, and therefore our business activities did not generate material portion of sewage discharge. The majority of the water supply and discharge facilities are provided and managed by property management company.

Waste Management

Hazardous waste

Despite the Group did not generate hazardous waste during the Year due to our business nature, we have established guidelines in governing the management and disposal of hazardous wastes. In case there is any hazardous waste produced, we must engage a qualified chemical waste collector to handle such waste, in order to comply with the relevant environmental regulations and rules.

Non-hazardous waste

The Group's wastes mainly come from office operation, including non-hazardous wastes such as paper.

The summary of major non-hazardous wastes discharge performance:

Category of waste	2021	2021	2020	2020
	total discharge (kg)	Intensity (kg/employee)	total discharge (kWh)	Intensity (kWh/employee)
Paper ⁴	129.73	4.18	224.53	5.61

Note:

4. The paper disposed consists of approximately 15,000 pieces of A4 paper and 13,000 pieces of A3 paper, and recycled 10,000 pieces of paper.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group has set a target for waste disposal to maintain the total paper disposal intensity level in 2022 lower than 2020 (2020: approximately 5.61kg per employee). In order to achieve this waste disposal target, the Group has adopted green office practices to reduce paper consumption. The Group has implemented an electronic office system to encourage the use of electronic forms for internal communication, such as business trip application and expense reimbursement application. In addition, the Group has set duplex printing as the default mode for printers.

We regularly monitor the consumption volume of paper, toner cartridges and ink cartridges and have implemented a number of reduction measures. The Group maintains high standards in waste reduction, educates our employees about the importance of sustainable development and provides relevant support in order to enhance their skills and knowledge in sustainable development.

With the aim of minimising the environmental impacts from non-hazardous wastes generated during business operations, the Group has implemented measures to handle such wastes and launched different reduction initiatives. We have implemented the following procedures to encourage employees to share responsibilities in waste management and minimise waste generation:

- Promoted green information and electronic communication, such as e-mail and electronic workflows, to implement "paperless system" concept;
- Installed recycling bins to encourage waste recycling;
- Encouraged to purchase FSC certified paper and use of recycled paper;
- Placed "Green Message" reminders on office equipment;
- Joined "Bring Your Own Bottle" and "Red Pocket Recycling" from Greeners Action; and
- Utilised used envelopes and double-side printing. Paper for single-side printing would be only adopted when handling official documents and confidential documents when necessary.

A2. Use of Resources

The Group strives to optimise resource usage in our business operations and takes initiatives to introduce measures on promoting resource efficiency and adopting eco-friendly approaches in our operations. During the operations, fuel, electricity and water are frequently consumed, and the Group has established relevant policies and procedures in governing the efficient use of resources, in reference to the objective of achieving higher energy efficiency and reducing the unnecessary use of materials. Internal memos are circulated to staff, encouraging the environmentally friendly practices. We have also encouraged our subcontractors to adopt similar principles.

Energy Consumption

The major energy consumption of the Group in daily operation is electricity consumption in the operation and gasoline consumption for vehicles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

During the Year, the energy consumption of the Group and its intensity were as follows:

Type of energy	2021 Energy consumption (kWh)	2021 Intensity (kWh/ employee)	2020 Energy consumption (kWh)	2020 Intensity (kWh/ employee)
Gasoline ⁵	6,142.3	198.1	2,201.0	55.0
Electricity	45,008.0	1,451.9	48,237.9	1,205.9

Note:

- Gasoline consumption is equivalent to 633.79 litres with reference to the conversion provided on U.S. Energy Information Administration Energy Conversion Calculators. The gasoline consumption has increased by 179% since one vehicle of the Group was acquired in September 2020.

