



## Milestone Builder Holdings Limited

### 進階發展集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限責任公司)

Stock code 股份代號: 1667

ENVIRONMENTAL, SOCIAL and GOVERNANCE REPORT  
環境、社會及管治報告 2018/2019



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# Environmental, Social and Governance Report

## About this Report

We are pleased to present this Environmental, Social and Governance (“ESG”) Report for the year ended 31 March 2019 in compliance with the applicable code provision set out in the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) as set out in Appendix 27 to the Listing Rules.

The defined terms used in this report have the same meaning as those set out in the Group’s Annual Report 2018/19 published on 30 July 2019 (the “Annual Report 2018/19”), unless otherwise stated.

## Scope of Report

The Group is principally engaged in (i) building construction services; (ii) alteration, addition and fitting-out building services; (iii) repair and restoration of historic buildings; and (iv) property development and investment. For the details of the aforesaid businesses, please refer to the Group’s Annual Report 2018/19.

We strive to offer our customers a high degree of service, quality control and site management in all our construction work. We are also committed to fulfill our corporate social responsibility through working with the key stakeholders including our employees, suppliers and subcontractors. We believe that the stakeholders’ interest must be taken into account in order to enhance our relationship with the society and other stakeholders. We have integrated Environmental, Social and Governance considerations into daily operations and we believe that our existing businesses are not expected to pose a material impact on the environment.

## Reporting Period

The information published in this ESG Report covers the period from 1 April 2018 to 31 March 2019 (the “Year”), unless otherwise stated, which is the same as the financial year covered in the Group’s Annual Report 2018/19.

## Access to this Report

This ESG Report is released online only. The online version is available at the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.milestone.hk](http://www.milestone.hk). This Report is released in Chinese and English versions. Should there be any discrepancies between the two versions, the English version shall prevail.

## Environmental, Social and Governance Report (Continued)

### Environmental Matters

We continue to place an emphasis on environmental protection when undertaking our projects. Our environmental management system is accredited with ISO 14001:2015. The Group has made great efforts cultivating and improving the environmental protection awareness of our employees, reinforcing the concept of environmental protection in the Group and formulating Environmental Management Plan, in relation to air pollution control, water pollution control, noise control, waste disposal and public health control, to mitigate the impact on the environment. The employees are required to follow the codes in the Environmental Management Plan and timely rectify any non-compliance.

Certificate No: E636



  
Secretary

  
Board Member



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To check the validity of certificate, please call: (852) 39778988

Original Certification 8 June 2016

Amendment 2 June 2018

Expiry 8 June 2019

## Environmental, Social and Governance Report (Continued)

### Exhaust gas and sewage management

There is no significant direct exhaust gas emission and sewage disposal during the Group's operation and the following measures have been taken to ensure the operation of the Group to meet the relevant environmental requirements.

Area	Measures
Air pollution control	<ul style="list-style-type: none"> <li>(i) Any vehicle or plant used on site will be monitored for spillages caused by leakage of fuel, lubrication or hydraulic system.</li> <li>(ii) Guidelines on minimize leaks and spills of fuel are provided, e.g. maintenance and filling of mobile plant and equipment are conducted in dedicated areas. Also, nozzles and drip trays are properly used to ensure fuel leaks are prevented.</li> <li>(iii) Cleaning of concrete and working areas will be carried out using wet vacuum or wash down methods to minimise dust.</li> <li>(iv) Excessive exhaust emissions from any mechanical equipment will trigger prohibition of use.</li> <li>(v) Guidelines on switching off idle machineries to avoid energy wastage as well as greenhouse gas emissions.</li> </ul>



Water pollution control	<ul style="list-style-type: none"> <li>(i) Waste water from any office, site canteen or toilet facilities are directed to foul sewer or to sewage treatment facilities either directly or indirectly by means of pumping.</li> <li>(ii) Chemical wastes are stored in secured containers, undercover to prevent ingress of rainwater and where liquids are involved, storage areas shall be protected with proper embankment of sufficient capacity to contain projected spill quantities.</li> <li>(iii) During periods of wet and muddy conditions, trucks and heavy vehicles shall not leave site unless effective wheel washing has been carried out.</li> </ul>
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## Environmental, Social and Governance Report (Continued)

During the Year, the greenhouse gas emissions of the Group, amounting to 305 tonnes of carbon dioxide equivalent<sup>1</sup>, were as follows:

Emission/Waste	Item	Unit	Use/emission for the Year
Greenhouse gas emission	Scope 1	Tonnes CO <sub>2</sub> e	289
	Scope 2	Tonnes CO <sub>2</sub> e	16
Total		Tonnes CO <sub>2</sub> e	305

1 The data does not include the energy consumption that the Group cannot directly manage and control. The carbon emission is calculated with reference to the Greenhouse Gas Protocol published by the World Business Council for Sustainable Development (WBCSD) and the World Resources Institute (WRI), and the Reporting Guidance on Environmental KPIs of HKEx.

