



Win Win Way Construction Holdings Ltd.

恆誠建築控股有限公司

(Incorporated in Cayman Islands with limited liability)

Stock Code : 994

## Environmental, Social and Governance Report

# 2018

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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1 About this report

### 1.1 Overview

This is the second Environmental, Social and Governance ('ESG') Report of Win Win Way Construction Holdings Ltd. and its subsidiaries (hereinafter referred to as 'Win Win Way' or 'the Group'). It covers the period from 1 January 2018 to 31 December 2018.

### 1.2 Reporting reference

This ESG report has been prepared in accordance with the HKEX Environmental, Social and Governance Reporting Guide ("ESG Guide"). For easy reference, an "HKEX Environmental, Social and Governance Reporting Guide Index" that maps the information contained in the report to this ESG Guide is provided in Appendix I.

### 1.3 Core business of the Group

During the period under review, the principal activities of the Group are the provision of foundation works and ancillary services, as well as general building works in Hong Kong. Our clients range from private to public sector organisations in Hong Kong.

### 1.4 Report boundary

In this ESG report, we have covered the policies and initiatives of the Group's construction services in Hong Kong during the period from 1 January 2018 to 31 December 2018. Unless otherwise specified, the disclosed environmental and social KPIs covers our head office and the following construction sites:

- Mei Tin Road Project – superstructure works;
- Peng Chau Project – superstructure works;
- Sha Tau Kok Project – superstructure works;
- Sha Tin Project – foundation works; and
- Sik On Street Project – superstructure works.

The above construction sites account for roughly 70% of the total contract sum of the Group's active construction sites in Hong Kong in 2018. We will continue to review our reporting scope in the future, and extend the report coverage based on the following criteria:

- significance of revenue against the respective financial year;
- potential ESG impact;
- geographical location; and
- associated new legislation requirements, if any.

### 1.5 Endorsement and approval

The Board of Directors has reviewed and approved this ESG report.

## 2 Stakeholder engagement and materiality assessment

### 2.1 Stakeholder engagement

We value the views and opinions of our stakeholders and recognise the importance of their input to the Group's sustainable development. To better understand the expectations of our stakeholders, we have previously conducted stakeholder engagement with our high-level executives and continually engage other stakeholders through various channels.

Based on the previous stakeholder engagement, we have identified the Group's most material ESG issues and have prioritised them into the below environment and social aspects. We are committed to taking proper measures so that these significant issues are addressed adequately throughout our business activities.

ESG Categories	Material aspects
Environmental	<ul style="list-style-type: none"> <li>– Wastewater discharge</li> <li>– Noise</li> <li>– Climate change</li> </ul>
Social	<ul style="list-style-type: none"> <li>– Health and safety</li> <li>– Anti-corruption</li> <li>– Product responsibility</li> </ul>

## 3 Environment

One of the main objectives of the Group is 'protecting the environment'. We aim to prevent environmental pollution, reduce waste and enhance waste recycling from our operations by implementing an Environmental Management System that meets all statutory requirements.

As per our Environmental policy statement, we are committed to:

- providing adequate and appropriate resources to implement the Group's Environmental policy;
- ensuring compliance with existing environmental laws and other relevant requirements;
- focusing on customer satisfaction to set the environmental objectives and targets that lead to environmental improvement;
- promoting environmental awareness at all levels through the provision of appropriate advocacy, education and training;
- initiating and implementing actions to prevent environmental pollution and improve environmental performance continuously; and
- communicating the Environmental policy to all employees and subcontractors.

### 3.1 Emissions

In managing our emissions, we comply with relevant local laws and regulations to properly and responsibly manage the environmental impacts arising from our business activities. The relevant laws and regulations mainly include:

- Air Pollution Control Ordinance (Cap. 311)
- Waste Disposal Ordinance (Cap. 354)
- Water Pollution Control Ordinance (Cap. 358)
- Noise Control Ordinance (Cap.400)
- Dumping at Sea Ordinance (Cap. 466)
- Environmental Impact Assessment Ordinance (Cap.499).

