



IWS

Integrated Waste Solutions
Group Holdings Limited

綜合環保集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock code 股份代號 : 923



Environmental, Social and
Governance Report

2018

環境、社會及管治報告



OUR MISSION

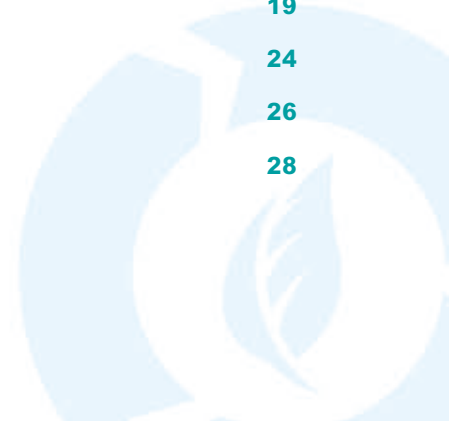
To become one of the largest integrated waste solutions providers in Greater China and to deliver services and products of the highest quality

OUR VISION

We are committed to making a difference in the environment in Hong Kong, China, and the world

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ABOUT THE REPORT

This is the second annual Environmental, Social and Governance (“ESG”) Report of Integrated Waste Solutions Group Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group” or “IWS”). This Report aims to review IWS’s management approach and performance on environmental and social aspects and should be read in conjunction with IWS’s 2018 Annual Report. For the governance section, the Company has met Code Provisions of the Corporate Governance Report as set out in Appendix 14 of the Listing Rules, please refer to Pages 33 to 49 of our Annual Report 2018 for the Corporate Governance Report.

The purpose of the report is to improve stakeholders’ understanding and to introduce ongoing sustainability initiatives directed towards the community and the environment. We also aim to engage our stakeholders in determining our sustainability approach and related actions through this report. The Company’s Board of Directors confirms that it has reviewed and approved the report which, to the best of its knowledge, addresses material issues and fairly presents the ESG management approach and performance of the Company.

Reporting Framework

This report is prepared in compliance with the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and in accordance with the operational status of the Company.

Feedback

Your comments and ideas are appreciated and will help us improve our work continuously. You may contact us at:

Address:

Integrated Waste Solutions Building,
8 Chun Cheong Street,
Tseung Kwan O Industrial Estate,
New Territories,
Hong Kong

Email: info@iwsgh.com

Reporting Boundary

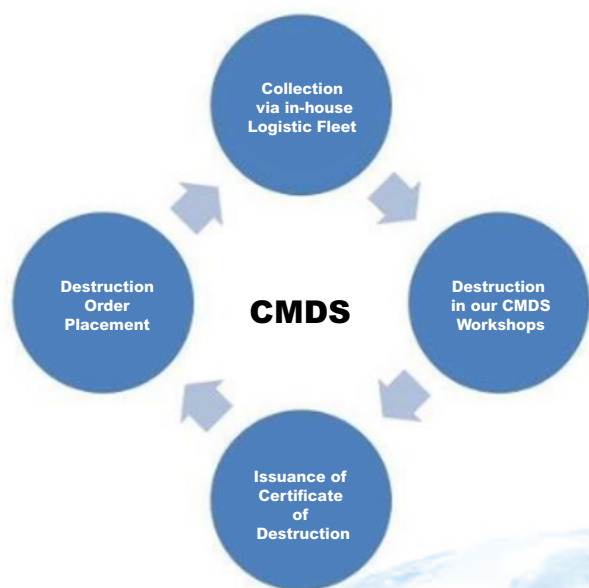
This report covers the Company and its subsidiaries including IWS Waste Management Company Limited (“IWS WM”), Confidential Materials Destruction Service Limited (“CMDS”), IWS Environmental Technologies Limited (“IWS ET”), IWS Logistics Limited (“Logistics”) and IWS Waste Management (Asia) Limited. The data and information of this report cover the period from 1 April 2017 to 31 March 2018 (“FY2018”).

COMPANY PROFILE

Integrated Waste Solutions Group Holdings Limited with its subsidiaries specialize in waste management, being principally engaged in waste recycling and providing waste solutions. The Company was founded in 1968 and we have now become a leading integrated waste solutions provider in Hong Kong.

We provide solid waste management services including waste paper management, confidential materials destruction service and waste plastic recycling. We are actively seeking new sources to expand our income base. Two new projects, recycled plastic pellets and waste electrical and electronic equipment (“WEEE”) treatment, have come into operation in the 4th quarter of 2017. As part of a campaign against “foreign garbage” and environmental pollution, Mainland China’s ban on importing waste materials boosts the demand for recycled plastic pellets. It is expected our new business will be able to capture this market opportunity and benefit from the policy. However, this new policy is affecting our recovered paper business because of stringent monitoring measures. Although its long-term impact is still uncertain, the Group has taken measures to mitigate the risk by exporting to other markets in the region.

Both CMDS and IWS WM have obtained licenses for exporting waste paper into Mainland China from the General Administration of Quality Supervision, Inspection and Quarantine of the People’s Republic of China (the “PRC”).



Waste Management



FY2018 PAPER RECYCLING PERFORMANCE

During the year, we recycled approximately **93,700 tonnes of paper** under our waste paper and CMDs businesses, and they were equivalent to:



Saving
1,593 thousand
mature trees



Saving
125 thousand tonnes
of fuel oil



Saving
234,250 m³
of landfill space



Saving
2,473 thousand tonnes
of water



Conserving
384 million kWh
of electricity



Producing
75 thousand tonnes
of recycled paper

MESSAGE FROM CEO

Dear Valued Stakeholders,

I am delighted to present IWS's ESG Report for the financial year ended 31 March 2018.

The waste management industry has been faced various changes during the year. The stringent environmental policy reform of Mainland China and implementation of new regulations in Hong Kong have brought challenges and opportunities to our business. With the growing public concern for the current state of waste treatment and recycling in Hong Kong, we understand and commit to our social responsibility for maintaining quality of services as part of the solution to environmental protection. Hence, we spare no effort in managing our ESG performance and contributing to the change of recycling habits in the society.

As a solid waste solutions provider, we are committed to mitigating environmental impact of our operations. Apart from complying with relevant laws and regulations and ISO 14001 standards, we monitor and reduce resources consumption and emissions through well-established management systems and initiatives. To promote the environment-friendly lifestyle in the community, we organised tours to our environmental education center and participated in green education activities, raising awareness on Hong Kong's waste issue and encouraging green lifestyles.

