



# Affluent Foundation Holdings Limited 俊裕地基集團有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1757

## ENVIRONMENTAL SOCIAL AND GOVERNANCE REPORT



## 2017/18

## INTRODUCTION

Affluent Foundation Holdings Limited (“Affluent” or the “Company” or, together with its subsidiaries, the “Group”) is pleased to present our annual Environmental, Social and Governance report (the “Report”) for the year ended 31 March 2018 (the “Reporting Period”).

### Basis of Preparation

The Report is prepared based on the “Environmental, Social and Governance Reporting Guide” (the “ESG Guide”) in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited with related topics and data reported according to their importance with the principles of quantification, balance and consistency.

### Scope and Reporting Period

The operating subsidiary of the Group was founded in 1996. Collectively, the Group has extensive experience in the construction industry. It focuses on providing high standard of works and satisfying services to its clients and establishing long-term relationships with them.

The Group is dedicated to protecting the environment as demonstrated by the eco-friendly initiatives below. It also cares for its employees and extends this care to the Hong Kong society with its charity policy.

This Report covers the Group’s major operations in Hong Kong, being the provision of services in relation to foundation works in Hong Kong, and which is the key area of focus for our ESG management. Please refer to the annual report of the Group dated 30 July 2018 for corporate governance practices.

Information, data and content extracted in this Report have taken into account the documentation, statistics as well as other information available in relation to the Group. The reporting period of this report is from 1 April 2017 to 31 March 2018, for which our progress and performance regarding the environment, the society and our corporate governance are presented, and have aligned with the financial period mentioned in the Group’s 2017/18 annual report. Details of our ESG strategies, policies and measures in different aspects are stipulated below.



## INTRODUCTION (Continued)

### Stakeholder Engagement

To achieve sustainable development, the Group maintains close relationships and continuously communicate with its stakeholders. The communications had enabled the Group to accurately assess the potential impacts of its business activities in terms of ESG. The table below highlights the Group's key stakeholders as well as the Group's methods in engaging them:

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	Shareholders	Corporate website Annual financial report
Employees	Senior Management Employees Potential recruits	Training, seminars Face-to-face meetings Independent focus groups and interviews
Customers	Real estate developers Main contractors	Face-to-face meetings Interviews
Suppliers/Contractors	Material suppliers Contractors	Supplier assessment Daily work review Site inspection/meeting with contractors
Government	Government Regulatory authorities	Written or electronic correspondences

## **I. ENVIRONMENTAL**

### **Environment and Natural Resources**

The Group operates its business in an environmentally responsible manner. It practises a green policy to its operation with the aim to prevent pollution, reduce waste, and enhance waste recycling.

The Group strictly follows laws and regulations relevant to environmental protection and adopted solutions to different kinds of pollutants at its construction sites.

#### **a. Air quality control**

- Storing sand, debris or other dusty materials outside of construction sites. The materials would be covered up or wetted;
- Enclosing the construction works with impervious dust screens;
- Wetting the working areas prior to, during and after works execution;
- Keeping the haul road wet by water sprinklers or water bowsers; and
- Washing vehicles to remove any dusty materials before leaving a site.

#### **b. Waste control**

- All excavated material or pure construction and demolition inert material (e.g. hard rock, sand, soil and broken concrete) should be sorted on site for reuse on the site or disposal to designated outlet (e.g. Public Fill Reception Facility); and
- All cardboard and paper packaging (for plant, equipment and material) should be sorted onsite. They should be stockpiled properly in dry condition and covered to prevent cross contamination by other construction and demolition waste.

#### **c. Noise control**

- Procedures are set up to regulate the allowable time and the specific types of equipment for conducting percussive piling works; and
- Noise barriers and hoarding were erected along the site boundary to abate both dust and noise impact.

To the best of the Group's knowledge, there were no material non-compliances concerning environmental laws and regulations during the Reporting Period.

## I. ENVIRONMENTAL (Continued)

### Greenhouse Gas (“GHG”) Emissions

In accordance with the “Air Pollution Control Ordinance” laid down by the Environmental Protection Department (“EPD”), all of the Group’s machinery uses fuel with sulphur content not exceeding 0.005% during industrial processes.

In the Reporting Period, the Group did not use any liquefied petroleum gas (“LPG”) or gas and had produced nil hazardous wastes from its operations. Therefore, it has no relevant GHG emissions to report.

The construction wastes of the Group mainly comprised of non-hazardous wastes including soil and sand.

The following presents the Group’s GHG emissions for the Reporting Period:

#### *GHG emissions from use of vehicles:*

Aspects 1.1	Unit: gram
Nitrogen oxides	833,100.35
Sulphur oxides	1,001.92
Respiratory suspended particles	63,084.63

#### *GHG emissions from mobile combustion sources:*

Aspects 1.2	Unit: kg (CO <sub>2</sub> equivalent)
Scope 1	
Carbon dioxide	162,139.41
Methane	172.61
Nitrous oxide	8,340.20

#### *Indirect GHG emission resulting from the generation of purchased electricity and water processing:*

Aspects 1.2	Unit	
Scope 2		
Indirect GHG Emissions	kg (CO <sub>2</sub> equivalent)	13,955.56
Indirect GHG Emissions intensity	kg (CO <sub>2</sub> equivalent)/office	13,955.56

#### *Non-hazardous wastes produced:*

Aspects 1.4	Unit	
Non-hazardous waste disposal	Tonnes	277,940
Non-hazardous waste intensity	Tonnes/construction project generating non-hazardous waste	9,584.14

## I. ENVIRONMENTAL (Continued)

### Use of Resources

The Group implemented a series of measures to enhance the awareness of environmental protection among employees with the aim to save energy, fully utilise resources and recycle wastes in the Group's operations.