The Group has formulated rules and regulations to achieve the goal of electricity saving and efficient consumption. The relevant specific measures are as follows:

- Selects energy-efficient equipment and electrical appliances for operation, office and domestic electricity use;
- Turns off all unnecessary lights, air conditioners, computers and other office equipments in office areas, conference rooms and corridors when they are not in use to avoid waste of electricity;
- Uses LED lights instead of spotlight;
- Arranges professional party to provide energy efficiency related training on "Building Energy Efficiency Ordinance" to the staff;
- Regulates the use of air conditioners strictly to prevent waste of electricity;
- Encourages to turn off computers (host or monitor) when employee goes out for a long time, and switches computers to standby mode when employee goes out for lunch; and
- Enhances the maintenance and overhaul of equipment, maintains the best condition of all electronic equipment for effective use of electricity.

As a result, the employees' awareness of energy conservation has been increased through these energy-saving measures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Water Consumption

Water consumption of the Group is mainly for basic business operation, cleaning and sanitation. We encourage all employees to develop the habit of water conservation. We have been strengthening the promotion on water conservation, posting reminders on water saving in the pantry area, and guiding employees to use water reasonably. During the Year, the Group consumed 121.0 m³ water and the water consumption intensity is 3.9 m³ per employee. The Group has set a target for water consumption to maintain the water consumption intensity level in 2022 as of 2021 (2021: approximately 3.9 m³ per employee).

Due to our business nature, we do not consume significant amount of water through our business activities. The majority of the water supply facilities are provided and managed by property management company, so the issue in sourcing water is not relevant to the Group.

Use of Packaging Material

Due to our business nature, the Group does not consume significant amount of package materials for product packaging as we have no industrial production or any factory facilities.

A3. The Environment and Natural Resources

General Disclosure and KPIs

Although the core businesses of the Group have limited impact on the environment and natural resources, as an ongoing commitment to corporate social responsibility, we recognise the importance in minimising the negative environmental impacts of our business operations. We are also devoted to achieve sustainable development for generating long-term values to the community and stakeholders.

We spend efforts in mitigating the potential environmental impacts through adopting industry best practices targeted at reducing natural resources consumption and effective environmental management. We regularly assess the environmental risks of our businesses, adopt preventive measures to reduce potential risks and ensure the compliance with relevant laws and regulations.

The Group believes that it is essential for us to act as an environmentally responsible corporation to meet the customers' demands in environmental protection and the expectation of the community for a healthy living environment.

Environmentally Friendly Measures

Indoor air quality

For an office-based company, indoor air quality is essential for the working environment of staff. Good indoor air quality is beneficial to the efficiency and mental health of employees. To build up an office with favourable indoor air quality, the Group has planted the greeneries inside the office to offset some carbon emission and provide a natural solution to cleaner the indoor air.

Noise pollution

Noise pollution practices are implemented during our fit out activities, to minimise the noise pollution. The Group has signed framework agreement with subcontractors who acknowledged the ultimate responsibilities of laws and regulations compliance relating to their fit out work at our project locations. Our project team will monitor the day-to-day work of subcontractors and provide advice whenever there is potential risk of non-compliance of laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

The Group regularly reviews our environmental protection policies and has adopted necessary precautionary measures and actions to reduce significant impact on the environment and natural resources, and ensure that the Group complies with relevant laws and regulations.

A4. Climate Change

The Group recognises that climate change has been affecting our stakeholders, business operations and communities in different aspects. The Group strive to enhance its ability to respond to climate impacts and mitigate the risks and impacts of climate change on the Group, thereby helping the Group to adapt to and resist climate change. During the Reporting Period, the Group has been paying close attention to the impact of climate change as described below.

Physical Risks

Extreme weather caused by climate change such as typhoons and rainstorms may disrupt business operations. In order to minimise disruptions to our business operations, the Group has put in place a set of contingency measures for adverse weather conditions as well as appropriate back-up of important information to minimise the negative impact on our business.