It is our mission to provide high quality products and services to customers. Customer privacy is our top priority since our Confidential Material Destruction Services ("CMDs") business involves managing customers' confidential information. The Group is the only service provider in Hong Kong to have secured National Association for Information Destruction of the United States ("NAID") AAA Certification for plant-based operations including both paper and non-paper destruction services. With our professional expertise and good practices, we strive to maintain our competitiveness and production efficiency in all of our business segments.

The Group attaches great importance to occupational health and safety of its employees. A safety committee is established to scrutinize the implementation of our occupational safety and health policy and facilitate communication within the Group on safety issues. To ensure employees carry out their duties under safe conditions, we ensure sufficient working guidelines, precautionary equipment and training on safety hazards prevention.

The waste electrical and electronic equipment ("WEEE") treatment and plastic recycling businesses have been operational since October 2017. We are contributing to the waste management industry by expanding into new solid wastes sphere. The Group looks forward to exploring new opportunities in advancing towards sustainability with close engagement with stakeholders, including employees, business partners, non-governmental organisations, academia and the government, creating value for the Company, stakeholders and the community.

By Order of the Board

Lam King Sang

Chief Executive Officer

Hong Kong, 1 August 2018

ESG MANAGEMENT APPROACH

The Group views sustainability as an integral part of its business. Our ESG policy aims at integrating environmental and social aspects into our daily operations. Relevant department heads monitor and implement ESG related practices and report to the Board of Directors which oversees the over all strategy.

Stakeholder Engagement

The Group closely engages with its stakeholders from different sectors and backgrounds through various platforms. For example, regular meetings with suppliers and customers, training for employees, and annual meetings with investors etc. We also communicate with stakeholders through our company website, news releases and ESG reports. During the year, we have expanded our stakeholders survey from internal to external stakeholders, which includes customers, investors, NGOs, suppliers and subcontractors. They were invited to give their views and feedback on the Group's ESG performance, through online survey and phone interviews.

Materiality Assessment

To further reveal and understand the impacts of our operations on ESG aspects and to strive for a comprehensive ESG strategy we have identified, prioritized, validated and reviewed the potential material aspects with reference to the Global Reporting Initiative (GRI) guidelines. With the assessment results, the Group gradually integrates these material issues into its business strategy. Through systematic monitoring, management and reporting on the issues, we strive to mitigate operational risks by increasing transparency and bettering response to the needs and concerns of stakeholders.

Together with the results of the online survey and materiality assessment process, the top 5 material aspects relevant to the Company are:

- 1) customer privacy protection;
- 2) environmental benefit derived from corporate business;
- 3) customer satisfaction;
- 4) anti-corruption;
- 5) environmental compliance.

ESG MANAGEMENT APPROACH

Other material aspects include occupational health and safety, waste management, energy saving and emission reduction measures, and diversity and equal opportunity. The Group's response to the material aspects is reflected in the corresponding sections of this report.



- | | | |
|---|---|------------------------------------|
| ① Emissions | ⑧ Talent Management | ⑬ Supply Chain Management |
| ② Waste Management | ⑨ Occupational Health and Safety Measures | ⑭ Quality of Products and Services |
| ③ Use of Resources | ⑩ Employee Training and Promotion | ⑮ Customer Privacy Protection |
| ④ Use of Packaging Materials | ⑪ Employee Communication | ⑯ Customer Satisfaction |
| ⑤ Energy Saving and Emission Reduction Measures | ⑫ Precautionary Measures of Child/Forced Labour | ⑰ Anti-corruption |
| ⑥ Environmental Benefit Derived from Corporate Business | ⑬ Diversity and Equal Opportunity | ⑱ Community Involvement |
| ⑦ Environmental Compliance | | |

OUR ENVIRONMENT

The Group, as an integrated waste solutions provider in Hong Kong, is committed to promoting environmental stewardship and sustainability. At the same time, we have put efforts in minimizing the environmental impacts of our operations and maximizing the efficiency of resources by technology and optimization of systems.

Memberships and Awards

The Company and its subsidiaries actively participate in environmental initiatives and organisations for supporting sustainable development of the industry. Our efforts in environmental management are recognized by the society and we will continue to seek opportunities for promoting environment-friendly operations through collaborations and partnerships. Below is a list of memberships and awards the Group obtained during the year.

Memberships	
Organisation/Programme	Membership Company
Business Environment Council Limited	Integrated Waste Solutions Group Holdings Limited
Low Carbon Office Operation Programme (LOOP), World Wildlife Fund	Integrated Waste Solutions Group Holdings Limited
Hong Kong Waste Management Association	IWS Waste Management Company Limited

Awards and Recognitions		
Name of Award	Awarded by	Awarded to
Hong Kong Awards for Environmental Excellence	Environmental Campaign Committee	IWS Logistics Limited
Hong Kong Green Organisation	Environmental Campaign Committee	IWS Logistics Limited
Hong Kong Awards for Environmental Excellence	Environmental Campaign Committee	Confidential Materials Destruction Service Limited
Hong Kong Awards for Environmental Excellence	Environmental Campaign Committee	IWS Waste Management Company Limited

OUR ENVIRONMENT

Environmental Management

To overcome the challenges presented by the ever-changing business environment, such as the restriction on exporting waste materials to China starting from the beginning of 2018, we closely monitor trends and changes in environmental policies and update our management systems to appropriately conform to new regulations and requirements as they come into effect.

Being certified with ISO 14001:2015 Environmental Management, we have established a management system based on these requirements. Under this system, the managerial staff need to organize management evaluation meetings to review the environmental targets on a regular basis to ensure their effectiveness. Potential and existing environmental dangers of each operation have to be identified, and an evaluation report must be written by the managers for setting relevant targets.

We continuously monitor our daily operations to ensure compliance with relevant laws and regulations in Hong Kong, such as Waste Disposal Ordinance, Water Pollution Control Ordinance and Air Pollution Control Ordinance. The managers review the list of the laws and regulations twice a year and ensure other employees have a thorough understanding of them. During the year, the Group was not aware of any non-compliance of environmental laws and regulations that have a significant impact on the Group.

