Environmental,
Social And
Governance Report
2019
環境、社會及管治報告

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

OUR VISION

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

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

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ABOUT THE REPORT

This is the third 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 reviews IWS's management approach and performance on environmental and social aspects and should be read in conjunction with IWS's 2019 Annual Report. 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 34 to 51 of our Annual Report 2019 for the Corporate Governance Report.

The purpose of the report is to improve stakeholders' understanding of the Group's policies and performance in respect of ESG and to present ongoing sustainability initiatives directed towards the community and the environment. We 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.

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,
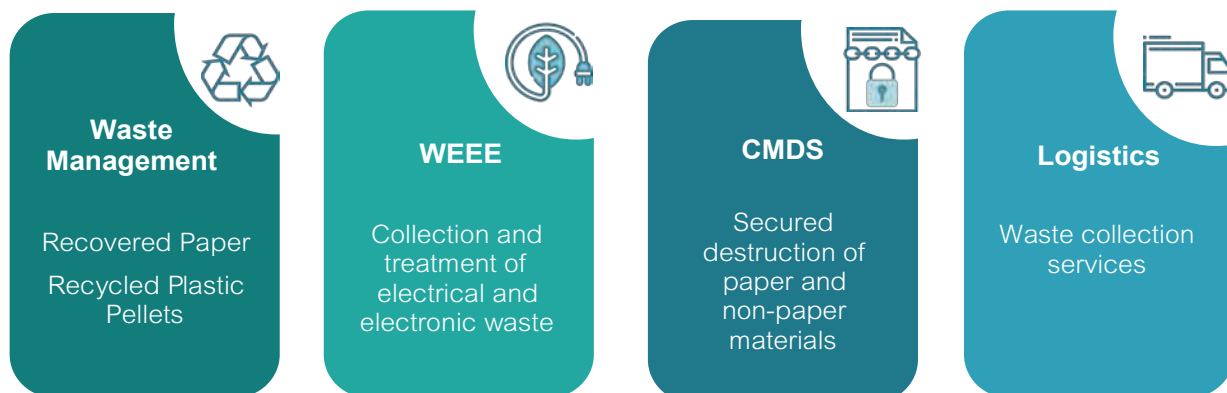New Territories,
Hong Kong
Email: info@iwsgh.com

Reporting 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.

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 in this report cover the period from 1 April 2018 to 31 March 2019 ("FY2019").

ABOUT IWS

IWS engages in waste management, providing waste collection, treatment and recycling services to a wide range of customers in both public and private sectors. The Company was founded in 1968 and we have now become a leading integrated waste solutions provider in Hong Kong.

Waste Management Recovered Paper Recycled Plastic Pellets	**WEEE** Collection and treatment of electrical and electronic waste	**CMDS** Secured destruction of paper and non-paper materials	**Logistics** Waste collection services

We provide solid waste management services including waste paper management, confidential materials destruction service and waste plastic recycling. Our logistics fleet provides waste collection services through our broad collection network. While the business in recovered paper is dependent on the environmental policy of the People's Republic of China (the "PRC" or "China"), CMDS business is growing steadily given the growing awareness on data privacy and information security. Operations of waste electrical and electronic equipment ("WEEE") treatment business, a joint venture with the ALBA Group, have also started serving the local needs of electronic waste treatment.

In addition to handling waste paper, we launched the recycled plastic pallets project in the 4th quarter of 2017, which produces high quality plastic pellets for industrial use. As the ban on waste imports by Mainland China has boosted demand for recycled plastic as raw materials for manufacturing, we continue to seek new business opportunities through developing technologies and capacity for plastic waste recycling. In October 2018, one of our subsidiaries, IWS Waste Management (International) Limited ("IWS International"), entered into a Co-operation Agreement with FTM Polymer Limited ("FTM") to jointly develop business in engineering recycled plastic pellets.
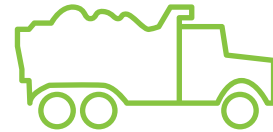
FY19 ENVIRONMENTAL BENEFITS

During the year, **84,983** tonnes of paper and **2,905** tonnes of plastics were recycled under our waste paper, CMDS and plastics businesses. They are equivalent to:

Saving
1,444 thousand
mature trees*

Saving
120 thousand tonnes
of fuel oil

Saving
279,088 m³
of landfill space

Conserving
2,284 thousand tonnes
of water*

Conserving
365 million kWh
of electricity

Producing
68 thousand tonnes
of recycled paper*

*   Calculation based on paper recycling performance only.

MESSAGE FROM CEO

Dear Valued Stakeholders,

I am delighted to present IWS's ESG Report for the financial year ended 31 March 2019.

During the year, the Group made progress in diversifying its waste management business by seizing opportunities available. With the growth in Confidential Material Destruction Services ("CMDS") business and recent projects that include recycled plastic, we are striving to make greater contributions to mitigating the waste problem which has been one of the global environmental challenges. We are committed to shouldering our environmental and social responsibilities through ensuring operational excellence, environmental compliance and occupational health and safety.

Recognising the environmental benefits and impact of our businesses, we have begun aligning our environmental policies and practices with the United Nations Sustainable Development Goals (SDGs). In addition to ensuring strict compliance with the relevant environmental standards, laws and regulations, including waste management and pollution, we will continue to strive for more value-addition initiatives, including the installation of solar panels at our building and increasing operational efficiency of our fleet, aiming to play our role in conserving resources on the planet. More importantly, we closely monitor the risk and opportunities brought by the environmental policies in Hong Kong and China.

The Group embraces professionalism when it comes to products and service quality. By engaging with customers through various communication channels, we do our best to meet customers' expectations, especially on protecting information security at our CMDS. We maintain a strict quality control mechanism and related practices with our expertise in all of our business segments, including but not limited to suppliers' management and complaint handling.

Our growth would not have been possible without the contribution of employees. We are committed to providing them with healthy and safe working environment. Believing that educating employees is crucial in preventing accidents, training on mechanical and chemical safety is the focus of our work on occupational health and safety. We also strengthen employees' safety knowledge and raise their awareness on safety risks through the safety committee which ensure effective internal communication on related issues.

Despite the challenges faced by the waste management industry, the Group does not hesitate in communicating with stakeholders on sustainability issues, as we believe a sustainable business eventually brings long term value to the Group and its stakeholders. We would like to take this opportunity to thank our employees, business partners, non-governmental organisations, academia and the government for their support and we look forward to collaborating further on sustainability issues in the near future.

By Order of the Board
Lam King Sang
Chief Executive Officer

Hong Kong, 6 August, 2019

ESG MANAGEMENT APPROACH

ESG related issues are managed, implemented and monitored by relevant department heads, who report to the Board of Directors which oversees the overall strategy. In the long term, we aim to gradually integrate environmental and social aspects into our daily operations.

Stakeholder Engagement

The Group has established procedures for managing communications with internal and external stakeholders from different sectors and backgrounds, including employees, customers, investors, NGOs, suppliers and subcontractors. Appropriate communication platforms and channels are set up and maintained, aiming to engage and consult stakeholders on relevant issues and understand their needs. The table below summarises our stakeholder engagement approach and key topics concerned.

| Stakeholders	Engagement Approach	Key topics concerned
Employees	Regular meetings Notice board Grievance system Employees activities	Welfare and benefits Training and development Occupational health and safety
Customers	Regular meetings Customer satisfaction survey Complaint handling mechanism	Product quality Customer privacy protection
Suppliers and subcontractors	Regular meetings Regular assessments	Supply chain management
Government	Meetings	Environmental compliance Developments in environmental policies
Community	Engagement with NGOs Public enquiries	Environmental benefits derived from business Waste management
Shareholders and investors	Annual and interim reports ESG report Press releases Annual meeting Company website	Financial performance ESG performance Corporate governance

ESG MANAGEMENT APPROACH

Materiality Assessment

We conducted a materiality assessment based on views and feedback collected from stakeholders via online survey and phone interviews during FY2018. With reference to the Global Reporting Initiative (GRI) guidelines, we identified, prioritised, validated and reviewed the potential material aspects in order to evaluate the ESG impact of our business. This year, the management reviewed the materiality aspects and confirmed that the top 5 material topics are:

1)   Customer privacy protection;
2)   Environmental benefits derived from corporate business;
3)   Customer satisfaction;
4)   Environmental compliance;
5)   Anti-corruption