In addition to the above, the Group is also fully aware that extreme weather conditions may endanger the health and safety of employees. Therefore, we have formulated comprehensive typhoon and rainstorm arrangements to protect the health and safety of employees in extreme weather conditions. The Group also takes into account the different situations faced by individual employees under extreme weather conditions as far as possible, such as residence, nearby roads and traffic conditions, and adopts flexible treatment methods depending on the actual difficulties and needs of employees. For example, the Group implements a flexible off-duty day schedule for employees. At the same time, under extreme weather conditions, the human resources department will remind and notify employees of the latest weather conditions through communication software or emails.

Transition Risk

In terms of legal risks, the Group expects that the laws and regulations related to climate change will become more stringent, such as the possibility that local governments adopt carbon tax to manage national GHG emissions. As a result, the Group may be exposed to legal risks and may have to incur higher operating costs to comply with regulatory changes. The Group has adopted a series of measures against possible legal risks. Firstly, the Group continuously monitors any changes in laws or regulations. Secondly, the Group has sought compliance advisory services to reduce legal risks. Thirdly, the Group has been taking comprehensive measures to protect the environment, including measures aimed at reducing greenhouse gas emissions. As we do more than meet the compliance requirements, we can quickly adapt to the more stringent regulations that may arise.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

B. Social

B1. Employment

General Disclosure

Human resources are the foundation for the Group's continuous development. Hence, we established relevant employment policies adopting people-oriented management and realising the full potential of employees. Relevant employment policies are formally documented, covering recruitment, compensation, promotion, working hours and rest periods, diversity and equal opportunities, etc. We review these policies and the employment practices periodically to ensure continuous improvements of our employment standards.

The Group actively complied with labour laws and regulations in Hong Kong, including but not limited to, the "Employment Ordinance", the "Companies Ordinance", the "Mandatory Provident Fund Schemes Ordinance", the "Minimum Wage Ordinance", the "Personal Data (Privacy) Ordinance" and other relevant laws and regulations.

During the Year, the Group was not aware of any material non-compliance of laws and regulations relating to employment and labour practices.

Recruitment, Remuneration and Promotion

We adopt formal and transparent recruitment processes based on merit selection against the job criteria is applied, which follows the Human Resources Policy distributed to the employees. It contains policies in regards to recruitment, promotion, discipline, working hours and leave.

Recruitment of individuals are based on their suitability for the position and potential to fulfil the Group's current and future needs. We ensure the employees and applicants are treated and evaluated in a fair way.

The basis for compensation and promotion are job-related skills, qualifications and performances. Employee promotion of the Group is subject to annual appraisal. The management regularly reviews the Group's remuneration and benefits policies in reference to the market standards and is committed to safeguarding the rights and interests of the staff. Remuneration and benefits have been adjusted on an annual basis in accordance with the employees' individual performance, contribution and market condition. The Group has established objective performance indicators for annual performance evaluation. The Group's remuneration packages include holidays, annual leave, discretionary bonuses and allowance, etc. We review the performance of our employees from time to time in order to determine salary adjustments and promotion appraisals.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Communication Channels

We recognise the importance to maintain close and open communication with our employees. Employees are encouraged to exchange information, ideas and views about matters of mutual interest and concern through both formal and informal channels. We have established various communication channels with our employees, including mailbox for recommendation and performance review meeting. Management reviews the employees' feedback and implements corresponding improvement actions.

Diversity, Equal Opportunities and Anti-discrimination

A diverse and professional workforce is crucial for our business. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. We are dedicated to providing equal opportunities in all aspects of employment and maintaining workplace that are free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, sexual orientation. We also strive to ensure that complaints, grievances and concerns, including whistle blowing, are dealt with promptly and confidentially. We have zero tolerance on sexual harassment or abuse in the workplace in any form.