We also assign independent and trained personnel to conduct an internal assessment, to ensure our operations fulfill the requirements of ISO 14001, relevant laws and regulations, and enforcement of the system. Corresponding corrective and preventive measures need to be undertaken as soon as possible, once the threats are discovered.

OUR ENVIRONMENT

Resources Consumption

Energy

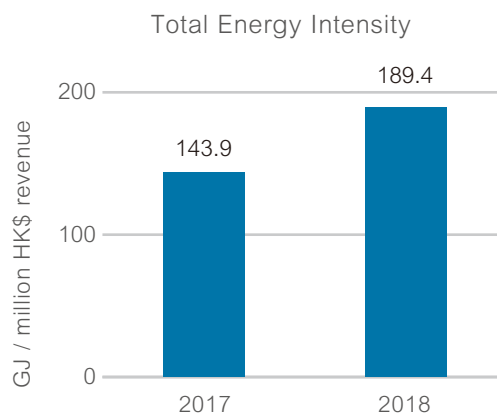
To sustain the daily operations of the Group, we consume a considerable amount of energy, details of which are presented in the table below. During the year, the Group's total direct energy consumption by way of petrol and diesel was approximately 10,087 litres and 400,503 litres respectively, which accounted for 32.7% and 11% reduction respectively. They are mostly used for our logistics business, for providing efficient waste collection services in Hong Kong.

The total indirect energy consumption increased by approximately 45.8%. The difference is mainly because of inclusion of the new project, recycled plastic pellets, launched in the 4th quarter of 2017. The energy consumption in gigajoules with indication of the proportion that the new project accounted for is shown in the graphs.

Energy Consumption	Unit	FY2017	FY2018	Changes
Petrol	Litres	14,997	10,087	-32.7%
Diesel	Litres	450,085	400,503*	-11.0%
Electricity	kWh	3,346,495	4,878,352*	+45.8%

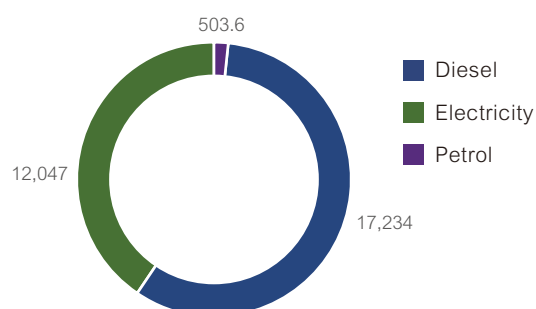
* Include the new business of recycled plastic pellets

The total energy consumption during the year was about 33,236 gigajoules (2017: 29,785 gigajoules), with the consumption of fuel oil and purchased electricity representing 47.2% and 52.8% respectively. The total energy intensity increased by 31.6% when compared with previous fiscal year.

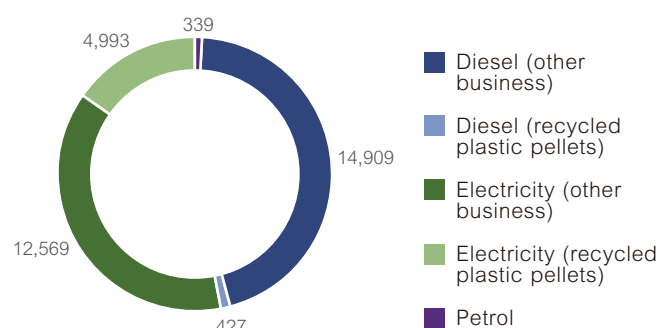


OUR ENVIRONMENT

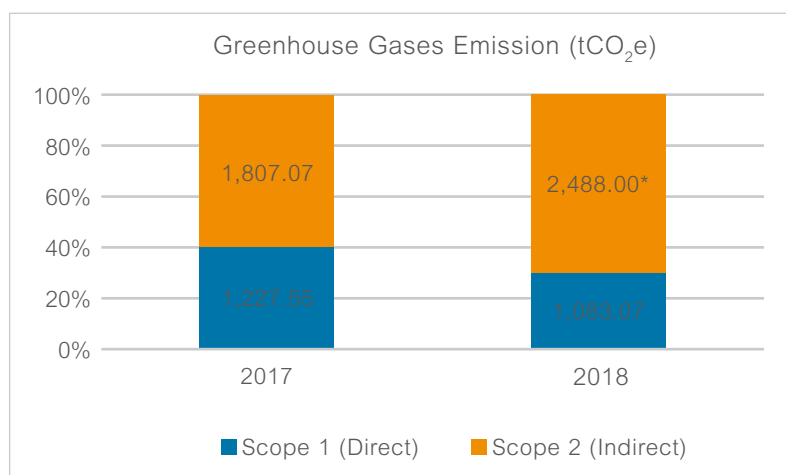
Energy Consumption in FY2017 (Gigajoules)



Energy Consumption in FY2018 (Gigajoules)



During the year, we continued to audit our greenhouse gases emissions, directly from fuel consumption by vehicles (Scope 1) and indirectly from purchased electricity consumption (Scope 2). The total amount of greenhouse gas discharged was approximately 3,571 tonnes of carbon dioxide equivalent (tCO₂e), with 1,083.1 tCO₂e from Scope 1 (30%) and 2,488 tCO₂e from Scope 2 (70%). It is noted that electricity usage of the new business is included in the Scope 2 calculation, which accounted for 20% of the total greenhouse gases emission.

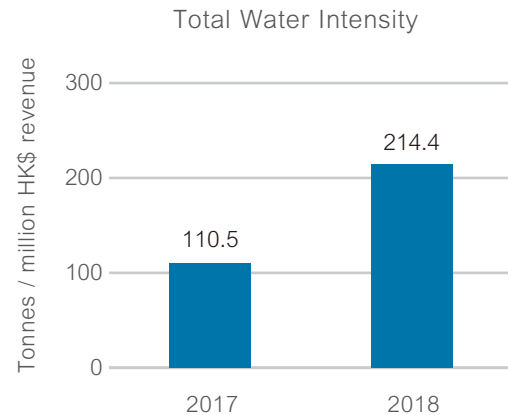
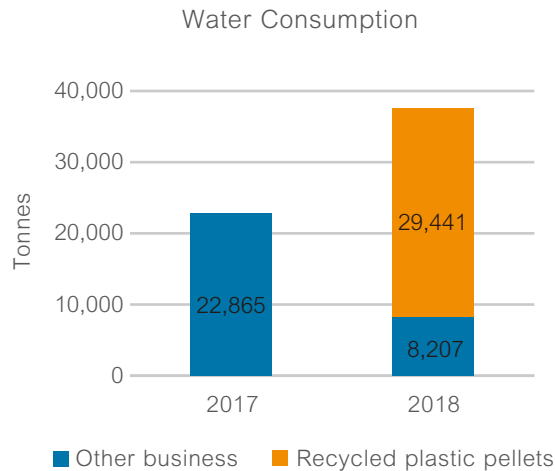


* Scope 2 emission of 2018 includes the new business of recycled plastic pellets, which amounts to 707.4 tCO₂e.