Other material aspects include occupational health and safety, quality products and services, energy saving, waste management and employee communication. The Group strives to address the related risks through continuous engagement with stakeholders and adjusting its ESG strategy, policies and measures, which reflected in the ESG report.
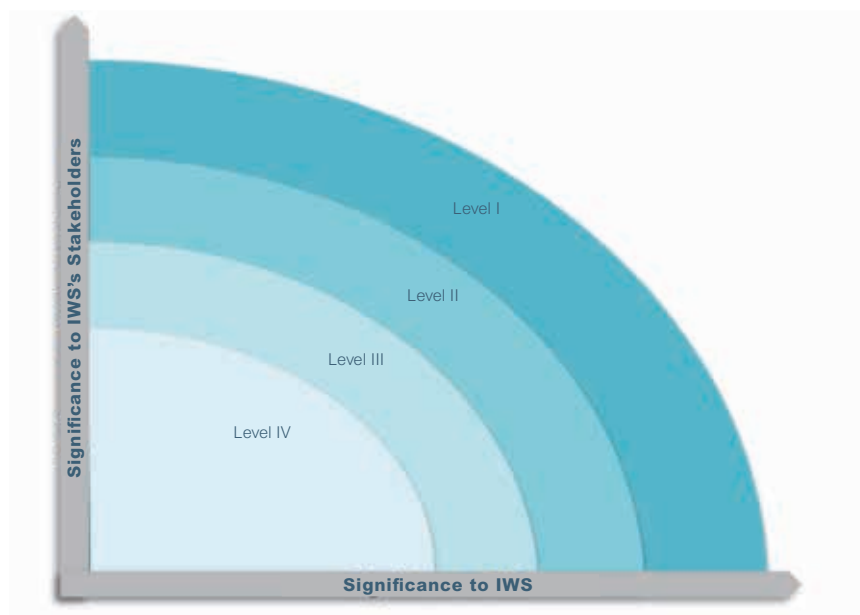
Level I (Material topics)	Level II	Level III	Level IV
(1) Customer Privacy Protection	(6) Occupational Health Safety measures	(11) Talent Management	(16) Precautionary Measures of Child/Forced Labour
(2) Environmental Benefit Derived from Corporate Business	(7) Quality of Products and Services	(12) Emissions	(17) Community involvement
(3) Customer Satisfaction	(8) Energy Saving and Emission Reduction Measures	(13) Diversity and Equal Opportunity	(18) Supply Chain Management
(4) Environmental Compliance	(9) Waste Management	(14) Use of Resources	(19) Use of Packaging Materials
(5) Anti-corruption	(10) Employee Communication	(15) Employee Training and Promotion	

ESG MANAGEMENT APPROACH

Aligning with the Sustainable Development Goals

As a business contributing to environmental protection, the Group recognises the importance of addressing global environmental challenges. We have aligned our initiatives with SDGs, and will strive to take further actions for promoting sustainable business practices in the industry.

SDG	Specific Target	Our initiatives
Goal 6 – Clean Water and Sanitation	• Target 6.3 – Reduce pollution • Target 6.4 – Improve water usage efficiency	• Promote water recycling by adopting a closed loop water recycling system • Explore new materials and equipment models with greater water usage efficiency • Conserve water in daily operations
Goal 7 – Affordable and Clean Energy	• Target 7.3 – Improve global energy efficiency	• Improve the energy efficiency of equipment and production processes • Installation of solar panels at the Integrated Waste Solutions Building is in progress
Goal 12 – Responsible Consumption and Production	• Target 12.4 – Achieve environmentally sound management of chemicals and all wastes throughout the lifecycle of the products • Target 12.5 – Reduce waste generation	• Reuse packaging materials to the greatest possible extent • Transform used plastic packaging materials and unqualified plastic products into raw materials for the Group's production lines
Goal 13 – Take urgent action to combat climate change and its impacts	• Target 13.1 – Strengthen capacity for addressing and adapting to climate-related disasters and natural disasters • Target 13.3 – Improve the ability to raise awareness on need for climate change mitigation, adaptation and impact reduction	• Fully disclose greenhouse gas emissions data • Establish guidelines to mitigate mobile source emissions

ESG MANAGEMENT APPROACH

Membership and Awards

The Group has been actively participating in environmental initiatives and collaborating with governmental departments and external green organisations, leveraging its role as a waste solutions provider to facilitate efficient waste management and sustainable development of society.

Below is a list of memberships and awards the Group attained during the year.

Memberships	
Organisation	**Membership Company**
Hong Kong Waste Management Association	IWS Waste Management Company Limited
Hong Kong Recycled Materials & Re-Production Business General Association Limited	IWS Waste Management Company Limited
Business Environmental Council	Integrated Waste Solutions Group Holdings Limited

Awards and Recognitions		
Name of Award	**Awarded by**	**Awarded to**
Green Hero Alliance Program	World Green Organisation	Integrated Waste Solutions Group Holdings Limited
Sustainable Product Supplier	Business Environmental Council	Integrated Waste Solutions Group Holdings Limited
Hong Kong Green Organisation – Wastewi$e Certificate (Basic Level)	Environmental Campaign Committee	Integrated Waste Solutions Group Holdings Limited
Hong Kong Green Organisation	Environmental Campaign Committee	IWS Logistics Limited

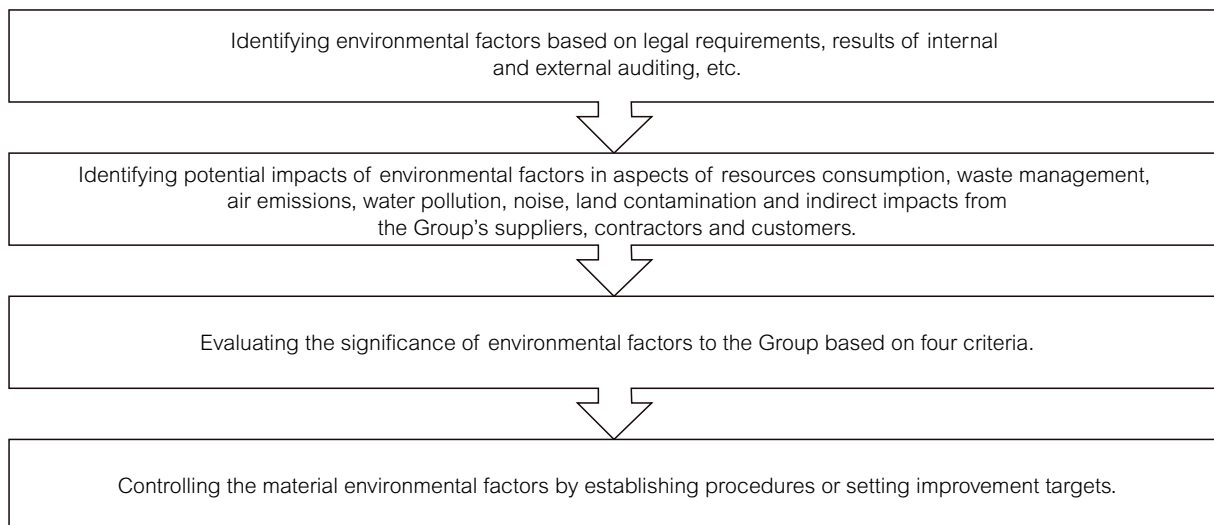| Licenses and Registrations		
Name of license/registration	**Issued by**	**Issued to**
Waste Cooking Oils Collector	Environmental Protection Department	IWS Waste Management Company Limited
NAID Certification for Onsite & Plant-based Degaussing & Destruction Operations	National Association for Information Destruction	Confidential Materials Destruction Service Limited
License of Registration for Overseas Supplier Enterprise of Imported Solid Wastes as Raw Materials	General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China (AQSIQ)	Confidential Materials Destruction Service Limited IWS Waste Management Company Limited
Registered Waste Producer under the Waste Disposal (Chemical Waste) (General) Regulation	Environmental Protection Department	Confidential Materials Destruction Service Limited

OUR ENVIRONMENT

As a leading waste management solutions provider, the Group is committed to producing the highest quality of recycled products and providing efficient waste management services for the community, at the same time implementing effective practices within its business operations to preserve the environment.

Environmental Management

The Group demonstrates its environmental stewardship through optimisation of its ISO 14001:2015-certified environmental management system. To achieve continual improvements in the system, we have established quantitative environmental control objectives, undertaking to resort to all viable means to reduce pollution, optimise resources utilisation and dispose of waste in a responsible manner. During the year, the Group achieved the annual environmental objectives of participating in more than 4 environmental protection initiatives and receiving zero external environmental complaints.

The Group identifies, evaluates and controls any direct and indirect environmental factors arising from its business operations through a four-step process. For environmental factors identified as material to the Group, relevant control procedures or guidelines are established for effective management and control. A management representative is responsible for the overall coordination of the environmental factors identification and evaluation process.

Identifying environmental factors based on legal requirements, results of internal and external auditing, etc.

Identifying potential impacts of environmental factors in aspects of resources consumption, waste management, air emissions, water pollution, noise, land contamination and indirect impacts from the Group's suppliers, contractors and customers.

Evaluating the significance of environmental factors to the Group based on four criteria.

Controlling the material environmental factors by establishing procedures or setting improvement targets.