The Group encourages employees to recycle used papers for printing and other operational use, and to reconsider the necessity of producing printed copies of electronic files during work. At its office, the Group adopted LED lightings and would require employees to turn off the lights whenever vacating the office area.

Most of the electrical appliances at the Group's office are energy efficient. When using air conditioning, employees are advised to set the temperature at an eco-friendly level of 25.5 degrees Celsius.

The following presents the Group's direct energy and water consumption for the Reporting Period:

#### ***Direct energy consumption in total and intensity:***

Aspects 2.1	Unit	
Electricity usage	kWh	21,964
Electricity usage intensity	kWh/office	21,964

#### ***Water consumption in total and intensity:***

Aspects 2.2	Unit	
Water consumption	cubic metre	206
Water consumption intensity	cubic metre/office	206

## II. SOCIAL

### Employment and Labour Standards

The Group is grateful to have the support of a dedicated team of industry professionals and employees. The HR policies the Group are in line with the employment laws in Hong Kong. The policies cover the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. Directors and senior management would participate in formulating remuneration packages for the entire employees which would be commensurate to their positions, job nature, qualifications and experiences. Remunerations are subject to annual review and would be adjusted appropriately based on performance appraisals. Internal promotions would be prioritized over external recruitment whenever there are job vacancies within the Group.

The Group prides itself as an equal opportunity employer. It fully complies with laws and regulations prohibiting unfair discrimination, including the Sex Discrimination Ordinance, the Race Discrimination Ordinance and the Disability Discrimination Ordinance. The Group builds a workplace with equity by a fair and just recruitment process in which job applicants should be selected based solely on their experiences and skills. An applicant's age, gender, family status, sexual orientation, physical disability, ethnicity and religion would not in any degree affect his or her chances of joining the Group. The same principle applies to employee appraisal and counselling processes.

To prevent any hiring of child labour or illegal labour, the Group's human resources department is instructed to pay particular attention to such illegal practices and follow the Group's standardized recruitment procedures. At recruitment, the interviewer is responsible to check the personnel identification documents of the job applicant to ensure the applicant is over the legally authorised working age. For foreign workers, the interviewer would check if the applicant holds an eligible working visa to work in Hong Kong.

To prevent forced labour practices, sufficient rest days are given to employees according to the Labour Ordinance. The Group would not force any employees to work overtime against their will.

The Group maintains high standards of business ethics and require its employees and subcontractors to abide by the Group's code of conduct.

During the Reporting Period, to the best of the Group's knowledge and except as disclosed in the prospectus of the Company dated 23 May 2018, there were no non-compliance cases regarding violation of any employment laws and regulations, including, but not limited to:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong); and
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong).

## II. **SOCIAL** (Continued)

### **Protecting employee's health and safety**

The Group is committed to providing both its employees and subcontractors with a safe and healthy working environment.

For each construction project, sufficient risk assessments and a safety plan would be conducted to ensure the safety of personnel working at the project site.

Specifically, the following safety measures are adopted:

- establishing the induction scheme which new construction workers will have an induction safety training provided by the main contractor or the Group within the first day in the respective construction site to equip with adequate knowledge with regards to safety and their work and/or relevant risk and hazard on work site;
- establishing a training scheme for construction workers without any experience working in a construction site within the first day in respect of the construction site safety, risks and hazards as well as knowledge with respect to the construction site and the Group's working relationship with the main contractor;
- providing sponsorship for employees to attend seminars and training sessions with respect to safety and skills development;
- arranging talks with construction workers after the occurrence of industrial accidents which workers are allowed to express their opinion in relation to the safety topics in the respective tool box talks;
- promoting workers' safety awareness in manual lifting; against fall from height and falling object; and to prevent "slip and trip" and improving on site cleanliness and tidiness; and
- setting up a drill program with the execution of emergency drill from time to time to maintain workers' safety awareness.

Although the Group has implemented a safety plan to mitigate safety risks, the occurrence of accidents at construction sites cannot be completely eliminated due to the work nature in the construction industry. In the Reporting Period, there were 1 fatal injury and 26 other injury cases reported. The fatality rate and injury rate for every 1,000 employees were 4.9 and 126.3, respectively. 1,917 lost workings days due to injuries were noted.

Except as disclosed in the prospectus of the Company dated 23 May 2018, the Group was not aware of any material non-compliance with the health and safety laws and regulations during the Reporting Period.

### **Training and Development**

To allow employees to excel at their career, while at the same time to ensure their safety at work, the Group had provided them with adequate support and on-site training.