Water

Our operations also involve use of municipal water for cooling and cleaning purposes. The total water consumption during the year and intensity was 37,618 tonnes and 214.4 tonnes per million HK\$ revenue respectively. The increase was due to commissioning of the new business of recycled plastic pellets, where water is used for washing shredded raw materials, like polyethylene, to produce plastic pellets for further manufacturing of other plastic products. During the year, there were no issues on sourcing of water reported.

OUR ENVIRONMENT



Packaging Materials

The packaging materials we consumed for our businesses such as CMDS, waste management and recycled plastic pellets were generally expanded. For canvas bags used in our CMDS services, we had switched from nylon bags into this more durable option with a waterproof coating, and therefore, it contributed to the double of usage. The plastic bags we used for the new project of recycled plastic pellets are made from polypropylene, which is a plastic that can be fully recycled.

Packaging Materials Consumption	Unit	FY2017	FY2018	Changes
Wires	tonnes	249.11	186.12	-25.3%
Canvas bags	bags	5,102	10,349	+103%
Plastic bags	bags	289	2,691*	+831%

* Includes the new business of recycled plastic pellets

Air Emissions

Our logistics business and internal vehicle usage generate air pollutants, but they are cut down greatly with help of GPS tracking system and other strategies. These measures reduce the demand of fuel and consequently, there are less emissions of SO_x, NO_x and particulate matter.

Air Pollutant Emissions	Unit	FY2017	FY2018	Changes
SO _x *	kg	6.36	5.33	-16.2%
NO _x	tonnes	25.32	6.34	-75.0%
Particulate matter	tonnes	2.01	0.47	-76.6%

* Includes road traffic only

OUR ENVIRONMENT

Resources Conservation

While we are working to reduce waste disposal, we acknowledge that our operations do have impact on environment. We have gradually incorporated sustainability into our daily business operations, setting out strategies to minimize the usage of resources, as well as ensure the environmental issues are monitored and well-managed.

Energy

The Group is committed to reducing energy usage, especially diesel and electricity, by using the latest technology. As a part of the ongoing initiatives to conserve fuel consumption, we equip all our vehicles with GPS tracking systems, plan routes strategically and maximize collection capacity. By regularly monitoring and checking of the systems and having well-trained drivers, efficient and effective waste collection services are expected to be provided with reduced fuel usage and carbon emissions.

We adopt thermal insulation technology on metallic parts of the heating area of the pelletizers during the process of plastic recycling. Therefore, there is less heat loss and it subsequently reduces electricity consumption. Unnecessary energy usage is greatly reduced by precisely maintaining the required temperature for all heating devices. These measures are reviewed regularly in order to keep their effectiveness.

Water

Similar to energy management, the Group has formulated and implemented water-saving measures such as replacing traditional once-through water cooling system with the closed loop water recycling system. The new system re-circulates cooling water so there is less freshwater needed. We are testing new raw materials and production processes that require lower water consumption. We also recycle the wastewater from washing process after treating it. Self-closing taps with optimized timing are installed in lavatories and washrooms to help conserve water.

Packaging Materials

We use the original packaging of purchased materials and products whenever it is possible. If packaging is unavoidable for our products, we adopt materials that are relatively environment-friendly to minimize our impacts on the environment. The canvas bags we use for CMDS services are coated with a layer of plastics which makes them more durable. Plastic bags used in plastic recycling operations, which are jumbo bags, are reused until they are completely damaged. The plastic jumbo bags after shredding and pelletizing can become raw material for manufacturing plastic pellets. We strive to minimizing our environmental footprint by carefully managing our usage and types of packaging materials.

OUR ENVIRONMENT

Waste Management

Non-useable waste is inevitable in our business when we collect materials from the waste streams for recycling. In our operations, we generated 250 litres of hazardous waste and there was a total 95,708 tonnes of non-hazardous waste produced during the year. Of the non-hazardous waste generated, almost 98.9% or 94,671 tonnes of it was recycled. The recyclables mainly consist of paper which accounted for almost 99.8% of the non-hazardous waste, and the remaining also included non-paper recyclables generated from the new business.

The Group has implemented a series of waste disposal procedures to ensure we comply with all environment related laws and regulations in Hong Kong. For the sewage and sludge generated from cleaning process, there are qualified operators to collect and send it to sewage treatment plants for further handling. Residues and filters adhered to plastics, which are polluted and cannot be reused, are sent to landfills for disposal.

We are committed to reducing waste generation and promoting recycling. Recyclable waste is transferred to licensed recyclers for reprocessing into usable materials. The unqualified products from our recycled plastic pellets production are shredded and reused as raw materials in our production lines. In the offices, we are aiming at promoting a culture of “green-office” among our employees. We have set up recycling bins and encourage employees to use both sides of paper. We will continue to put resources in waste management and most importantly, finding ways of waste reduction.

Green Building Design

The Group's office building, Integrated Waste Solutions Building, reduces the environmental impacts through enhancing its energy and resource usage efficiency. Here are the key features of the design:

- Having light wells, windows and an open area for maximizing natural light and ventilation
- Installation of solar panels
- Adopting recycled materials for all the furniture and decorations

We believe it demonstrates our environmental stewardship, and we act responsibly as a corporate citizen to work towards sustainability.

OPERATIONAL EXCELLENCE

We pledge to offer reliable, professional and safe products and services to customers, adhering to the highest quality and ethical standards as well as industry best practices.