As at 31 December 2021, all employees of the Group are work in Group's Hong Kong office, the staff gender, age distribution and turnover rate is as follows:

Gender	No. of employees	% of Total Employee	Turnover rate
Male	17	55.8%	26.1%
Female	14	44.2%	17.6%
Total	31		

Age Group	No. of employees	% of Total Employee	Turnover rate
30 or below	2	6.5%	71%
31-40	15	48.4%	21%
41-50	10	32.2%	23%
51 or above	4	12.9%	0%
Total	31		

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

B2. Health and Safety

General Disclosure

The Group is committed to providing a safe and healthy working environment for the benefit of its employees and subcontractors. We have established a safety plan which sets out a health and safety management programme for safety assurance and accident prevention. We review the related policies and practices on an annual basis to ensure continuous improvements of its health and safety standards.

We will continue to invest sufficient resources and devote efforts to maintain and enhance safety management so as to reduce the risks involved in health and safety.

During the Year, the Group was not aware of any material non-compliance with health and safety-related laws and regulations including but not limited to "Occupational Safety and Health Ordinance", that would have a significant impact on the Group.

During the Reporting Period, the Group did not record any work-related fatalities and have any lost days related to work injuries. Also, the Group did not record any work-related fatalities occurred in the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021.

Safety Plans and Trainings

We conduct regular safety inspections to ensure our operations are conducted in a manner so as to reduce the risks to persons and properties. Emergency and evacuation procedures were established to response timely and orderly in any major safety accidents. Employees are free to provide feedbacks on improving the workplace safety and report any potential hazards that may lead to injury or danger. We believe that the employees are important assets to the Group. All employees at the sites should attend the training organised by the Group on occupational safety and environmental control. We also provide on-site trainings to our employees.

Mental Health

We also consider the health of employees not only as physical health, but also mental health. We value the mental health of employees at a high position. We believe having relax and comfortable environment is beneficial to the creativity and productivity of employees. To achieve the goal, we have organised annual company outing and done different policies to maintain a suitable environment to the employees. We have even become a "Happy Company" recognised by Promoting Happiness Index Foundation for our effort in maintaining the happy environment of the office.

B3. Development and Training

General Disclosure

Training and Development Management

The Group recognises the valuable contribution of talents for the continued success. Nurturing talents and polishing the skills of our human capital is crucial in leading us to excellence. This is achieved through development of training strategy that focuses on creating values and serving the needs of our customers, talents and society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

We recognise the importance of training and development for our staff to keep abreast of the latest trend in the industry and the dynamic pace in current domestic market. The Group has made good use of the internal resources to organise various forms of training for the employees, including management, customer service and financial knowledge. We review these policies and the training and staff development activities annually to improve relevant provision continuously.

We also encourage our employees to attend trainings and obtain professional qualifications. Various training programs such as induction training and vocational trainings are organised, allowing employees to have a better understanding of the Group's business model and enhance their basic skills and expertise. The Group also encourages the culture of sharing of knowledge and experience.

As at 31 December 2021, there is 1 employee trained. The percentage of employees trained were as follows:

	2021 (%)
Percentage of employee trained	
By Gender	
Male	6
Female	0
By Employee Category	
Senior management	8
Middle management	0
Junior employees	0

As at 31 December 2021, the total training hours received were as follows:

	2021
Total no. of hours of training received by employees	15
Average hours of training per employee	
By Gender	
Male	0.9
Female	0
By Employee Category	
Senior management	1.25
Middle management	0
Junior employees	0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

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 conducts recruitment based on the Hong Kong "Employment Ordinance".

The Group highly concerns about the prevention of child labour and believes that this is not an ethical action that would happen in a socially responsible company. Personal data are collected during the process to assist in the selection of suitable candidates and to verify candidates' personal data. The data collected are used to access the background of applicants. The Human Resources Department also ensures identity documents are carefully checked, especially the age. If violation is involved, it will be dealt with in the light of the circumstances. Besides, the Group also avoids engaging vendors and contractors which are already known to employ child labor or forced labor in their operations.

During the 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" that would have a significant impact on the Group.