Process of identification, evaluation and control of environmental factors
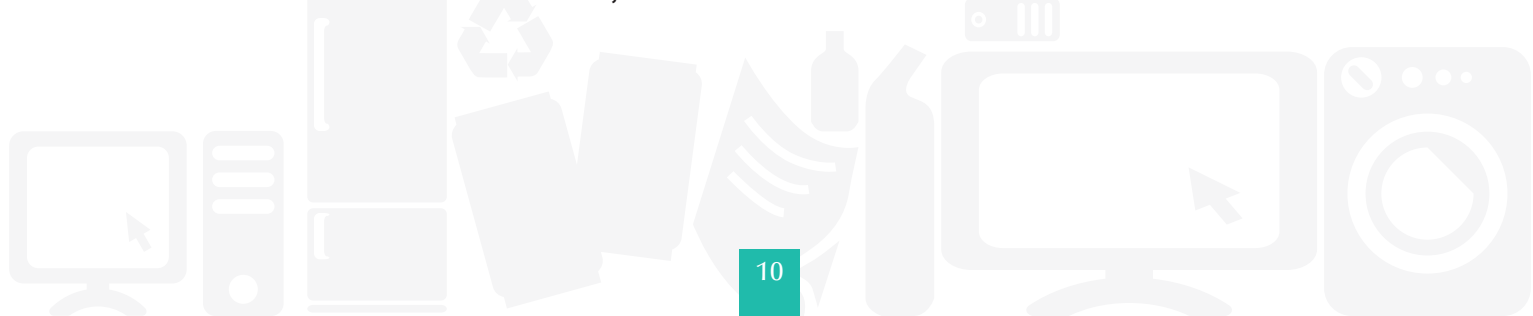
OUR ENVIRONMENT

The Group strictly complies with relevant environmental laws and regulations, including the Waste Disposal Ordinance, Water Pollution Control Ordinance and Air Pollution Control Ordinance. We closely monitor the trends and changes in regional and local environmental policies to keep our management system updated. The supervisor of each subsidiary identifies applicable environmental laws and regulations for the management representative's approval. The list of approved laws and regulations is then distributed to relevant personnel to ensure their full understanding and compliance with respect to the environmental laws and regulations.

During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
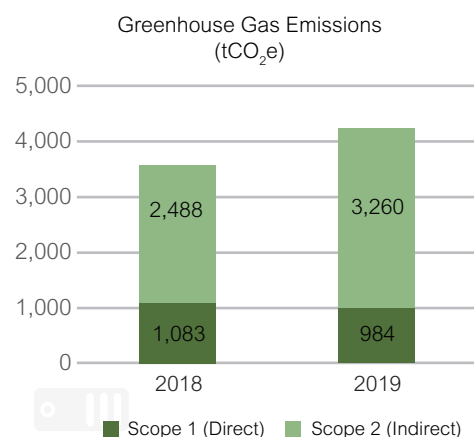
Emissions

Air Emissions

The Group's air emissions mainly comprise of mobile sources of emissions generated from the logistics business. During the year, the Group's vehicles generated 4.57 kg, 2,577.96 kg and 198.51 kg of sulphur oxide (SOx), nitrogen oxide (NOx) and particulate matter (PM) respectively. The gradual decline is due to reduced usage of medium and heavy trucks.

Air Emissions	FY2018	FY2019	Change (%)
SOx (kg)	5.33	**4.57**	**-14.26%**
NOx (kg)	6,344.80	**2,577.96**	**-59.37%**
Particulate Matter (kg)	470.82	**198.51**	**-57.84%**

GHG Emissions

The Group directly generates greenhouse gases (GHG) through the combustion of petrol and diesel by its forklifts and vehicles. Indirect GHG emissions are generated from purchased electricity. During the year, direct emissions (Scope I) amounted to 983.85 tonnes of carbon dioxide equivalent (tCO_2e) while indirect emissions amounted to 3,260.35 tCO_2e. The total GHG emissions generated were 4,244.20 tCO_2e, with an emission intensity of 21.62 tCO_2e per million HK$ revenue.

Greenhouse Gas Emissions
(tCO_2e)

	2018	2019
Scope 2 (Indirect)	2,488	3,260
Scope 1 (Direct)	1,083	984

■ Scope 1 (Direct) ■ Scope 2 (Indirect)

OUR ENVIRONMENT

Emission Control

Realising that vehicles are one of the major sources of the Group's emissions, the Group is committed to mitigate vehicle emissions in various ways, including establishment of guidelines for the use and operation of company vehicles. To ensure effective management, drivers need to carry out checks and record in the "Driver's Daily Schedule" for the Administration Department's regular review.

**The Use and Maintenance of Vehicles**
- Switch off idling engine
- Prohibit the use of illegal fuel
- Select the shortest route to the destination
- Select maintenance providers from the approved list only
- Regularly arrange maintenance inspections to ensure engine efficiency

Besides, emissions can be effectively cut down through sound management of energy. The Group has been adopting a variety of measures to reduce the use of fossil fuel and to maximise use of clean energy. For details, please see section "Resources consumption and conservation".

Noise Control

Noise is inevitably generated from the operation of exhaust fans, shredders, automatic balers and forklifts. In view of this, the Group has established an internal procedure for better noise control in areas where we operate. The supervisor arranges routine maintenance and checks to ensure proper operation of the above-mentioned equipment. Operations during the noise control period are also avoided.
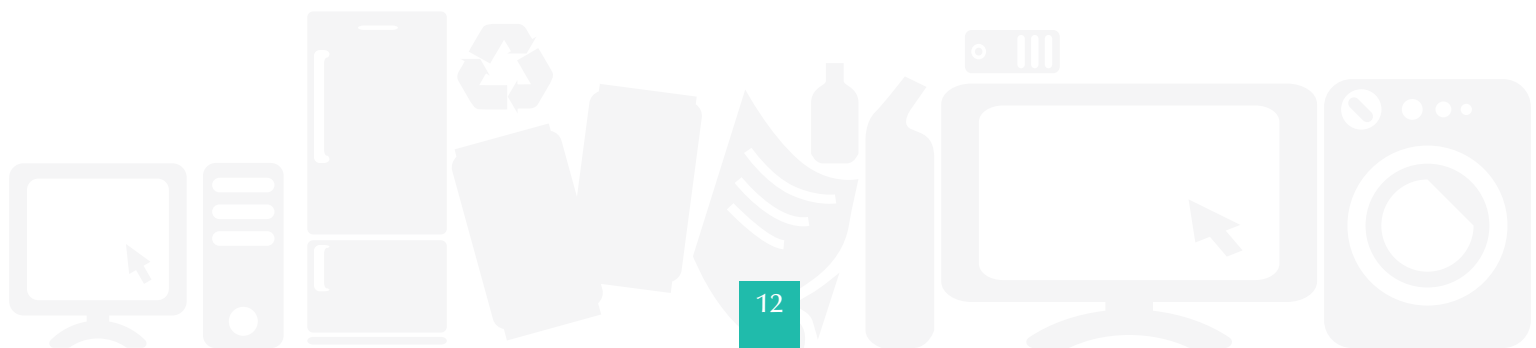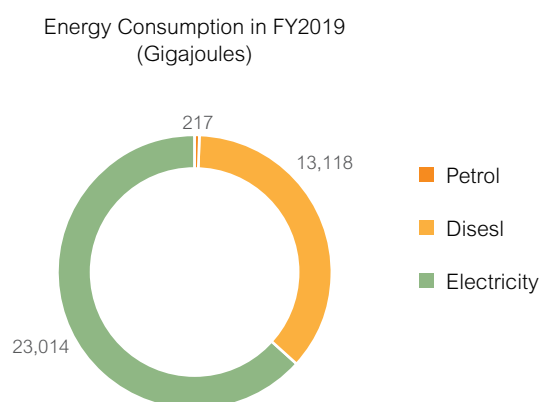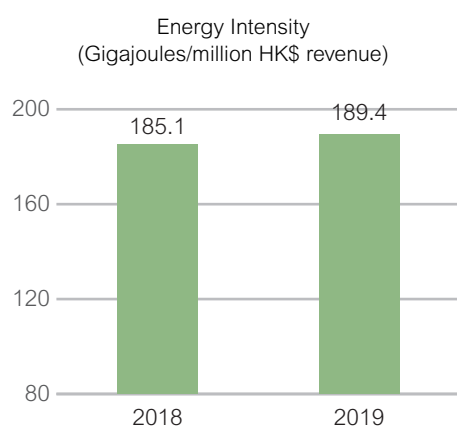
OUR ENVIRONMENT

Resources consumption and conservation

Energy

The major energy use of the Group includes diesel for forklifts, petrol and diesel for the Group's vehicles and the logistics business, as well as purchased electricity. During the year, we consumed a total of 36,348.88 GJ of energy, as compared to 33,236.2 GJ in FY2018. The rise is due to the increased production of recycled plastic pellets. Consumption of fuel oil and purchased electricity accounted for 36.69% and 63.31% respectively of the total energy consumption.