During the year ended 31 March 2019, the SO<sub>x</sub> emitted from the Group's motor vehicles was 1,681 grams. In order to reduce greenhouse gas emission, the Group has set guidelines, requiring our employees to switch off the power during non-operation hours for machines not for continuous use. In procuring new machinery, the Group will prioritise energy-efficient machines. For site operation, we require sub-contractors to comply with relevant laws and regulations such as the Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong).

### Noise control management

During construction, the operation of machinery and equipment and the construction processes create noise, which may affect the people nearby. The Group strictly complies with the Noise Control Ordinance and its established noise control guidelines for both subcontractors and our employees to reduce the noise generated from construction and controls the affecting areas of the noise.

Area	Measures
Noise control	(i) Well plan and improve construction processes to reduce unnecessary knocking and cutting works.
	(ii) Inspect and maintain all equipment in order to comply with permitted noise level.
	(iii) Monitor noise intensity regularly and apply for a valid Construction Noise Permit for construction works to ensure compliance with the Noise Control Ordinance.



## Environmental, Social and Governance Report (Continued)

### Waste management

The Group has established various work and management guidelines and required employees to manage and dispose of wastes. Some of the measures include, among others:

Area	Measures
Waste disposal	<ul style="list-style-type: none"> <li>(i) Both the Group and subcontractors carry out classified collection and disposal of waste by segregating waste materials into inert, non-inert and chemical waste. Construction inert waste is disposed to public fill for reuse, while non-inert waste is reused and recycled by qualified waste collectors.</li> <li>(ii) The common user disposal containers will be for the disposal of controlled waste (i.e. non-hazardous industrial or special waste) and will be situated in both the construction and site establishment areas.</li> <li>(iii) Notice has been posted which clearly states which materials can or cannot be disposed of through the common user disposal skips.</li> <li>(iv) Waste skips and other receptacles will be checked during the routine safety and environmental inspections/audits.</li> </ul>

The Group has not identified any non-compliance with relevant environmental laws and regulations during the Year.

### Use of resources

The Group is highly concerned about the impacts of its business on the environment and natural resources. In addition to compliance with the relevant environmental regulations and ISO 14001 for conducting appropriate protection of the natural environment, the Group has also incorporated the concept of environmental protection into internal management and project implementation process through four basic principles, namely reducing, reusing, recycling and replacing. The Group strives to improve its energy saving performance on operation and project development by reducing energy consumption and improving energy efficiency. Provision of staff training to ensure understanding, implementation and development of those principles has been done throughout our business.

At the same time, the Group also actively establishes the environment-friendly corporate image by implementing energy conservation and consumption reduction plans for the office and upgrading all employees' green environment awareness.

The Group actively introduces energy-saving equipment, installs LED energy-saving lamps in office areas and strictly controls the consumption of paper. We encourage our staff to print documents using recycled papers and double-side printing, and reduce the print paper by using software to have print management. We promote "paperless" offices and use of scan and online office platforms. Employees can only copy or print with authentication cards. In order to reduce the usage of bottled water, it is recommended to use reusable cups. Employees are encouraged to switch off the lighting, air-conditioning and computers when they are not in use, so as to reduce the energy consumption and carbon emissions.

## Environmental, Social and Governance Report (Continued)

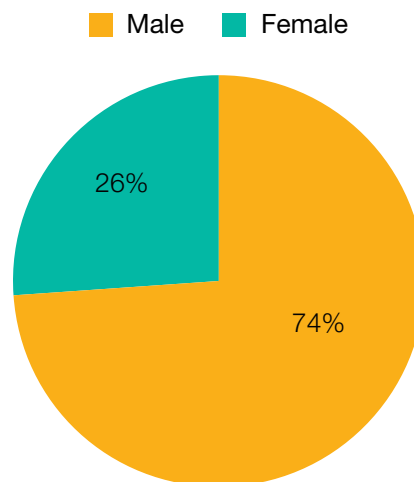
### Social Matters

#### Employment

We consider employees as our valuable assets and we consider a respectful and fair working environment to be vital to the operation of the Group. The Group is committed to creating a diversified environment and is proud of being an employer who believes in equal opportunities. We ensure strict compliance with all relevant regulatory standards, particularly the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) in respect of recruitment, compensation, and dismissal. All eligible job applications, internal transfers and promotions are regardless of factors such as race, nationality, religion, gender, marital status, family status, gender orientation or age, so as to ensure equal opportunities and fair treatment for all employees and job applicants.