The Group arranges training workshops or courses for its employees in relation to the skills and techniques required for carrying out the Group's construction services, as well as knowledge on occupational health and safety, which are to be conducted either through internal training or by external parties such as other training authorities through sponsorship of admission fees.



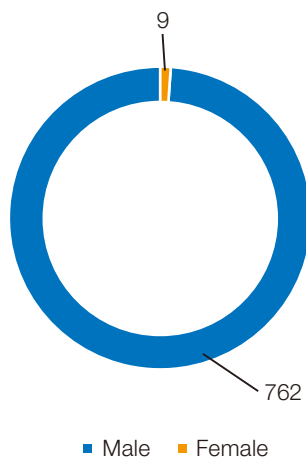


## II. SOCIAL (Continued)

### Training and Development (Continued)

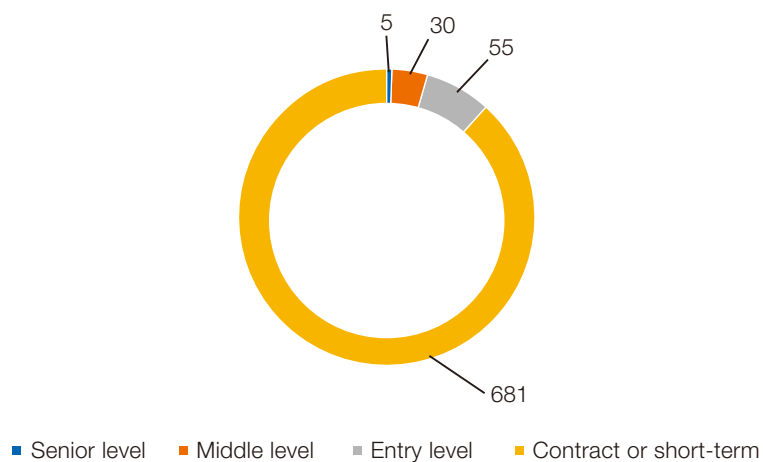
In particular, the Group ensures sufficient safety training would be provided to employees. Total hours for safety training organised for the Reporting Period were 771. The following presents the statistics over hours of safety training attended by employees based on gender and employment categories:

**Breakdown of training hours by gender**



As at 31 March 2018, the Group employed 189 male employees and 11 female employees. On average, each male employee attended 4.03 hours of safety training and each female employee 0.82 hours.

**Breakdown of training hours by employment category**



Classifying by employment categories, namely "Senior level", "Middle level", "Entry level" and "Contract or short-term", numbers of employees for each category were 4, 22, 16 and 158, and average training hours attended were 1.25, 1.36, 3.44 and 4.31, both respectively.

## **II. SOCIAL** (Continued)

### **Supply Chain Management**

To support the Group's commitment to delivering the best services to customers and adding value to the Group's stakeholders in terms of ESG, the Group's operation department practices thorough supply chain management.

Specifically, approved lists of suppliers and subcontractors are maintained.

The Group's suppliers are selected based on the following factors:

- Environmental compliance of products supplied;
- Quality of materials; and
- Any background issues concerning potential conflict of interests in supplying goods to the Group.

The Group would only purchase from approved suppliers to ensure quality of its purchases. Further, with reference to the quality requirement of its construction projects, the responsible project team or the directors would communicate with suppliers the quality requirements. At reception of goods at project sites, the foremen would be responsible to inspect the delivered goods to ensure they can meet the quality requirement.

For subcontractors, the following factors would be considered:

- Past safety records;
- Quality of works delivered to customers;
- Environmental compliance;
- Complaint records by customers;
- Labour practices, in particular the hiring of illegal labour; and
- Any background issues concerning potential conflict of interests in providing services to the Group.

Regular inspection on the quality and progress delivered by subcontractors would be performed by the responsible project team. The Group made it clear to subcontractors that it is a must to comply with labour laws and regulations when handling safety and employment matters at construction sites.

### **Service pledge to customers**

The cornerstone to the Group's success has been the trust built between itself and its customers. Accordingly, customer communication channels were set up, including office hotline and construction site representatives, for handling customers enquiries and complaints. The Group pledge to resolve any enquiries and complaints to the satisfaction of its customers and deliver the best construction services available.

During the Reporting Period, legal liabilities arising from defective construction works, disputes with customers, or customer data protection issues were not noted.

## II. SOCIAL (Continued)

### Anti-Corruption

Over the years, the Group witnessed nil suspected or actual bribery, extortion, fraud and money laundering activities occurring within the Group. The Group stands firmly by its anti-corruption policies and procurement practices as stated in its internal manuals. Acceptance of kickbacks, commissions or any forms of benefits are strictly prohibited during any procurement, contract negotiations or other business dealings.

The manuals also outline guidance over conflicts of interest, intellectual property rights, privacy and information confidentiality, bribery and corruption, and equal opportunities.

Gift policy in the Group's internal manuals clearly states the required process and procedure for handling and accepting gifts and advantages.

### Community Involvement

The Group encourages its employees to participate in charities and is looking forward to letting its employees to join more charity events in the future.