Energy Consumption	FY2018	FY2019	Change (%)
Petrol (Litres)	10,086.70	**6,801.58**	**-32.57%**
Diesel (Litres)	400,502.70	**366,369.02**	**-8.52%**
Electricity (kWh)	4,878,352.00	**6,392,850.00**	**31.05%**

Energy Intensity
(Gigajoules/million HK$ revenue)

Energy Consumption in FY2019
(Gigajoules)

The Group has been adopting ongoing initiatives to conserve energy in its business operations, including optimising its logistics management when providing services to customers. The list of measures is summarised as below:

On-going Energy Conservation Measures

- Equip all vehicles with GPS tracking systems to strategically select routes and reduce the use of fuel by mobile sources

- Adopt thermal insulation technology during the process of plastic recycling, which leads to a reduction in heat loss and subsequently a reduction in electricity consumption

- Maintain an optimal temperature for all heating devices

- Switch off electronic equipment and appliances after use

- Install lighting systems and procure equipment and appliances with higher energy efficiency

OUR ENVIRONMENT

Water

The Group consumes water for cooling and cleaning in its operational processes. During the year, the total water consumption was 90,099.00 tonnes and the consumption intensity was 458.9 tonnes per million HK$ revenue. The increase was due to full operation of the Group's recycled plastic pellet business where water is used in the raw material washing process.

Water Intensity
(Tonnes/million HK$ revenue)

2018	2019
214.4	458.9

Water Consumption
(Tonnes)

| 2018	2019
37,618	90,099
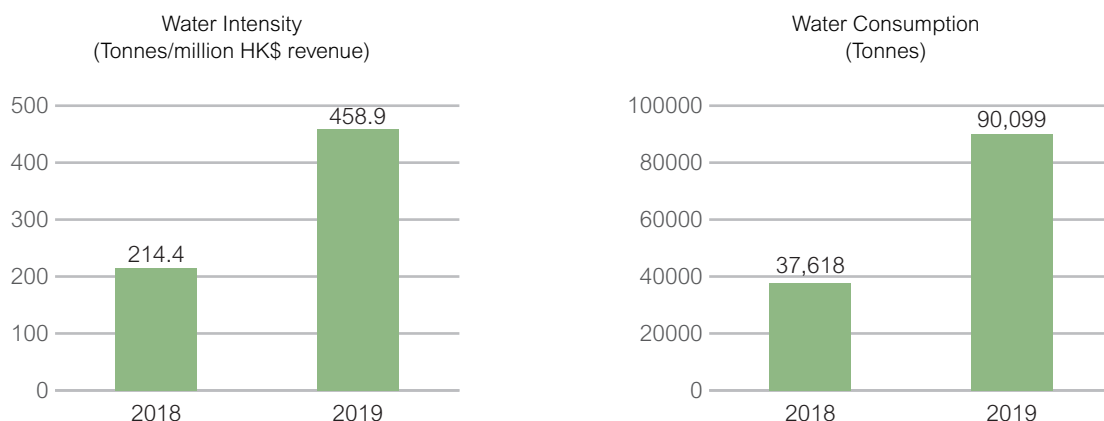
The Group did not have any issues in sourcing water that is fit for the purpose.

The Group reduces its water consumption by promoting water recycling and avoiding excessive use. In the water-cooling process, we have adopted a closed loop water recycling system which recirculates water used for cooling. Compared to the traditional once-through system previously adopted, consumption of freshwater can be largely reduced by recycling. Besides, we are exploring new materials and equipment models with greater water efficiency. We also conserve water in daily operations through the installation of water flow limiters at taps and sprinklers.

Packaging Material

The Group consumes packaging materials in its CMDS, waste management and recycled plastic pellet businesses. The increase in consumption of packaging materials was due to the Group's expanding businesses, especially the recycled plastic pellets business which uses plastic bags for packaging. As a resource-saving measure, we use recyclable polypropylene bags to reduce plastic bags consumption.

Packaging Material	FY2018	FY2019	Change (%)
Wires (Tonnes)	186.12	207.65	11.58%
Canvas Bags (pcs)	10,349	16,402	58.49%
Plastic Bags (pcs)	2,691	4,042	50.20%
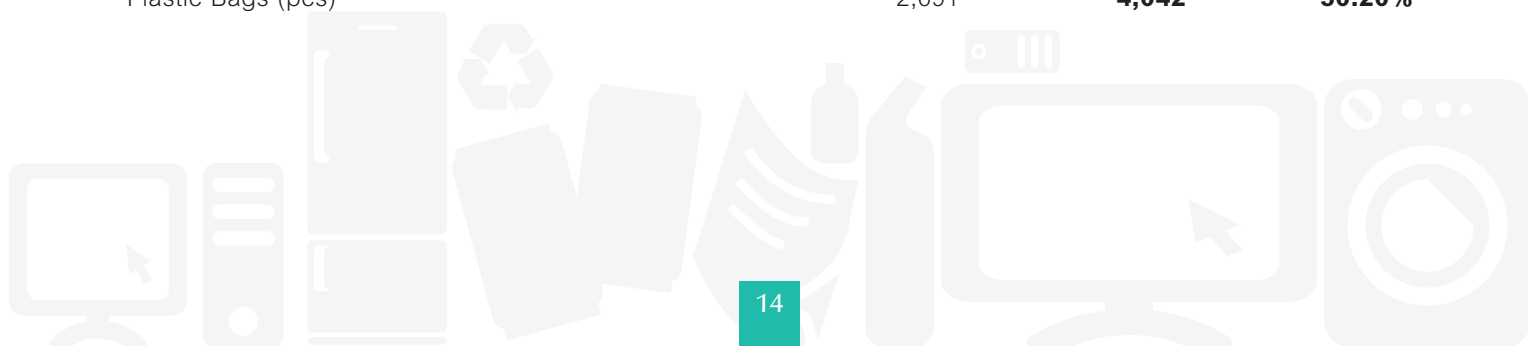
OUR ENVIRONMENT

Though the use of packaging materials is inevitable to maintain product quality, environmental footprint can be greatly reduced with proper management of packaging materials. For example, canvas bags used in the Group's CMDS services are coated with plastic to increase durability. Plastic bags used in the plastic recycling business are reused to the greatest possible extent, and are pelletised into raw materials for producing recycled plastic pellets.

The Group also encourages customers to recycle carton boxes, wooden boards, labels and other recyclable materials. In our internal daily operations, we avoid excessive use of plastic bags and wrappers, and adopt more-durable plastic cardboards instead of wooden cardboards.

Waste Management

As a waste solutions provider, the Group not only focuses on providing top waste management services to its customers, but also pays special attention to maintaining sound waste management in its internal operations. During the year, the Group's business operations generated 415 litres of hazardous waste and 85,502.75 tonnes of non-hazardous waste. Of the non-hazardous waste generated, 97.47% was recycled. Unqualified products from the Group's recycled plastic pellets production are shredded and reused as raw materials in the production lines.

The Group implements a series of procedures in handling waste and recyclables at its operational sites, including offices, workshops and piers. A set of guidelines is in place to direct proper disposal of hazardous chemicals, and the Waste Management Guideline specifies the labelling and storage requirements of each type of waste, as well as the actions taken in case of fire, leakage or other emergencies associated with wastes in the storage. An Environmental Inspection Checklist is prepared every month and kept for at least seven years for waste generation pattern analysis, targeting to achieve waste reduction.

Recycling

At our offices, a general waste classification system is in place to facilitate efficient recycling. We set up collection points for each type of general solid waste including paper, toner cartridges and batteries, and commission qualified operators to collect the recyclables for further handling. Wastewater generated from cleaning processes is recycled before being discharged into the sewage treatment plant for further handling. We keep records of our recycling history and carry out monthly inspections to ensure proper waste management.

Green Building

The Group's office building adopts a range of green designs to optimise energy efficiency. Key features include interior designs with light wells and open areas to maximise natural light penetration and ventilation, installation of solar panels as well as procurement of furniture and decorative items having recycled material content.

OUR ENVIRONMENT

The Group advocates the use of renewable energy in its operations. During the year, we have been installing solar panels at the Integrated Waste Solutions Building, which will be connected to the grid after completion.

Sustainable Office

Implementing green measures at offices helps achieve better resources utilisation, which in turn leads to energy and cost reduction. The Office Environmental Management Manual lists out green measures that offices within the Group's Environmental Management System adopt to enhance sustainability in daily operations.

Paper and Packaging
- Use duplex printing and space efficienct formats
- Promote the use of electronic communication
- Reuse packaging materials

Energy
- Adopt energy-effcient modes in appliances and systems
- Switch off unneccessary lightings
- Maintain the room temperature at 20℃ to 25.5℃ , ideally 25.5℃

Water
- Report cases of water leakage to responsible parties
- Shut the water tap immediately after use

Others
- Reuse office stationary and utensils
- Use environmentally friendly cleansers e.g. biodegradable cleansers

Emergency Management

To better manage the potential hazards in daily operations and to ensure that corrective actions are promptly taken towards environmental accidents, the Group has established an Emergency Preparedness and Response Procedure, applicable to incidents such as fire, explosion, extreme weather, chemical leakage and equipment breakdown.