As our business are mainly service-oriented, with majority of customers being enterprises, our operations do not involve issues in advertising, labelling and product safety. Judging from the results of the materiality assessment, we assert that these aspects do not have significant impact on our operations, comparing to customer privacy which is one of the most material aspects. During the year, there are no reported incidents on infringement of laws and regulations regarding product responsibility.

Protecting Customer's Privacy

Protecting customer data privacy is the core value we uphold. As it is part of our operations to handle highly confidential materials from our customers, we attach great importance to protecting the data as much as our customers do. It is our duty to manage the materials through building security capabilities and forming good practices. There were no cases of leakage of customer information reported during the year.

The Group is the only service provider in Hong Kong to have secured National Association for Information Destruction ("NAID") AAA Certification for plant-based operations including both paper and non-paper destruction services. The comprehensive audit program of the NAID AAA Certification verifies the information service providers with very high professional standards, whose services comply with laws and regulations and are aligned with industry best practices. On the other hand, our CMDS is certified with ISO 27001: 2013 Information Security Management System, standardizing our approach and procedures in managing risks of information security.

Apart from installing shredding equipment that meets international requirements, our well-established security system covers the operations from order placement, collection, destruction and after sales services.



Tracking system upon collection

Collection services are arranged within 7 days of order placement. A barcode system is in place to track the collection and destruction process. Our in-house logistic fleet has all lockable vehicles, equipped with GPS tracking system.

OPERATIONAL EXCELLENCE

The Group upholds the highest ethical standards and expects employees to conform to its confidentiality policy. Employees are prohibited from collecting, exporting or carrying away any documents, products or wastes that customers entrust us to handle. They are not allowed to disclose any information about the Group's businesses, its customers' information and personal data in any circumstances. Prosecution or disciplinary actions are taken if such violations are found. There were no reports concerning privacy breach recorded during the year.



Around-the-clock security system

Strict security requirements are imposed. Confidential materials received are destroyed within 24 hours of collection. Extensive CCTV coverage is in place, with footages preserved up to 90 days. Together with our professional security guards service, access to the site is strictly controlled.



Monitoring and after-sales services

A destruction witnessing suite is available for customers who wish to oversee the destruction process. Certificate of destruction, including the barcode collection reports and photographic reports are issued to the customers within one week upon completion of the destruction work.

Quality Management

We are committed to providing high quality products to meet customer expectations as well as to retain our competitiveness. The Group is a Registered Waste Recycler and Registered Waste Collector administered by the Hong Kong Quality Assurance Agency ("HKQAA") and also certified with ISO 9001:2015 Quality Management System. Our management procedures ensure work efficiency and quality through the approaches of implementation, verification and reporting, which have been incorporated into the entire production process. Procedures and guidelines for day-to-day work, emergency response measures, use of equipment and other relevant guidelines for our employees are established.



We communicate with customers to understand their requirements, which are negotiated and specified in the contract. Other extra requirements are identified on a case-by-case basis. This leads to a better planning and enables us to offer the best solutions that suit customers' needs.

OPERATIONAL EXCELLENCE

Stringent testing and inspection are conducted on our equipment, materials procured and final products. The equipment and related computer software are registered and maintained to ensure efficiency and accuracy. Materials and products are inspected, tested and labelled before storage and delivery. Any unqualified products are separated and recorded before being recycled, disposed or sent to correction stage. In plastic recycling operations, sample testings are carried out for each batch of our products in our in-house laboratory.

In order to keep up our operational performance and strive for further improvement, the Group regularly conducts evaluation which covers compliance of laws and international standards. Our continuous improvement program involves assessment of effectiveness of the quality management system. With reference to results of evaluations, audits and data analysis, preventive and follow-up actions are drawn and implemented, aiming to optimize the Group's management, help in technological modifications and boost efficiency and quality of products and services in the long term. During the year, there were no cases reported on product recalls for health and safety reasons.

Customer Satisfaction

We strive to maintain strong relationships with our customers by listening to their opinions and feedback. We evaluate our performance on customer services through conducting customer satisfaction surveys, communication during transactions and delivery process, as well as complaints records. We also communicate with customers on a quarterly basis regarding performance, product quality and compliance to standards.

The Group handles customer complaints in a prompt and serious manner. Investigation and analysis of the event are conducted once a complaint is received. If the complaint is valid, investigation results and remedial and rectification measures adopted are reported to the complainant according to procedures. The complaint records are collected as the reference for management assessment and as a basis of service improvement. We have received one complaint during the year which was promptly handled with measures implemented to prevent recurrence of similar issues.

Supply Chain Management

As we commit to environmental stewardship and social responsibilities, we expect our business partners to fulfill the same standards and responsibilities. Our procurement policy and practices are based on the requirements from our quality and environmental management system. A set of assessment procedures and criteria are established to evaluate and select suppliers and contractors. Specific aspects of assessment include price, product quality, inquiry response, on-time delivery, environmental performance and specific quality assurance requirements. Environment-friendly suppliers and contractors are given priority. We keep suppliers informed regarding our requirements through regular meetings.

OPERATIONAL EXCELLENCE

Suppliers are subject to regular evaluation and audits. The requirements of evaluation are specified in the procurement contract. All unqualified suppliers and contractors are excluded from the list of approved suppliers and contractors. During the year, the Group had a total of 48 suppliers, with the majority of them are local suppliers.

Anti-corruption

The Group upholds the principles of honesty and integrity by strictly observing the Prevention of Bribery Ordinance. To protect the Group's goodwill and interests and to ensure regulatory compliance, a code of conduct has been established, which clearly articulates our policy on anti-corruption as well as specific measures for dealing with conflict of interests and receiving gifts. Disciplinary actions including dismissal are taken for any violation of the regulations. Our policy also ensures that all matters related to ethical conduct are handled in an open and fair manner with the rights of all employees respected. The Group ensures all employees are aware of and understand the code of conduct.

We encourage employees to stay alert for preventing corruption. A whistleblowing mechanism is in place, allowing employees to report any suspected cases of bribery, fraud, dishonesty and illegal activities, in writing or through our hotline to the management. The identity of the whistleblower is kept anonymous with their rights protected and the Group does not tolerate retribution on whistleblowers. Legal action may be taken against related personnel if violation of laws and regulations is discovered after thorough investigation. During the year, there were no reports on violation of relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

OUR PEOPLE

The Group strives to attract, retain and develop talented people. We endeavour to create an enriched environment where each employee is valued and where there is opportunity for personal and professional growth.