We formulate specific Environmental Management Plans (EMP) for our projects to effectively implement the mitigation measures, with proper monitoring and remedial measures that satisfy relevant requirements. Apart from regulatory requirements, we also adhere to the BEAM Plus requirements in five of the construction sites (Shatin, Sik On Street, Sha Tau Kok, Peng Chau and Mei Tin Road project) to further our efforts in controlling our emissions and resource use.

#### Noise control

Noise emission was identified as one of the material environmental aspects of our business operations. We strive to strictly adhere to relevant laws and regulations in managing the impact of construction noise on the surrounding environment.

We obtain necessary construction noise permits (CNPs) before commencing our construction projects, especially those involving night-time works or percussive piling. To reduce the noise level to an acceptable range, we minimise the number and type of plants used and apply for Noise Emission Labels for air compressors and handheld percussive breakers as per regulatory requirements. We also install noise barriers and use muffled breakers at our sites to further reduce the impact of construction noise on surrounding noise sensitive receivers.

The noise level at our construction sites is regularly monitored to ensure that the requirements and specifications of their respective CNPs are met. During the year under review, the monitoring results of five sites covered in this report did not exceed the noise level limit set by the CNPs.

### Wastewater discharge

Another material aspect of the Group is wastewater discharge. Before commencing construction works, we obtain effluent discharge licences from EPD.

To ensure compliance with discharge licence, wastewater is treated using the on-site wastewater treatment facilities before being discharged to communal drains. Pollutants removed during the water treatment process are properly disposed of as per relevant regulatory requirements. For our site at Shatin, the wastewater from foundation works is treated and recirculated for other purposes like vehicle washing and water spraying for dust suppression.

We conduct monthly inspections of the effluent discharge. Determinants include flow rate, pH, chemical oxygen demand (COD) and suspended solids as required by the licence. According to the monitoring results, all five sites covered did not exceed their respective discharge limitations during the reporting year.

### Air emissions

The fuel use of machinery and mobile generators during construction will result in air emissions. Under the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation, approval from the Environmental Protection Department is required for the use of regulated machines and non-road vehicles. To reduce air emission, we use ultra-low-sulphur diesel in all diesel-operated construction plants and set up screens to reduce the impact of exhaust fumes on the public when necessary.

For dust control, we regularly spray water on unpaved roads and exposed or loose soils surfaces to suppress dust emissions. Vehicles would also go through wheel washing facilities before leaving the sites to remove any dusty materials.

### Waste management

We take proactive measures for environmental protection, and manage our waste on site with the ultimate goal of minimising the wastes generated from our construction activities. This is achieved through the proper collection, storage, transportation, disposal and treatment of wastes.

To meet our waste reduction goals, we formulate Waste Management Plans for projects with clear guidance on the handling of different kinds of waste. We take measures to reduce waste generation at source and systematically sort the wastes, followed by the recovery of any reusable or recyclable parts such as metal parts from temporary works, as well as paper packaging from general refuse. To encourage recycling of waste, we also provide recycling bins at our construction sites.

We send waste to construction waste sorting facilities and public fill so more construction and demolition (C&D) wastes can be recovered as far as possible. We designate storage locations for chemical wastes such as used lubricated oil, diesel and residual paint during site planning. Our safety officers would perform regular inspections to ensure proper storage. The collected chemical wastes are properly disposed of by a qualified licensed chemical waste collector.

Waste disposal	Unit	2018
General and construction waste	tonnes	5,018
Hazardous waste	tonnes	0

### Climate change

Due to climate change, we are anticipating more frequent inclement weather with more frequent heavy rainfall.

To address this issue, we plan our works to avoid the rainy season whenever possible to minimise runoff and soil carried off-site. We also try reduce our carbon emission through more efficient use of resources, particularly in electricity and fuel use. For further details of the initiatives done, please refer to the following section.

### Regulatory compliance

During the year under review, we were not aware of any material non-compliance relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

## 3.2 Use of resources

In our operations, we rely on different resources to deliver quality construction work. That includes electricity for our site offices and headquarter, diesel for our machineries and generator sets, petrol for our site vehicles, and water for different processes. We strive to conserve resources within our operations. Different resource-saving measures are implemented during the various stages of construction to conserve energy, water, paper and other office supplies. The measures taken range from improvement in equipment efficiency, reuse and recycling of materials, to the behavioural change of our people.