If a potential hazard is identified, the management representative or department heads formulate preventive measures and an emergency plan. If necessary, department heads provide relevant training to employees, ensuring that they acknowledge the presence of the potential hazard and are conversant with the emergency plan. After the occurrence of an emergency, the environmental management representative or department head review the adequacy, appropriateness and effectiveness of the emergency plan, and revise the plan if appropriate.

OUR OPERATIONS

Product and service quality is the key to maintaining customer satisfaction and to build trust with business partners. We also pay due attention to the effectiveness of our internal policies and measures in ensuring customer privacy, preventing any corrupt behaviour and adherence to ethical practices.
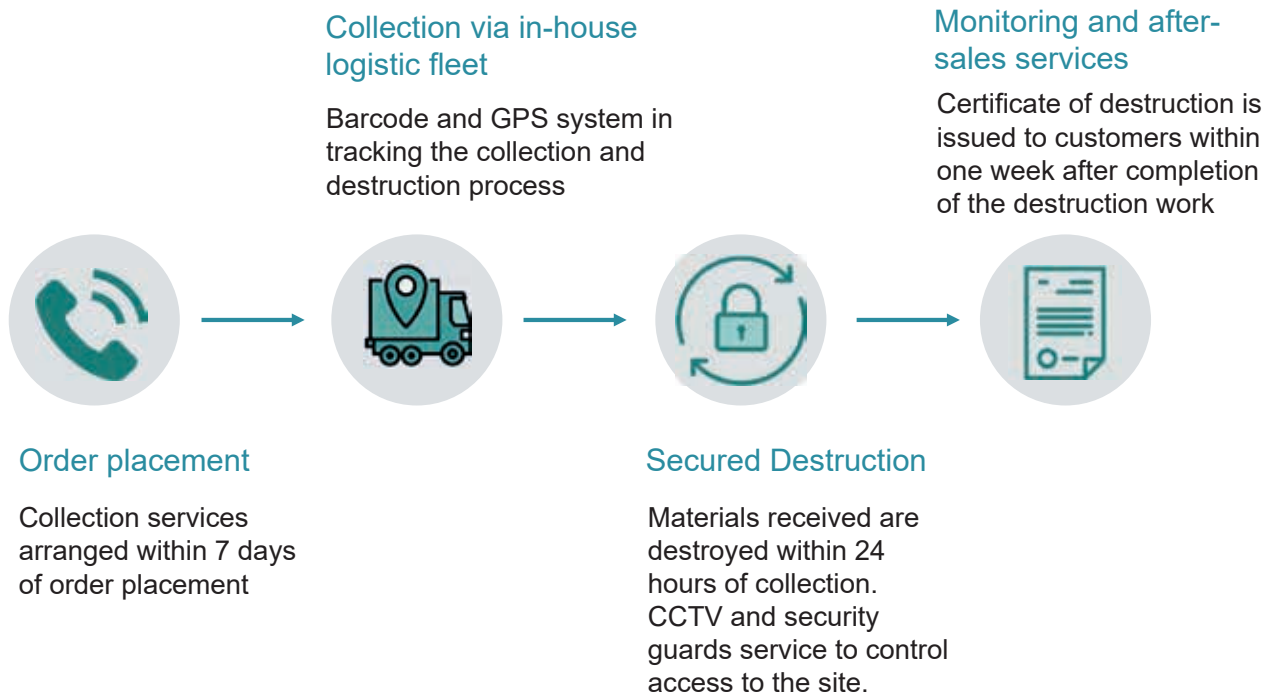
Information Security

CMDS is one of our core service offerings. It is imperative for us to ensure stringent handling of all materials sent to us for destruction. 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. Our CMDS operations are also certified under ISO 27001: 2013 Information Security Management System. The management systems and procedures, equipment and measures are designed to comply with international standards and align with industry best practices.

During the year, training sessions were organised by our internal staff to strengthen the knowledge and skills of employees on ISO27000 and NAID, building capabilities in managing information security risks.

The security system has three key features for providing a reliable and secured destruction service. First, we track the confidential documents throughout the entire process of collection, transportation and destruction. Our in-house logistic fleet has lockable vehicles, equipped with GPS. Second, strict security requirements are implemented at our destruction site, including CCTV coverage across the site, strict control of access to the facilities and round-the-clock security guard service.

OUR OPERATIONS

Collection via in-house logistic fleet

Barcode and GPS system in tracking the collection and destruction process

Monitoring and after-sales services

Certificate of destruction is issued to customers within one week after completion of the destruction work

Order placement

Collection services arranged within 7 days of order placement

Secured Destruction

Materials received are destroyed within 24 hours of collection. CCTV and security guards service to control access to the site.

Third, our service includes providing a witnessing suite to customers for overseeing the destruction process, and issuing certificate of destruction, barcode collection reports and photographic reports to customers after the destruction process is completed. These features protect confidentiality of information and allow all orders to be tracked and destroyed under a closely monitored system.

Protecting customer privacy is always our top priority. Internally, we have implemented a strict confidentiality policy to protect confidential information of the Group, its employees and customers. Disclosure of any personal data, customers' information, business status, etc., to any third party without authorisation is strictly prohibited. Prosecution or disciplinary actions are taken if such violations are found. There were no reports concerning privacy breach and data leakage recorded during the year.
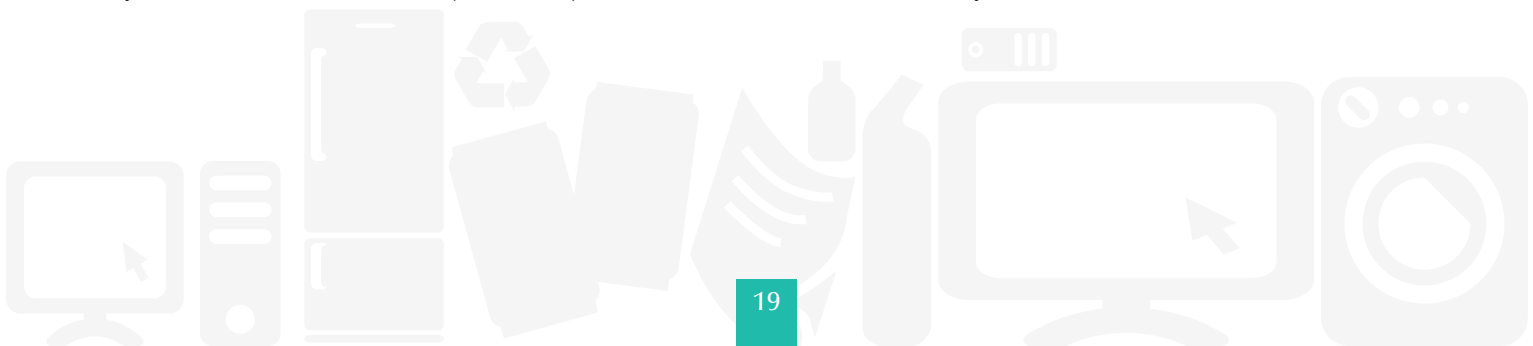
OUR OPERATIONS

Quality Management

Fulfilling our mission and meeting customers' expectations, the Group is committed to providing products and services of the highest quality and in compliance with relevant standards, laws and regulations. The Group is certified with ISO 9001:2015 Quality Management System. The system covers all production processes including procurement, production, product quality control, storage and delivery. Procedures are established to ensure efficient operation and continuous improvement of the management system. The system also enables systematic evaluation on customers' expectations and provision of internal training to employees in order to ensure effective quality monitoring.

Evaluating Customer Expectations → Testing and Inspection → Internal Audit → Continuous Improvement
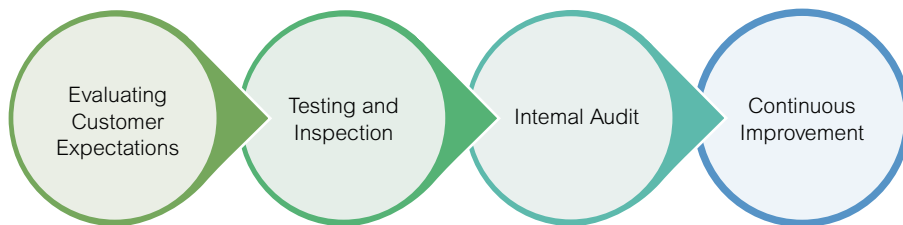
On testing and inspection procedures, we closely monitor the quality of the materials. Only qualified materials can proceed to the next stage. All products status should be traceable and should go through inspection and labelling before delivery. We have established a set of monitoring and inspection standards which includes the frequency, methods and recording of the inspections. Unqualified products are labelled and separated, with reasons recorded and correction measures carried out.

The Group conducts internal audit of the quality management system at least once a year to evaluate its adequacy and effectiveness. Apart from qualified personnel from the Group, independent external professionals are also involved in the process. Any non-conformity is followed-up by responsible managers based on the audit reports and relevant standards.