Employee Rights & Benefits

The Group respects the rights of employees and ensures that their rights are protected. We strictly adhere to the relevant laws and regulations regarding employment and labour practices, including but not limited to Employment Ordinance, Employees' Compensation Ordinance, Minimum Wage Ordinance and Mandatory Provident Fund Scheme Ordinance in Hong Kong. We ensure lawful recruitment processes which prohibit child and forced labour by checking the identity cards of all prospective employees. During the year, we were not aware of any non-compliance of laws and regulations related to employment practices that have significant impact on the Group.

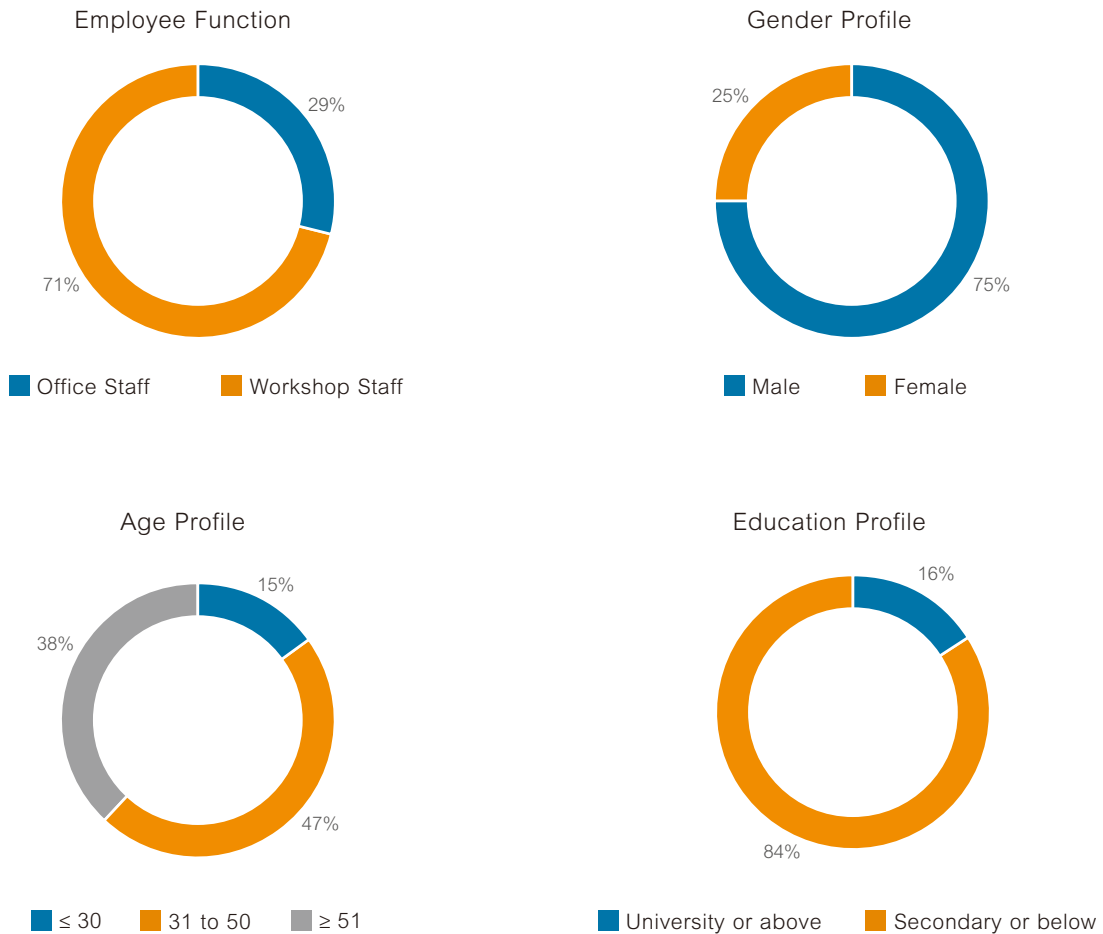
Diversity and equality in the workplace are vital to the Group. We recruit suitable candidates and promote employees according to their skills, experience, competency and interest, regardless of age, gender, appearance, race, religion, marital status, family status, pregnancy or disability. All forms of discrimination are strictly prohibited in the Group. The Group also enhances social inclusiveness by providing job opportunities to people with intellectual disabilities. We have recruited employees through Hong Chi On-the-Job Training Program.

The Group provides comprehensive remuneration packages to its full-time employees, including but not limited to salaries, bonuses, annual leave, sick leave, maternity and paternity leave, marriage leave and compassionate leave, healthcare benefits as well as labour insurance. To ensure all employees are paid fair and competitive salary, the Group reviews employees' salary on an annual basis and adjusts the salary according to the overall economic environment, employees' achievements and the Group's performance.

OUR PEOPLE

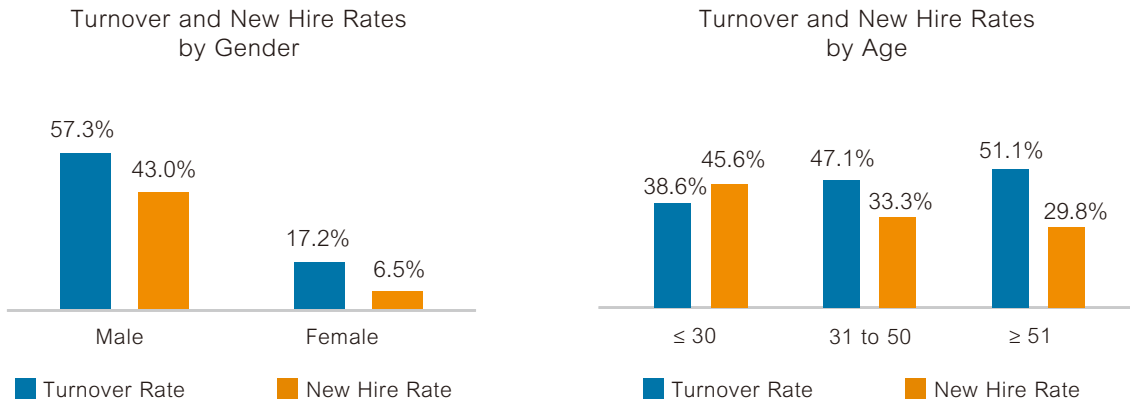
Employee Composition

As of 31 March 2018, IWS employs 178 full-time staff, all located in Hong Kong; 29% are based in the office and 71% are based in workshops. The proportion of male employees is larger than female employees, the ratio being about 3:1. Approximately 47% of employees are aged between 31 to 50 years and 38% of them are aged 51 years and above. In terms of educational profile, the majority (84%) of employees have secondary or below qualifications.