To conserve resources, the Group continuously implements various measures including:

- converting and retrofitting construction machines to fit into different construction sites;
- reusing timber and concreting formboards in construction sites where possible and recycling materials like metal parts, plastics and paper packaging; and
- reusing treated construction wastewater for water spraying and wheel washing when possible.

We also implement green office practices at our offices, with examples like:

- replacing T5 light tubes with LED lights;
- selecting computers with “Energy Star” logo;
- encouraging employees to turn off or unplug any electrical appliances that are not in use, such as light, computer or chargers; and
- encouraging duplex printing in our offices.

Use of resources	Unit	2018
Purchased electricity	kWh	438,534
Diesel <sup>1</sup>	Litre	19,844
Petrol <sup>1</sup>	Litre	305,656
Water	m <sup>3</sup>	5,503

<sup>1</sup> Reported diesel and petrol data cover all vehicle and machinery consumption at all sites of the Group in Hong Kong.

### 3.3 Environment and natural resources

The major environmental issues in our business regarding emissions and the use of resources are discussed in the above sections.

## 4 Social

### 4.1 Employment and labour practices

The Group recognises the significance of talent management in achieving our long-term business growth. In managing our talents, the Groups upholds the principles of fairness and market competitiveness, as well as rewards on high performances.

We are an equal opportunity employer and oppose any form of discrimination in the hiring process. Employment opportunities and treatment of employees are not affected by personal attributes like race, religion, nationality, age or gender. The Group also strictly prohibits any act of sexual harassment.

The Group provides competitive remuneration packages to staff. Employees who have completed the probation period are entitled to medical insurance as well as bonuses and allowances. The Group has set reasonable working hours, rest periods, and different types of leave including annual, maternity and examination leave, to further cater to the personal needs of employees. In addition to the basic benefits, we also provide meals to workers at the construction sites.

We conduct annual remuneration review of employees based on their performance. As per our policy on promotion, we prioritise internal promotion and would only seek to hire through open recruitment when internal promotion is not suitable.

All human resources policies are communicated through the employee handbook and other communication channels such as bulletin postings or emails, to ensure all staff members are well aware of their rights and responsibilities.

### Regulatory compliance

During the year under review, we were not aware of any material non-compliance relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, as well as other benefits and welfare.

Employee Statistics	2018
Total number of staff in head office	54
– Male	40
– Female	14
– Aged under 30	5
– Aged 30 – 50	38
– Aged over 50	11
Turnover rate	18.5%

## 4.2 Health and safety

As the Group is primarily involved in construction activities, occupational health and safety is one of the top priorities. We adhere to relevant health and safety laws (e.g. Occupational Safety and Health Ordinance (Chapter 509)) and have a Safety, Health and Environment policy in place to ensure good health and safety of our employees.

We have designated person in charge of safety issues to better manage health and safety issues. Safety officers will regularly review and check for updates of the relevant laws, and make regular inspections to ensure safety. Besides regular inspections, we also provide monthly industry safety training and occupational risk assessments to increase employees' awareness and reduce the chance of work accidents.

Depending on the nature of their work, workers are required to wear appropriate personal protective equipment. No workers are allowed to operate machineries or perform high-risk tasks such as working in confined space or working with electrical appliances without strict supervision and approval of supervisors.

We have informed workers about planned escape routes in case of emergencies and have provided proper signage and instruction for caution areas in the workplace. When employees identify potential health and safety risks, they are required to escalate the issues to management for follow-up actions.

During the year, there were three cases of work-related injuries at our construction sites, with one fall accident resulting in a prolonged injury of the worker. In response to the accident, we have taken appropriate remedial actions including training on construction safety for our workers and putting up more safety posters and instructions at the different areas of the site.

### Regulatory compliance

During the reporting period, we were not aware of any material non-compliance with laws and regulations regarding occupational health and safety.