To allow continuous improvement of the quality management system and optimise the quality level of the products, the Group regularly evaluates the effectiveness of its quality policy and procedures, including adequacy of existing trainings, inspection standards, communication mechanisms, as well as whether the system complies with the latest laws and regulations. Such evaluation is conducted with reference to audit reports, quantified data and feedback from customers. We actively seek solutions for any defects in our products, aiming to minimise the percentage of unqualified products and number of complaints. During the year, there were no cases reported on product recalls for health and safety reasons.

OUR OPERATIONS

Customer Satisfaction

We highly value opinions and feedback from customers as they are crucial to the continuous improvement process. The Group conducts consumer satisfaction survey on an annual basis. Customers are invited to evaluate the quality of our products and services provided, including performance on sales, delivery, complaint handling, meeting customer expectations, etc. This year, our average customer satisfaction rate stands at 86%, exceeding our target of 75%.

To understand customers' needs, we strive to maintain smooth communication with customers through daily engagement, regular meetings and complaint mechanism. Regarding complaints handling, the responsible departments record and investigate the reasons of the issue and propose rectification measures. The management closely monitors the rectification progress and effectiveness according to related procedures. Actions taken and the results are promptly communicated to the complainant. During the year, we did not receive any complaints from customers regarding our products and services.

Our operations do not involve issues related to advertising, labelling and product safety, and the issues are therefore not material to the Group. During the year, there were no reported incidents of infringement of laws and regulations regarding product responsibility.

Supply Chain Management

The Group engages with a total of 46 suppliers, of which 44 are located in Hong Kong. For managing their environmental and social performance, we require suppliers to take responsibility of their environmental and social impacts as well as meeting our quality standards by adhering to our selection criteria and management procedures.

We communicate our policies and requirements to every potential supplier before evaluating their eligibility. For products and services such as equipment repair, facility maintenance and pest control, suppliers or subcontractors certified with ISO14001 are given priority. Regular meetings are held to communicate our requirements to suppliers, including environmental policies and criteria. We also request for certifications from suppliers when necessary, ensuring the products procured meet the relevant standards.

Sample assessment is conducted annually on existing suppliers. We evaluate their performance based on price, product and service quality, cooperation, on-time delivery and environmental requirements. We follow up on unqualified suppliers and require them to address related issues. They are removed from our suppliers list if their performance remains unsatisfactory. Results of the assessments are recorded for internal analysis.
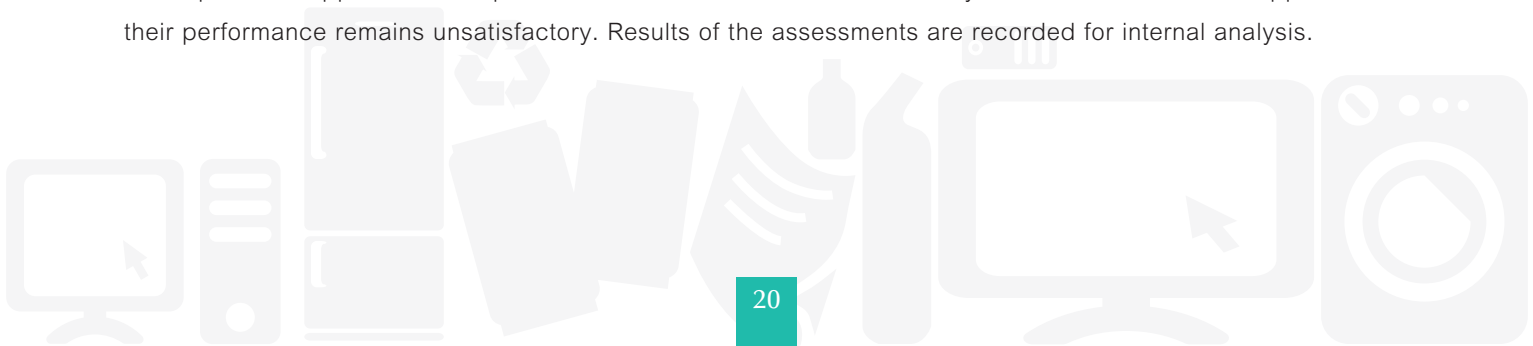
OUR OPERATIONS

Anti-corruption

The Group pledges to follow the highest ethical standards in its business operations. To protect the Group's interests, we expect our employees to uphold the values of integrity and honesty while performing their duties. Complying with the Prevention of Bribery Ordinance, our code of conduct stipulates policies and measures on corrupt behaviour including bribery, extortion, fraud etc. We encourage employees to make enquiries with the management if they are unsure about handling potential conflicts of interests they encounter. We strictly implement disciplinary actions including dismissal if any violations of the code of conduct are found.

To prevent corruption from harming our business, we invite the Independent Commission Against Corruption (ICAC) to provide related training to employees. During the year, there were no reports of non-compliance of relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.

The Group has established a whistleblowing mechanism for monitoring whether ethical practices are being complied with in our business. Identities and rights of employees who report any suspicious cases of corrupt behaviour are protected. Retaliation to whistleblowers is strictly forbidden. All cases are efficiently investigated in a fair manner. We may take legal action against any personnel if violation of laws and regulations is discovered.
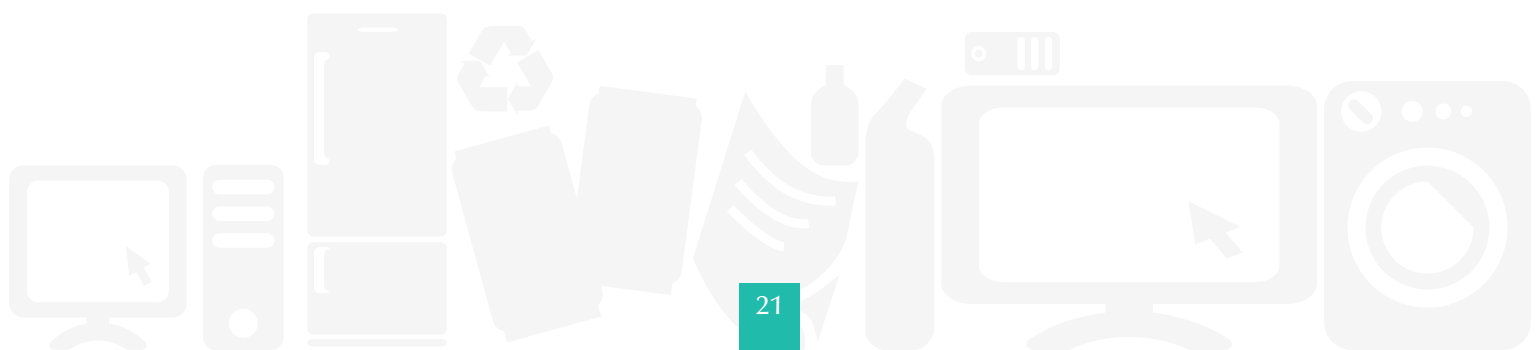
OUR PEOPLE

With people as the cornerstone of its business, IWS is committed to developing a motivated and united workforce to drive further growth. The Group strives to provide its people a safe and healthy workplace, with protected rights and welfare, as well as career development opportunities.

Employee Rights and Benefits

IWS adheres to fair employment practices and provides equal opportunities in recruitment of employees. We strictly comply with relevant laws and regulations, including but not limited to Employment Ordinance, Employees' Compensation Ordinance, Minimum Wage Ordinance and Mandatory Provident Fund Scheme Ordinance in Hong Kong.

Employment policies in respect of salary, working hours, holidays are stated clearly in the Staff Handbook and are implemented in accordance with relevant laws and regulations. The Company searches for the most up-to-date governmental laws and regulations related to employment every quarter on the Labour Department website. The Staff Handbook is then revised if necessary. We ensure lawful recruitment processes which prohibit child or forced labour by checking identity cards of all prospective employees. There was no reported case regarding child or forced labour during the year.