B5. Supply Chain Management

General Disclosure

Supply Chain Management Structure

The Group highly values the relationship with suppliers (including sub-contractors) and regards them as important business partners. All suppliers are evaluated carefully and subjected to regular monitoring and assessment. The Group has formulated related policies and procedures to manage the suppliers and the policies and procedures are reviewed annually.

During the Year, the Group was not aware of any key suppliers that had any actions or practices which have a significant negative impact on business ethics, environmental protection, human rights and labour practices.

Currently we procured from 36 suppliers, 30 suppliers are from Hong Kong and 6 suppliers are from the PRC.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Environmental and Social Risk Management of Suppliers

The Group has established and implemented the Supplier Management Policy. In order to strengthen the selection of suppliers, the Group welcomes qualified, competent and high-quality suppliers to join. The Group's Procurement Department and Marketing Department have specially formulated this policy in order to standardise the supplier management and improve the operational standard. To promote environmental friendly practice, the Group encourages engagement with local suppliers.

The Group's Projects Department is also responsible for organising supplier evaluation work in two ways, which include the ongoing project evaluation and the annual assessment. The evaluation results will serve as the basis of supplier management. Suppliers need to react quickly to the assessment result, taking effective measures to improve services provided within the prescribed period. The Group has the rights to terminate the cooperation with service providers who violate the rules or do not meet the targets.

In the selection of new suppliers, the Group has compared at least three different companies, taken account of their operational and compliance records as well as their commitment level on top of cost consideration. Prior to conducting business with suppliers, we carry out annual reviews and evaluations in various aspects including occupational health and safety, employee rights protection, environmental protection and corporate social responsibility; ensures the operations comply with national standards or relevant regulations and have no child or forced labor issues. The assessment results will be used as a benchmark for the consideration on whether or not to continue cooperation in the future.

The Group maintains close liaison with our suppliers to monitor their performance to ensure that it is consistent with our service commitment.

Fair and Open Procurement

Rules are formulated to ensure that suppliers could participate in competitions in an open and fair way. The Group should not have differentiated or discriminated treatment on certain suppliers; strictly monitor and prevent all kinds of business bribery; and employee or personnel who has any interest relationship with the supplier should not be involved in the related business activity.

B6. Product Responsibility

Quality and Safety of Products and Services

The Group starts the project after confirmation of the design proposal with clients, and then proceeds to execute the project. Project co-ordination with all vendors, nominated contractors and management office can be managed in various aspects, including cost, time and quality to meet clients' satisfaction.

The Group highly values customers' satisfaction and end-user's requirements in the services provided. In pursuit of quality excellence, the Group has established relevant quality and safety inspection policies for different projects, communicates with our customers and confirms their project expectation and direction prior launching any project, and actively coordinates projects with customers in the process of providing services.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

During the Reporting Period, The Group has received no product-related complaints and service-related complaints. The Group designated staff to handle all complaints received promptly and review our procedures for any improvement to prevent recurring complaints.

The Group actively complied with labour laws and regulations, including but not limited to, "Personal Data (Privacy) Ordinance", "Supply of Services (Implied Terms) Ordinance" and "Trade Descriptions Ordinance". During the Year, we were not aware of any incidents of non-compliance with relevant laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods that have a significant impact on the Group.

Customer Service and Privacy Protection

To provide a pleasant user experience for its customers, the Group has established a set of procedures to handle customers' feedbacks or complaints in a professional manner. A customer service hotline and team have been launched even after the defect's liability period. Being our long-term valued client, customer service can assist you from time to time.

The Group respects the values and rights of customers' information assets, and strictly comply with the customers' information security management systems and standards. We adhere to the "Personal Data (Privacy) Ordinance" of Hong Kong and expressly reiterates confidentiality obligations in the Code of Conduct. To prevent leakage of confidential information data or information, our IT systems have installed firewall, anti-virus and anti-spam solutions that are upgraded constantly.