As at 31 March 2019, the Group has 161 employees. All our employees are based in Hong Kong. The detailed breakdown of our employees by gender, age group and function as at 31 March 2019 is set for the below:

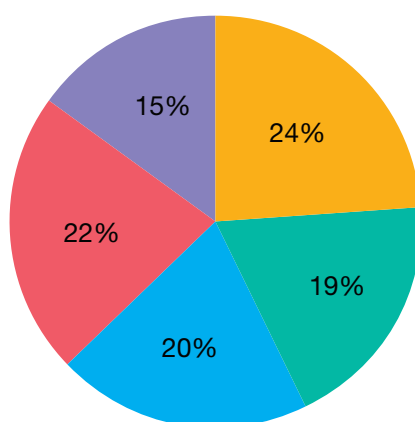
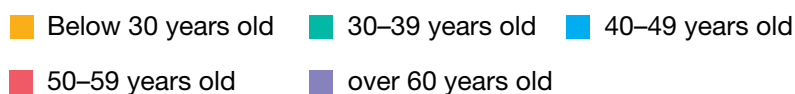
#### Employee Distribution by Gender





## Environmental, Social and Governance Report (Continued)

### Employee Distribution by Age



### Employee Distribution by Function

Function	Number of Staff
Directors and senior management	6
Contract and project management	10
Technical staff	22
Safety and health	4
Quantity surveyor	11
Foreman	41
Administration, accounting and finance	17
Site workers	50
<b>Total</b>	<b>161</b>

Our Group offers attractive remuneration package to our employees, which includes basic salary, discretionary bonuses, provident fund scheme, medical benefits and other cash allowances or subsidies. Besides considering market standards, the Group determines the salary of our employees based on other factors such as their qualifications, relevant working experience, position and seniority. Our Group conducts annual review on the salary levels and promotions based on the working performance of each employee.

In addition to the statutory holidays, employees are entitled to annual leave, sick leave, maternity leave, paternity leave and bereavement leave. In addition, according to the prevailing department's workload, employees can be compensated by means of overtime allowance for their overtime work.

## Environmental, Social and Governance Report (Continued)

We believe that continuous education and training is important to maintain the service quality of our Group, so we use our best effort to attract and retain appropriate and suitable personnel to serve our Group. The Group always promotes a continuous learning and development culture by sponsorship programs, for example, seminars on the latest industry development, workshops on various professional knowledge and training courses for technical skills enhancement and so on. Also, staff are entitled to examination leave for developing their professionalism.

### Health and Safety

Our Group is committed to provide a safe and healthy working environment for both our employees and subcontractors and we treat their safety as one of our highest priorities. Our Group has established a safety management system which is certified to be in compliance with OHSAS 18001 (Occupational Health and Safety Assessment Series) and managed by our safety department for the benefit of our employees and that of our subcontractors. All personnel shall comply with all relevant health and safety legislation as well as the requirements of OHSAS 18001.



## Environmental, Social and Governance Report (Continued)

Set out below is a summary of the main aspects of our safety management system:

### A. Safety Manual

Our Group has a detailed safety manual which is reviewed regularly to incorporate the best industry practices and to address and improve specific areas of our system as part of the continuous improvement of our safety management system.

The Group requires our employees to understand and follow our workplace safety rules as set out in the safety manual. All subcontractors are notified and required to comply with our policy and safety procedures.

### B. Safety Committee

Safety committee is established to oversee and implement the safety management system, ensuring the system in place is in compliance with the relevant health, safety and environmental standards and considering feedback from employees and subcontractors concerning our current workplace safety measures. The committee is also responsible to enforce safety policies, review and assess safety policies, accident rates and any non-compliance with applicable laws and regulations as well as providing recommendations. Our safety committee members have obtained various related professional qualifications, such as (i) diploma in occupation health and safety, (ii) professional diploma in occupation safety and health, (iii) certificate of completion of construction safety supervisor course, or (iv) registration as a safety officer with the Labour Department; and have 2 to over 5 years of experience in safety supervision.