The Group respects each individual employee in every stage of employment regardless of age, gender, appearance, religion, marital status, family status, pregnancy or disability. We do not tolerate any acts or languages that discriminate others. This year, we continued to hire people with intellectual disabilities through Hong Chi On-the-Job Training Program.
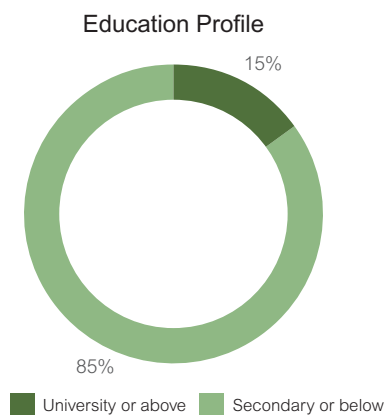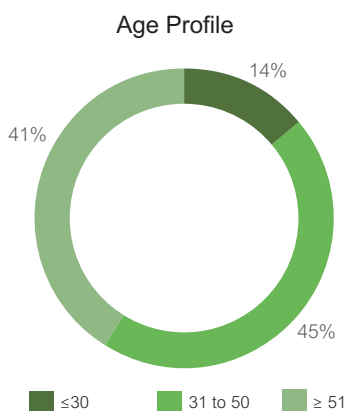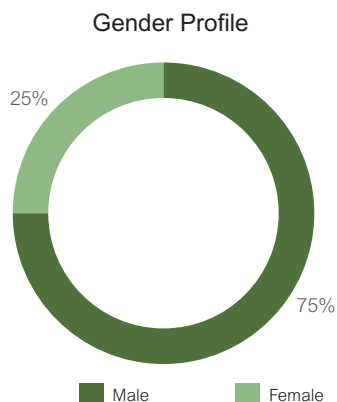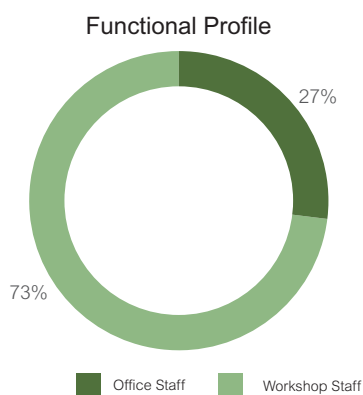
During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.
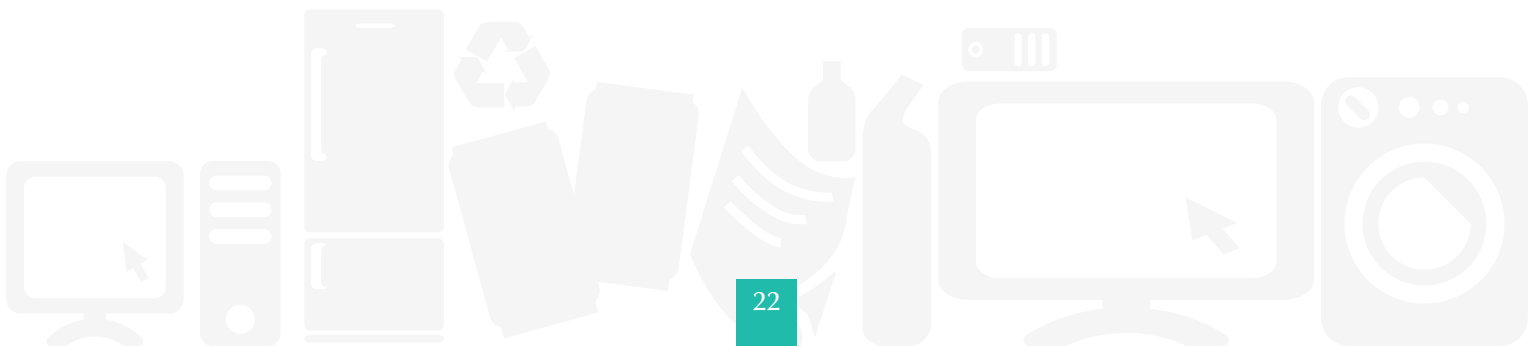
OUR PEOPLE

Employee Composition

As of 31 March 2019, IWS employs 186 full-time all of whom are located in Hong Kong. About 27% of them are office staff. The proportion of male to female employees is about 3:1, which is the same as last year. Approximately 45% and 41% of them are aged 31 to 50 and 51 years or above respectively. 15% of them possess university or above qualification.

Functional Profile

27%

73%

■ Office Staff   ■ Workshop Staff

Gender Profile

25%

75%

■ Male   ■ Female

Age Profile

14%

41%

45%

■ ≤30   ■ 31 to 50   ■ ≥ 51

Education Profile

15%

85%

■ University or above   ■ Secondary or below

The overall turnover and new hire rates are approximately 29.7% and 31.9% respectively. Distributions by gender and age are presented as below:

Turnover and New Hire Rates by Gender

37%   40%

7%   7%

Male   Female

■ Turnover Rate   ■ New Hire Rate

Turnover and New Hire Rates by Age

31%   31%   28%   30%   31%   35%

≤30   31 to 50   ≥ 51
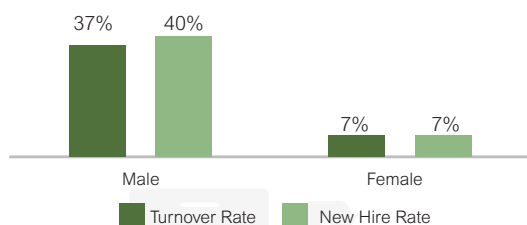
■ Turnover Rate   ■ New Hire Rate

OUR PEOPLE

Employee Communication

Communication can bridge the gap between the Group and its employees. All employees are welcome to express their opinions through different platforms, such as communicating directly with im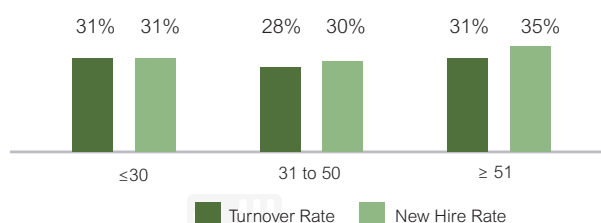mediate supervisors, sending a letter to complaints working group or email to the suggestion mailbox. We strive to address concerns of each employee through maintaining effective two-way communication.

The Group places great emphasis on work-life balance of its employees and encourages them to participate in corporate activities arranged by the Employee Leisure Committee. We celebrate the birthdays of the employees monthly.

Occupational Health and Safety

The Group is committed to providing a safe and healthy workplace to its employees. 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 and regularly reviews its occupational safety and health (OSH) policy. Audit on the safety management system is conducted annually to ensure operations conform with relevant laws and regulations. We have established a Safety Committee to facilitate communication between the management, general staff and safety officer.

Safety Committee			
Management Representative	Administrative Department Manager	Qualified Safety Officer	Factory Manager & Supervisor
Responsibilities			
• Review internal health and safety policies on a half-yearly basis • Evaluate safety measures arrangement • Monitor safety performance based on statistics • Make suggestions to the management • Provide guidelines for working environment • Conduct safety training			

OUR PEOPLE

Safety Training

To ensure all employees possess necessary knowledge on safety issues, the Group provides internal and external training. The safety officer is responsible for organising internal training such as the New Join Safety Training, with reference to the up-to-date lawful regulations and operations procedures, while external training is held by the government.

Organiser	Programme
Labour Department	• Chemical and Occupational Safety • First-aid in Workplace
Occupational Safety & Health Council	• Revalidation Training Course for Operators of Fork-lift Trucks • Recycling Industry Safety Enhancement Pilot Scheme Forum • Seminar on Electronic Safety • Certificate of Competence in Workplace Noise Assessment
Qualified external parties	• Health and Safety Seminar

External Safety Training conducted during the Year

During the year, 389 person-times of employees received safety training and the average training hours were 1.7 hours.

Safety Training
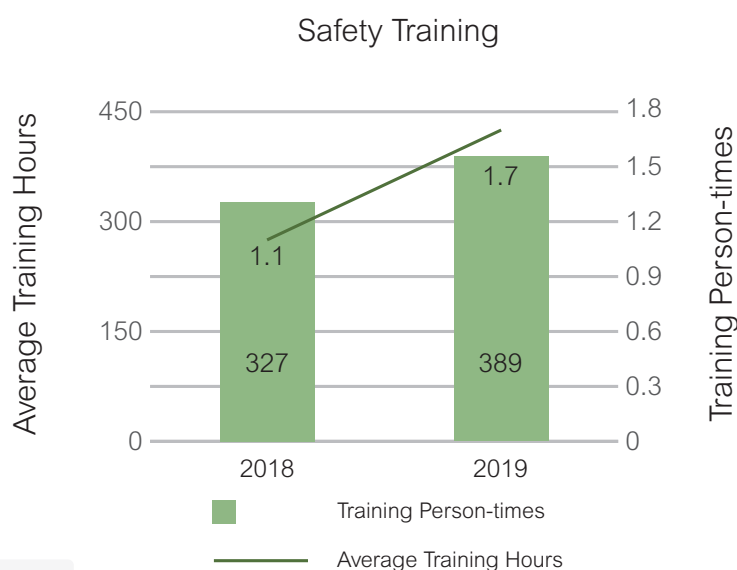
OUR PEOPLE

Managing Safety Hazards

Before starting any operation with potential risk of occupational safety and health, an assessment is conducted based on its possibility and severity. The cases are then categorised into high-risk, medium-risk and low-risk operations. Control measures are required to be implemented before commencement of high-risk operations for reducing work-related accidents.

We have set up safety rules and working procedures to control the safety risks for our contractors, office and workshop staff. The policies stated in the Occupational Safety and Health Handbook cover fire-prevention, electric shock, working under severe weather, use of machineries and other areas. Personal protective equipment such as safety shoes, gloves and safety caps are provided to employees when necessary.

Our recycling process involves use of machineries, for examples, crushers and hydraulic semi-automatic balers. We understand that improper machine handling may pose severe threat to employees' health and safety. Regular inspection and maintenance of machineries are therefore mandatorily enforced. All records are kept properly for future reference after approval from supervisors.