Work-related injuries	2018
Cases of work-related fatalities	0
Cases of work-related injuries	3
Lost-days due to work-related injuries	345.5

## 4.3 Development and training

As employee's capabilities can drive the long-term development of the Group, we seek to enhance their skills by providing them with various training opportunities. The Group has a Training Policy that is focused on imparting training and qualifications to the management, aiming at:

- maintaining and enhancing the technical knowledge and professional skills of the management;
- assisting members to apply new techniques, understand economic development, and evaluate its impact and meet changing responsibilities and expectations; and
- adhering to the relevant laws and regulations.

Employee training could be in forms of in-class learning, E-learning, seminars and coaching. Staff members taking part in external training are also encouraged to share their learning with other colleagues. When necessary, employees taking part in professional examinations are granted paid leaves as well. Under the current policy, the major training topics include:

- regulatory compliance (e.g. relevant Listing Rules, Corporate Governance Code, the Securities and Futures Ordinance and other applicable rules and regulations in Hong Kong and overseas);
- anti-bribery and anti-money laundering;
- tax regulations;
- environmental, health and safety regulations; and
- relevant rules/regulations in the construction industry.

### 4.4 Labour standards

Use of forced and child labour is strictly prohibited by the Group. We adhere to all relevant regulations and laws to safeguard the rights of our employees and do not tolerate labour exploitation.

All relevant laws are regularly reviewed to ensure the compliance of our labour practice. During the recruitment process, we verify the applicant's age and the practice is extended to the supplier selection process as well. Any non-compliance will be escalated to the director for further investigation and handling.

#### Regulatory compliance

During the reporting period, we were not aware of any material non-compliance with laws and regulations regarding child labour and forced labour.

### 4.5 Supply chain management

In our construction projects, we work with different subcontractors and suppliers. Therefore, supply chain management is important to the Group's provision of quality construction work.

The Group has in place well-established procedures to select and monitor subcontractors and supplier partners. Our procedures in selecting suppliers for projects are well-documented in the Selection of Subcontractor and Supplier policy, which requires careful assessment of suppliers based on criteria such as reputation, capability, work quality, experience and other relevant factors.

During our projects, we continue to monitor supplier performance and adopt adequate control measures to ensure that the purchased products conform to project specifications. Beyond quality and legal compliance, we expect our subcontractors to adopt fair labour practices and demonstrate environmental stewardship. Our requirements for suppliers are communicated in the Supplier Code of Conduct, and we evaluate supplier performance through site visits to confirm their compliance with the code. Only those who pass the evaluation would stay on our Approved Subcontractors/Suppliers List, and severe non-compliance may ultimately lead to cease of collaboration.

We also have a separate Procedure for Selection of External Professional Parties, which provides guidance on appointing external professional advisers based on factors such as quality and independence.

### 4.6 Product responsibility

It is our goal to improve the quality of life in society and build for a better environment. To achieve this goal, we strive to deliver high-quality, safe construction services to our clients.

To ensure the delivery of high-quality services consistently, the Company has established and implemented an ISO 9001-certified quality management system. It provides reliable assurance of the contracted services and works we deliver to our clients, and fulfils the following criteria:

- meeting customer expectations and relevant regulatory requirements;
- satisfying customers through continuous improvement of products and services; and
- fulfilling contract requirements with quality management as our top priority.

To fulfil the Group's responsibility towards the society, business partners, employees and subcontractors, we have a Code of Ethics that highlights our moral standards and professional practice. Guided by the code, we run our business with integrity and do not make any false claims regarding our products and services. We respect intellectual rights and prohibit the use of unauthorised products and services, and only purchase from authorised suppliers or copyright holders.

The Group is committed to protecting the privacy of clients, staff members and business partners, as per relevant policies and regulations. Our Disaster Recovery Plan has documented various precaution techniques to protect information and systems from attacks and threats. In addition, we have set different access levels for employees of different levels to prevent unauthorised personnel from obtaining sensitive information.

### Regulatory compliance

During the reporting period, we were not aware of any non-compliance of laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and method of redress.