Intellectual Property Management

The Group's day-to-day operations involve the use of the intellectual property owned by customers, suppliers or the Group itself. Therefore, the protection of intellectual property rights is an extremely important task for the Group. When the Group engages with its customers or suppliers, it will include the protection of intellectual property in the contractual terms. The Group's legal advisor will also review the contracts in operation and ensure that the contractual terms protect both parties' intellectual property rights. The Group also requires technical professionals to sign strict confidentiality agreements. Confidential information of our customers is only accessible to employees who are responsible for the corresponding project.

Recall Procedures

Recall procedure is not applicable due to the business nature of the Group which principally engages in provision of interior design and fit out solutions.

Advertising and Labelling

As a moral and responsible enterprise, the content of the advertising programmes and organised events are produced in accordance with the Group's policy of considering customers' interests and fully complied with the related regulations and rules, which further promotes positive news to customers and restricts any negative content, including as violence, pornography, hatred, superstition, gambling, to be broadcasted.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

B7. Anti-corruption

Anti-corruption

The Group has zero toleration on any corruptions, frauds and all other behaviours violating work ethics. We value and uphold integrity, honesty and fairness in the way we conduct businesses. The Group has complied with "Prevention of Bribery Ordinance" of Hong Kong Special Administrative Region and other laws and regulations, conforms to an ethical business practice with the aim of maintaining the integrity and reputation of the Group.

The Group's major operations formulated such policies on the control and prevention of bribery, extortion, fraud and money laundering between shareholders and related parties in each business operation and trade activity. The Group has implemented the Prevention of Commercial Bribery Management Policy, strengthening our internal control mechanism, anti-corruption and anti-bribery work so as to achieve the business philosophy of "abiding by the law, integrity and quality service". For projects with higher monetary value, the Group makes an open bidding invitation to at least three suppliers. Different level of approval and authorisation is required according to the size of the tender agreement.

Anti-corruption training helps to encourage a clean and honest working style, so that employees can be self-disciplined and dedicated. During the Reporting Period, the Directors and employees of the Group did not received anti-corruption training. However, the Group are planning to provide several anti-corruption training for the Directors and employees in the coming year.

During the Year, the Group did not notify any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering, including but not limited to the "Prevention of Bribery Ordinance".

Whistleblowing Mechanism

The mechanism includes the establishment of an inspection team and a channel for evaluation and reporting. It is strictly forbidden to use the business opportunities or powers to obtain personal interests or benefits. If there is a conflict of interest, it needs to be reported to the management of the Group on a timely basis. The Group also encourages employees and all persons with whom the Group does business, including customers and suppliers, to report the suspected wrongdoing within the Group voluntarily.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

B8. Community Investment

The Group believes that participating in social engagement and contributing to society are forms of showing corporate citizenship. We also see the potential to nurture corporate culture and inspire our employees towards social concerns in the daily work life. We would embrace human capital into the social management strategies to sustain the corporate social responsibility as a part of the strategic development of the Group.

Community Participation

The Group enhances the quality of life of the community through arts, culture and entertainment using on demand systems and activities. Following the development of culture, the community can gain a deeper understanding of history and culture and cultivate a higher appreciation of the present and future cultural activities and to a greater level of enjoyment.

The Group also actively encourages employees to contribute their time and skills to community volunteer works to benefit local communities by giving them opportunities to learn more about social and environmental issues and enhance the Group's corporate value. The Group will consider from time to time to make donations to charities when the Group records after-tax profits and has sufficient funds.

The Group subsidised Tung Wah Group of Hospital for amount of HK\$3,800 to support for the charity activities in Hong Kong during the Year.

AL Group Limited
利駿集團(香港)有限公司

Suite 807, 8/F, Harcourt House,
39 Gloucester Road,
Wan Chai, Hong Kong
香港灣仔告士打道39號
夏慤大廈8樓807室

Tel (852) 2156 1041
Fax (852) 2156 1791

www.al-grp.com