Any inappropriate use of chemicals may lead to serious consequences for employees' health. Safety guidelines and procedures are also established for the procurement, storage, usage and disposal of chemicals, including the conditions under which chemicals can be used, and safety precautions necessary before handling chemicals. Instructions on responding to different types of chemical accidents are also clearly communicated to the employees.

Safety inspection of workplace is conducted regularly by qualified safety operators. If employees discover any safety issues, they should halt the operations and report to the supervisors or safety officer for solutions in a timely manner.

In FY2019, there were 6 cases of work-related accidents, accounting for a total of 186 lost days (FY2018: 13 cases and 306 lost days). There were no reported cases regarding work-related fatalities or occupational illness during the year.

In case of an accident, all employees should follow the internal guidelines for handling. The responsible departments and the management have to investigate the reasons of the incident and review the handling procedures.

During the year, the Group was not aware of any violation of relevant laws and regulations that have a significant impact on the Group relating to providing a safe working environment and protection of employees from occupational hazards.

OUR PEOPLE

Development and Training

Training and education help employees to improve and realise their potentials, which facilitates further development of themselves and the Group. To encourage employees to enhance skills and knowledge, we provide them with in-house training. If the internal training cannot satisfy the development needs, we subsidise employees who have completed the probationary period to participate in approved external programmes. The Group has arranged training for its staff on the aspects of industrial development, business ethics, technological skills and environmental protection during the year.

Industry-related
To enhance competitiveness by keeping pace with the latest industrial development
• ISO 27000 Information Security Management Systems
• National Association for Information Destruction (NAID)
• Scrap Paper Charter Scheme
• Forums and seminars specifically for recycling industry
Business Ethics
To create a decent and harmonious working environment for employees
• Governmental laws, e.g. the Competition Ordinance, the Statutory Minimum Wage and the family-friendly employment practices
• Vendor Ethics Training Program
Technological Skills
To facilitate daily operations with help of advanced software
• Seminars introducing updated business applications
Environmental Protection
To reduce energy consumption to protect the environment and reduce operational costs
• Electrical Equipment Upgrade Scheme

Employee Training Arranged during the Year

During the year, approximately 55% of our employees were trained and average training hours were recorded at 1.05 hours.
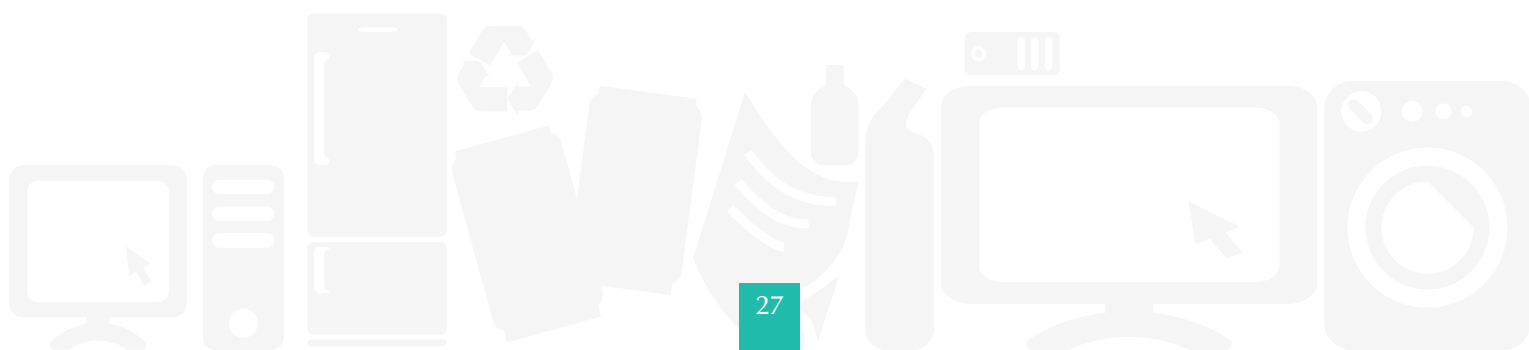
OUR COMMUNITY

IWS is committed to shouldering its share of corporate social responsibility. Aligning our community initiatives with our core business of waste management, we actively engage with public education programmes and sponsor and support local community activities for promoting environmental protection. During the year, we have donated approximately HK$81,000 to the community events.

Green Hero Alliance Program

This is the third year for the Company to sponsor and participate in the Green Hero Alliance Program organised by the non-governmental organisation, the World Green Organisation. The purpose is to motivate corporations to reduce food wastage and relieve financial burden at the grass-root level, thus striving for a greener and better city. To educate our employees with environmental knowledge, workshops and green tours were provided. Our team then spread the message to the wider community, focusing on underprivileged families, by offering green tips and producing artworks with recycled materials.

IWS Environmental Education Centre

The environmental education centre built by the Group is open to the public for visiting. Its purpose is to raise awareness of environmental protection and deliver the message of 3Rs – Reduce, Reuse and Recycle. The center itself is constructed with recycled materials, showcasing a practical application of the integrated environmental concept in a real-life project.

PERFORMANCE DATA SUMMARY

		FY2019	FY 2018
Workforce	**Number of Employees**		
	Total	182	178
	By Age		
	≤30	25	27
	31–50	83	84
	≥ 51	74	67
	By Gender		
	Male	137	133
	Female	45	45
	By Professional Profile		
	Office Staff	49	51
	Workshop Staff	133	127
	By Education Profile		
	University or above	28	28
	Secondary or below	154	150
	Employee Turnover Rate (%)		
	Total	29.7	47.3
	By Age		
	≤30	31.4	38.6
	31–50	28.4	47.1
	≥ 51	30.6	51.1
	By Gender		
	Male	37.4	57.3
	Female	6.6	17.2
	Employee New Hire Rate (%)		
	Total	31.9	33.9
	By Age		
	≤30	31.4	45.6
	31–50	29.6	33.3
	≥ 51	34.7	29.8
	By Gender		
	Male	40.3	43
	Female	6.6	6.5
	Total Employee Training Hours	191.25	205.74
	Average Training Hours		
	By Gender		
	Male	1.14	0.99
	Female	0.77	1.65
	By Professional Profile		
	Office Staff	1.78	2.81
	Workshop Staff	0.78	0.63

PERFORMANCE DATA SUMMARY

		FY2019	FY 2018
	Percentage of Employees Trained (%)		
	By Gender		
	Male	57.7	66.8
	Female	46.7	87.8
	By Professional Profile		
	Office Staff	87.8	98.4
	Workshop Staff	42.9	38.6
Health and Safety	Lost Days due to Work-related Injury	186	306
	Work-related Accident	6	13
	Work-related Accident Rate (%)	3.3	7.3
	Work-related Fatalities	0	0
	Average Safety Training Hours	1.7	1.1
	Total Safety Training Person-times	389	327
Environmental	**Resources Consumption**		
	Total Energy Consumption (GJ)	36,348.88	33,236.20
	Electricity (kWh)	6,392,850.00	4,878,352.00
	Petrol (Litres)	6,801.58	10,086.70
	Diesel (Litres)	366,369.02	400,502.70
	Energy Intensity (GJ/million HKD)	185.13	189.4
	Water Consumption (Litres)	90,099.00	37,618.00
	Water Intensity (Tonnes/million HKD)	458.89	214.4
	Air Pollutant Emissions		
	SOx (kg)	4.57	5.33
	NOx (kg)	2,577.96	6,344.80
	Particulate Matter (kg)	198.51	470.82
	Greenhouse Gas Emissions		
	Total Emissions (tCO_2e)	4,244.20	3,571.00
	Scope I	983.85	1,083.10
	Scope II	3,260.35	2,488.00
	Carbon intensity (tCO_2e/million HKD)	21.62	20.35
	Waste Production		
	Non-hazardous Waste (Tonnes)	85,502.75	95,707.50
	Hazardous Waste (Litres)	415	250
	Packaging Materials		
	Wire (Tonnes)	207.65	186.1
	Canvas Bags (pcs)	16,402	10,349
	Plastic Bags (pcs)	4,042	2,691
Community	Donation (HKD)	81,000	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.	Emissions
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	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.	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 consumption and 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 and conservation
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Resources consumption and conservation
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Resources consumption and 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 consumption and conservation
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Resources consumption and conservation

HKEX ESG CONTENT INDEX

KPIs	ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A3	**Environment and Natural Resources**	
General Disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	Environmental Management
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, Sustainable Office, Emergency Management
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

KPIs	ESG Reporting Guide Requirements	Section/Remarks
B. Social		
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).	Performance Data Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary
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

HKEX ESG CONTENT INDEX

KPIs	ESG Reporting Guide Requirements	Section/Remarks
B. Social		
Aspect B6	**Product Responsibility**	
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
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.	Information Security
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.	Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Our Community

IWS
Integrated Waste Solutions
Group Holdings Limited
綜合環保集團有限公司