### C. External safety audit

In compliance with the Factories and Industrial Undertakings (Safety Management) Regulations (Chapter 59AF of the Laws of Hong Kong), our Group engages an external expert to perform an external safety audit and perform an inspection of required project sites semi-annually. The safety audit will evaluate the effectiveness, efficiency and reliability of our safety management system, and identify the strengths and weaknesses of the existing system and provide recommendations for improvement.

### D. Reward and penalty system

To ensure our safety policy is well implemented, a reward scheme has been implemented to reward employees to encourage compliance with safety guidelines. On the other hand, different degrees of disciplinary action, for example, fines, may apply to those who fails to follow.

Our Board, the management, all supervisory and safety personnel positively implement the safety policy and make every effort to maintain a high standard of health and safety.

During the year ended 31 March 2019, the Group has not identified any non-compliance case noted in relation to health and safety laws and regulations.

To the best of our Directors' knowledge, there was no occurrence of any fatal accident during the year ended 31 March 2019.

## Environmental, Social and Governance Report (Continued)

### Labour Standards

We do not employ under-age employees, and we do not engage in forced labour. We have implemented policies and procedures to prevent, monitor and report the use of child and forced labour. We expect our sub-contractors and suppliers to adhere to the same standards of behavior when working with us. We fully comply with relevant regulations that prohibit child or forced labour.

### Supply Chain Management

We generally maintain multiple construction materials suppliers and subcontractors for products and services to avoid over-reliance on a single or a few suppliers and subcontractors. We evaluate and select suppliers and sub-contractors based on a wide range of aspects and standards, including but not limited to the professional qualification, services/products quality, financial status and integrity. We also put much emphasis on the legal compliance of their operations in addition to cost consideration. We advocate the standards and expectations in respect of environment issues and labour practices to suppliers and sub-contractors, with the expectation that they will uphold standards that are similar to that of the Group. As mentioned in previous section, our safety committee monitors and ensure our subcontractors comply with our safety management system by regular visits. We also oversee and regularly inspect the qualities of the goods supplied by our suppliers and services performed by subcontractors.

### Product and Service Responsibility

Being an experienced contractor with job reference in both private and public sectors in the Hong Kong building and construction industries, we have achieved timely completion on all projects by good management, technical knowledge and effective utilisation of machinery and labour resources. The Group has established good communication channels and have regular communications with our customers in order to have a sufficient understanding of their needs, and reflect their needs in the daily project management as far as possible so as to improve the quality of services. Moreover, the Group offers well-established after-sales services to customers for work maintenance. The Group seeks customers' feedback from after-sales visits to improve its products in the future and thus to enhance the quality of services of the Group as a whole. We are highly committed to delivering quality services to our customers through flexibility and capability, contributing professional advices and making appropriate adjustments.

### Anti-corruption

We aim to maintain high ethical standards in conducting businesses by adhering to its "open-minded, responsible and upright". We believe in fairness and honesty in business dealing and we do not tolerate corruption, bribery, extortion, money-laundering and other fraudulent activities in connection with any of our business operations. All staff are required to strictly follow the code on personal and professional conducts and the guidelines on anti-bribery and anti-corruption conducts as provided in the staff handbook.

- A. Soliciting or accepting advantages including gift, loan, fee, reward, office, employment, contract, service and favour etc. from customers, suppliers or any other person in connection with the Group's interests is strictly prohibited. Acceptance of voluntarily given advantages may however be considered if:
- (i) the acceptance will not influence the decision and behaviour of the recipient;
  - (ii) the recipient will not feel obliged to do something in return for the offer;
  - (iii) the recipient can openly discuss the acceptance without reservation; and

## Environmental, Social and Governance Report (Continued)

- (iv) the nature and value of advantage (like advertising or promotional gift) are such that refusal could be regarded as unsociable or impolite.

- B. Under no circumstances should staff offer bribes or similar advantages to any person or company in order to obtain or retain business, or to acquire confidential business information, or to seek for any other return of personal advantages.

During the year ended 31 March 2019, there was no legal case or dispute in respect of bribery, extortion, fraud or money laundering against employees of the Group and the Group itself.

### Community Investment

We recognise the need to participate in the community and therefore we both encourage and motivate our employees to better serve our community at work and during their personal time.

We are a signatory of the “Organ Donation Promotion Charter” and signify the support towards the promotional activities on organ donation.

We takes the social responsible in heritage conservation in Hong Kong by playing an active role in repair and restoration of historic buildings, such as revitalisation of former Fanling Magistracy.

We incur extra costs and time for complying with all the requirements imposed by the Government Departments, working along with conservation and heritage consultant and providing all necessary protective and precautionary measures to the heritage buildings.