## 4.7 Anti-corruption

Employees at all levels are required to conduct themselves with integrity, impartiality and honesty. We strictly adhere to the Prevention of Bribery Ordinance of Hong Kong (Chapter 201). In addition, we have in place an Anti-bribery and Corruption policy, which provides a clear definition of bribery and corruption acts, and documents the internal control and escalation procedures in handling suspected cases.

As a supplement to the Anti-bribery and Corruption policy, the Staff Discipline policy provides guidance on employees' behaviour, including the acceptance of gifts and conflict of interests, to further enhance the awareness of employees. The above policies ensure that employees across levels adhere to anti-bribery laws and follow the best practices in combating corruption in all business operations of the Group.

We also seek to promote awareness of our employees through anti-corruption training. During the year, our colleagues attended anti-money laundering training, which covered topics including updates on regulatory changes, banking requirements and the detection of money laundering.

Our staff members are encouraged to report suspected corruption cases. We have a Whistle-blowing policy that protects the whistle-blower from possible retaliation while discouraging malicious allegations made in bad faith through established mechanisms. Under the policy, the whistle-blower's identity is protected and retaliation is not permissible against him or her. We will investigate the reported incidents thoroughly and will take disciplinary actions against any misconduct. In addition, we shall report suspected corruption cases to the Independent Commission Against Corruption.

### Regulatory compliance

During the reporting period, we were not aware of any material non-compliance with laws and regulations regarding anti-corruption.

## 4.8 Community investment

The Group sincerely believes that growth is closely tied to the surrounding community and the environment. We promote environmental awareness and donate to charity. In addition, we encourage our employees to participate in community events and make charitable donations.

## A Appendix I: HKEX Environmental, Social and Governance Report Guide Index

	Aspects	Section	Remarks
<b>A</b>	<b>Environmental</b>		
<b>A1</b>	<b>Emissions</b>	3.1	
A1.1	The types of emissions and respective emissions data	3.1	
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	–	Greenhouse gas is not identified as material to the Group. We will continue to observe regulatory changes to update any disclosures needed in the future
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1	
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	3.1	
A1.5	Description of measures to mitigate emissions and results achieved.	3.1	
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	3.1	

Aspects		Section	Remarks
<b>A2</b>	<b>Use of Resources</b>	3.2	
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).	3.2	
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	3.2	
A2.3	Description of energy use efficiency initiatives and results achieved.	3.2	
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	3.2	There is no issue in the sourcing of water that is fit for purpose.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	3.2	Packaging material used is not identified as material to the Group. We will continue to observe regulatory changes to update any disclosures needed in the future.
<b>A3</b>	<b>The Environment and Natural Resources</b>	3.3	
A3.1	Description of the significant impacts of activities on the environment and natural resources and the action taken to manage them.	3.3	
<b>B</b>	<b>Social</b>		
<b>B1</b>	<b>Employment</b>	4.1	
B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1	
B1.2	Employee turnover rate by gender, age group and geographical region.	4.1	

	Aspects	Section	Remarks
<b>B2</b>	<b>Health and Safety</b>	4.2	
B2.1	Number and rate of work-related fatalities.	4.2	
B2.2	Lost days due to work injury.	4.2	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	4.2	
<b>B3</b>	<b>Development and Training</b>	4.3	
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	–	
B3.2	The average training hours completed per employee by gender and employee category.	–	
<b>B4</b>	<b>Labour Standard</b>	4.4	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	4.4	
B4.2	Description of steps taken to eliminate such practices when discovered.	4.4	
<b>B5</b>	<b>Supply Chain Management</b>	4.5	
B5.1	Number of suppliers by geographical region.	4.5	
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	4.5	

Aspects		Section	Remarks
<b>B6</b>	<b>Product Responsibility</b>	4.6	
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	4.6	
B6.2	Number of products and service related complaints received and how they are dealt with.	4.6	
B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.6	
B6.4	Description of quality assurance process and recall procedures.	4.6	
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	4.6	
<b>B7</b>	<b>Anti-corruption</b>	4.7	
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.	4.7	
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	4.7	
<b>B8</b>	<b>Community Investment</b>	4.8	
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	—	
B8.2	Resources contributed (e.g. money or time) to the focus area.	—	