The overall turnover rate and new hire rate of the Group were 47% and 34% respectively. In terms of gender profile, turnover rate of male employees was higher than that of female employees. In terms of age profile, employees aged 51 years old or above had the highest turnover rate, which was approximately 51%. During the year, a total of 63 new employees were hired, with the majority being male employees.

OUR PEOPLE



The Group fosters open and effective communication between employees and management. With the establishment of grievance procedures, employees are encouraged to raise their concerns by directly communicating with immediate supervisors, sending a letter to complaints working group or email to the suggestion mailbox. By facilitating an open two-way communication, the Group believes that employees' dissatisfaction can be resolved before it exacerbates.

Occupational Health and Safety

Safeguarding the wellness of our employees is always the top priority of the Group. We strictly adhere to Occupational Safety and Health Ordinance, Factories and Industrial Undertaking Ordinance and other applicable laws and regulations relating to health and safety. The Group has formulated an occupational safety and health (OSH) policy and has established a safety management system to realize the effective implementation of OSH policy. Safety audit is conducted annually to ensure the management system conforms with all relevant laws and regulations.

The safety management system includes the establishment of safety duties, risk assessment, workplace safety rules, safe operations procedures as well as preparation of emergency response exercises. For instance, the Group identifies safety risks in workplace by evaluating the possibility of accident and the severity of consequences and establishes the corresponding safety control measures. Our recycling process involves a lot of machines such as crushers and hydraulic semi-automatic balers and we understand that improper machine handling may pose severe threat to employees' health and safety. Regarding this, we have set up safety rules and working procedures to control the safety risks. Besides, personal protection equipment such as safety shoes, gloves and safety caps are provided to employees when necessary. To prepare for emergency incidents, a fire drill is conducted at least once a year and all fire safety installations are inspected by a qualified fire engineering company annually.

OUR PEOPLE

In addition, a Safety Committee, which is composed of qualified safety officers, factory managers and supervisors as well as administrative department managers, is established to keep track of the Group's safety performance. The primary responsibilities of the Safety Committee are to review the Group's health and safety policies and safety management system, evaluate the arrangement of safety measures, monitor the Group's health and safety performance by reviewing the statistics of safety incidents, provide regular reports and make suggestions for management in terms of the adoption of measures, provide safety guidelines for working environment and conduct safety training.

Safety Committee Structure



Key responsibilities of Safety Committee



To ensure all employees possess necessary knowledge on safety issues, the Group provides in-house safety training to all new employees. We arranged professional training on Certificate of Competence in Workplace Noise Assessment provided by the Occupational Safety and Health Council. Employees are also encouraged to take courses at Occupational Safety and Health Training Centre of the Labour Department. The training centre provides a variety of programs including safety and health regulation related courses for trainers, briefing sessions on safety and health regulation and talks on occupational health, catering the needs of different employees.

During the year, 327 person-times of employees had received safety training and the average safety training hours was 1.1 hours. There were 13 cases of work-related accidents, accounting for a total of 306 lost days. Among all work-related accidents, no fatalities were reported. We were not aware of any non-compliance of laws and regulations related to occupational health and safety that have significant impact on the Group.

OUR PEOPLE

Development and Training

The Group is dedicated to supporting its employees in personal and professional development and tapping the potential of each individual to the fullest. We provide both internal and external training courses to our employees, including but not limited to induction training for new comers, on-the-job training and safety training. We offer both in-house training and external training with aims in encouraging employees to enhance skills and knowledge, as well as to pursue continuous learning. All employees who have completed the probationary period are entitled to apply for subsidy for part-time training courses outside the Group. Major trainings offered during the year are summarized below.

Selected Training Topics during the Year

Industry-related

- Seminars and conferences held by the recycling industry
- NAID, ISO27000, Competition Ordinance
- Network security

Safety

- New employee training
- Noise evaluation certification

Employee Development

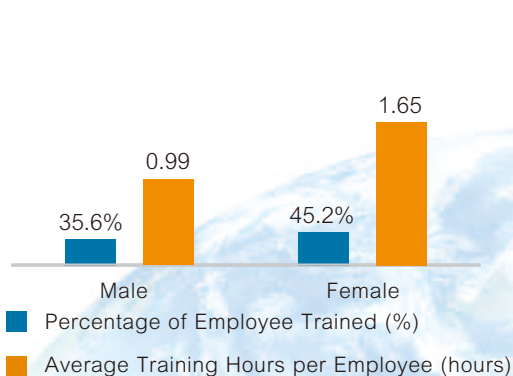
- Culturally inclusive workplace
- Sexual harassment in the workplace
- Electronic safety

To strengthen the competence of employees, the Group's employees joined a series of industry-related trainings, such as training on NAID, ISO27000 and Competition Ordinance and also several trainings on IT and network security. The sessions are conducted by our senior staff or external specialists from various professional backgrounds, including consulting firms and public organizations. Employees are provided with opportunities to attend seminars and conferences in which they can keep themselves updated on the latest development of the recycling industry.

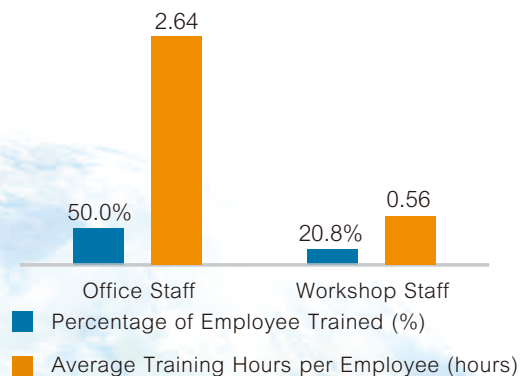
The Group strives to provide a decent and harmonious working environment through employee education. During the year, our employees have attended trainings conducted by Equal Opportunities Commission on promoting culturally inclusive workplace and preventing sexual harassment etc., aiming to build a positive work culture through change of behaviour.

The graphs below show the percentage of employees trained and the average training hours completed by gender and employee category during the year.¹

Training Profile by Gender



Training Profile by Employee Category



¹ Data for training and development excludes the plastic business segment.

COMMUNITY INVESTMENT

IWS, being an environment-friendly company, aims to exert its influence on the community by promoting green practices. We dedicate ourselves to engaging domestic communities and promoting environmental education of our next generation.

The Group recognises the importance of corporate social responsibility (“CSR”) and strives to integrate the CSR perspective into its business model. During the year, IWS actively engaged in public education regarding environmental protection, sponsoring and supporting local community activities championed by different charitable and non-government organisations. We have donated approximately HK\$80,000 for supporting local community events.

IWS Environmental Education Centre

IWS has built an environmental education centre for community groups to visit, aiming to raise their awareness of the need for environmental protection. The tour of our education centre enables visitors to acquire knowledge on paper, plastic, glass and WEEE (waste electrical and electronic equipment) recycling and the 3 ‘R’s – Reduce, Reuse and Recycle. More than that, the education centre itself is constructed with recycled materials, demonstrating a practical application of the integrated environmental concept into a real-life project.



Through our education center, we instill beneficial concepts in the young generation, enabling them to apply these concepts and contribute back to the community in the future. During the year, we collaborated with Hong Chi Association to engage a team of Shatin Public School students to visit our education centre.



COMMUNITY INVESTMENT

Green Hero Alliance Program

IWS sponsored and participated in Green Hero Alliance Program organised by the World Green Organisation. The Green Hero Alliance Program engaged various corporations to be the “Green Hero” which supported green living. Not only did the “Green Hero” have the chance to visit organic farms, environmental facilities and attending environmental workshop, they disseminated the environmental knowledge to the community through various volunteering works such as visiting elderly, underprivilege families and minority groups.



Looking forward, the Group will continue to support volunteerism and engage in activities conducive to further social good and positive impact on the environment.

PERFORMANCE DATA SUMMARY

		Unit	FY2018	FY2017
Workforce	Number of Employees			
	Total		178	194
	By Age			
	≤30		27	32
	31-50		84	83
	≥ 51		67	79
	By Gender			
	Male		133	144
	Female		45	50
	By Professional Profile			
	Office Staff		51	53
	Workshop Staff		127	141
	By Education Profile			
	University or above		28	28
	Secondary or below		150	166
	Employee Turnover Rate			
	Total	%	47.3	44.3
	By Age			
	≤30	%	38.6	66.7
	31-50	%	47.1	54.2
	≥ 51	%	51.1	23.4
	By Gender			
	Male	%	57.3	49.7
	Female	%	17.2	28.3
	Employee New Hire Rate			
	Total	%	33.9	36.8
	By Age			
	≤30	%	45.6	60.6
	31-50	%	33.3	35.0
	≥ 51	%	29.8	28.6
	By Gender			
	Male	%	43.0	39.6
	Female	%	6.5	28.3
	Average Employee Training Hours			
	By Gender			
	Male	Hours	0.99	1.85
	Female	Hours	1.65	0.31
	By Professional Profile			
	Office Staff	Hours	2.64	0.88
	Workshop Staff	Hours	0.56	1.73

PERFORMANCE DATA SUMMARY

		Unit	FY2018	FY2017
	Percentage of Employees Trained			
	By Gender			
	Male	%	35.6	78.0
	Female	%	45.2	42.9
	By Professional Profile			
	Office Staff	%	50.0	39.2
	Workshop Staff	%	20.8	79.6
Health and Safety	Lost Days due to Work-related Injury	Days	306	543
	Work-related Accident		13	11
	Work-related Accident Rate	%	7.30	5.67
	Work-related Fatalities		0	0
	Average Safety Training Hours	Hours	1.1	0.60
	Total Safety Training Person-times	Person-times	327	260
Environmental	Total Resources Consumption			
	Total Energy Consumption	GJ	33,236.2	29,784.9
	Electricity	kWh	4,878,352.0	3,346,494.7
	Petrol	Litres	10,086.7	14,997.1
	Diesel	Litres	400,502.7	450,084.6
	Energy Intensity	GJ/ million HK\$	189.4	143.9
	Water Consumption	Litres	37,618.0	22,865.0
	Water Intensity	Tonnes/ million HK\$	214.4	110.5
	Air Pollutant Emissions			
	SO _x	kg	5.33	6.36
	NO _x	Tonnes	6.34	25.32
	Particulate Matter	Tonnes	0.47	2.01
	Greenhouse Gas Emissions			
	Total Emissions	tCO ₂ e	3,571.0	3,034.6
	Scope I	tCO ₂ e	1,083.1	1,227.6
	Scope II	tCO ₂ e	2,488.0	1,807.1
	Waste Production			
	Non-hazardous Waste	Tonnes	95,707.5	130,884.5
	Hazardous Waste	Litres	250	200.0
	Use of Packaging Materials			
	Wire	Tonnes	186.1	249.1
	Canvas Bags	Bags	10,349	5,102.0
	Plastic Bags	Bags	2,691	289.0
Community	Donation	HK\$	80,000	–

HKEX ESG CONTENT INDEX

KPIs	ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Management
KPI A1.1	The types of emissions and the respective emissions data.	Air Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Air Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste Management
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Air Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
Aspect A2	Use of Resources	
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Resources Conservation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Resources Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources Consumption
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resources Conservation
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for the purpose, water usage efficiency initiatives and results achieved.	Resources Conservation
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resources Consumption

HKEX ESG CONTENT INDEX

Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuers' significant impact on the environment and natural resources.	Our Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Building Design
B. Social		
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, anti-discrimination and other benefits and welfare.	Employee Rights and Benefits
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Composition
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Composition
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.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Occupational Health and Safety
KPI B2.2	Lost days due to work injuries.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety

HKEX ESG CONTENT INDEX

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
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	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 or forced labour.	Employee Rights and Benefits
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Rights and Benefits
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	–
Aspect B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	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
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.	Quality Management
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Management
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Satisfaction

HKEX ESG CONTENT INDEX

KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	–
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Management, Customer Satisfaction
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting Customer's Privacy

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	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
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
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
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment