

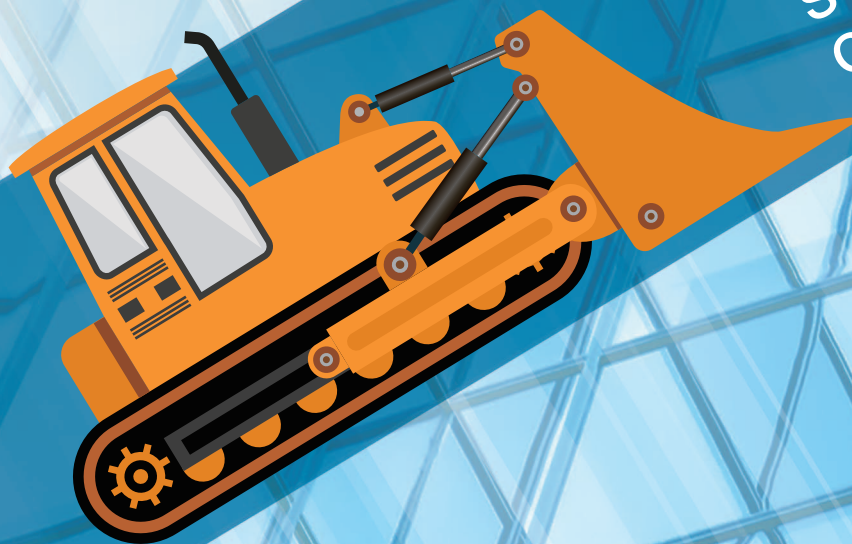


FULLWEALTH CONSTRUCTION HOLDINGS COMPANY LIMITED
富匯建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1034

2019
ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



2019 Environmental, Social And Governance Report

Introduction

About this Report

The board of directors (the “**Board**”) of Fullwealth Construction Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is delighted to present the Environmental, Social and Governance (“**ESG**”) Report for the financial year ended 31 December 2019 (the “**Reporting Year**”) with a view to providing an overview on the Group’s performance of environmental and social related matters.

This report is prepared in accordance with the “comply or explain” provisions of the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Strategy, Management Approach

The Group is principally engaged in the provision of civil engineering and building works in Hong Kong, including (i) site formation; (ii) excavation and lateral support works and pile cap construction; and (iii) roads and drainage and waterworks. Since June 2017, the Group has also been qualified to carry out private sector building works as well as alteration and additions works as a main contractor. The Group strives to execute its business strategies to enhance quality of construction works, and enhance employment and labour practices to achieve long-term sustainability of the Group.

The Board has overall responsibility for evaluating and determining the Group’s ESG-related risks, and overseeing the management in the design, implementation and monitoring of the risk management and internal control systems to address the ESG-related issues.

Stakeholders Engagement and Materiality Assessment

The Group recognises that the expectation and feedback from its stakeholders are vital to the sustainable development of the Group. An effective communication with stakeholders is maintained through daily operations, such as regular meeting, corporate website, social media, written/electronic correspondence, training etc., to develop open and honest relationships with stakeholders. Key stakeholders of the Group include government, shareholders/investors, customers, suppliers, subcontractors, industry players, employees and community etc.

Materiality assessment was conducted based on the expectation and feedback from the key stakeholders. Based on the result of the materiality assessment, the management of the Group identified environmental protection, occupational health and safety in the construction industry as key aspects of its long-term sustainability management. Effective risk management and internal control systems on these aspects are reinforced with the aim of enhancing efficiency of operations and generating the environmental and social benefits to the stakeholders.

A. ENVIRONMENTAL

A1. Emission

The Group is principally engaged in the civil engineering and building works in Hong Kong. Construction industry may cause environmental unfriendly impact in terms of air, noise, water and waste pollution. The Group recognizes the importance of protecting the environment and strives to minimise the impact to the environment by preventing pollution, saving energy and reducing waste.

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The operations of the Group are subject to certain laws and regulations relating to environmental protection in Hong Kong, including but not limited to:

- Air Pollution Control Ordinance;
- Air Pollution Control (Non-Road Mobile Machinery) (Emission) Regulation;
- Noise Control Ordinance;
- Water Pollution Control Ordinance; and
- Waste Disposal Ordinance.

The Group has established and adopted environmental management policies with a view to protecting the environment and monitoring the compliance with relevant laws and regulations in daily operations. Here are some of these measures:

Air pollution control – dusty items such as vehicles and the wheels are washed before leaving construction site, and eco-friendly fuel is used for vehicles and machinery.

Noise control – noise barriers and hoarding are erected along the site boundary for projects near residential areas and construction noise permits will be obtained where necessary.

Water pollution control – sewage generated from site is centralised and properly treated in sedimentation tanks, or handled by subcontractor, before discharging into the communal sewers for the purpose of reducing the impact of waste water to the surrounding communities.

Waste disposal control – construction wastes are sorted on sites for reuse or disposed to designated locations such as landfill spaces.

Air pollutants, such as nitrogen oxides (“NO_x”), sulphur oxides (“SO_x”), respiratory suspended particles (also known as particular matter (“PM”)) etc., are mainly generated from the use of vehicles, machinery through consumption of fuels and electricity. The air pollutants emission during the Reporting Year is as follow:

Air emission from consumption of fuels and electricity	2019	2018
Nitrogen oxides (“NO _x ”)	52,816 g	50,062 g
Sulphur oxides (“SO _x ”)	130,874 g	82,425 g
Particular matter (“PM”)	4,063 g	3,851 g

The increase in air pollutants emission during the Reporting Year was primarily driven by the increase of fuel and electricity consumption. Please refer to the section “A2: Use of Resources” below.

Climate change is a serious environmental issue that our world is facing and affect the operation of the Group. Greenhouse gas emission produced by the Group is indirectly derived from the energy consumption, including electricity consumption and water processing as well as fuels consumed by motor vehicles and machinery. The emission of greenhouse gas can be broadly classified into three categories:

Scope 1 – Direct emission from operations by the Company;

Scope 2 – Energy indirect emission; and

Scope 3 – Other indirect emission.

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During the Reporting Year, the emission of greenhouse gas and its intensity are as follows:

Description	2019	2018
Carbon Dioxide (CO₂) Emission		
Scope 1 – By fuels consumption	7,396,212 kg	252,463 kg
Scope 2 – By electricity consumption	32,909 kg	30,807kg
Scope 3 – By water consumption	2,355 kg	4,708 kg
Total	7,431,476 kg	287,978 kg
Intensity		
Number of construction projects during the Reporting Year	18 projects	21 projects
CO ₂ Emission Intensity per construction project	412,860 kg/project	13,713* kg/project

* Intensity in 2018 is restated to correct the calculation.

The increase in carbon dioxide emission during the Reporting Year was due to the increase in fuel and electricity consumption. Please refer to the section “A2: Use of Resources” below.

Hazardous wastes generated in the Group’s operations are immaterial. Non-hazardous wastes produced by the Group mainly include soils and sands, which will be delivered to landfill space.

Non-hazardous wastes produced and its intensity during the Reporting Year are as follow:

Non-hazardous wastes produced	2019	2018
Non-hazardous waste	300,018 tonnes	154,829 tonnes
Number of construction projects during the Reporting Year	18 projects	21 projects
Non-hazardous waste per construction project	16,668 tonnes/project	7,373* tonnes/project

* Intensity in 2018 is restated to correct the calculation.

The wastes of non-hazardous increased because more Excavation & Lateral Support (ELS) projects were commenced and processed in 2019. More surplus materials were disposed under the ELS projects.

A2. Use of Resources

Fuels, electricity, water and paper are the major resources used within the Group. The Group has implemented eco-friendly measures and promoted greening to employees with an aim to improving the resource efficiency in a cost-effective manner.

Energy conservation policies are adopted in offices and construction sites in order to reduce excessive use of resources and minimise greenhouse gas emission from electricity consumption. For instance, the Group encourages employees in maintaining indoor temperature at an environmental-friendly level; using LED lightings in offices; conducting regular maintenance on motors and machinery to prolong their useful life; and switching off all idle lights, computers, air-conditioners, office equipment and machinery when they are not in use.

The Group also adopts conservation of water and paper, such as promoting the usage of recycled papers and e-documents for communication (e.g. email or mobile), encouraging in using double-side printing and photocopying to employees, recycling waste papers, reminding staff members to consume less water etc. so as to promote efficient usage of resources.

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During the Reporting Year, the usage of fuels, electricity, water and paper and their intensity of the Group are disclosed in the following table:

Use of resources	2019	2018
Resources consumption		
Fuels	2,830,188 L	96,970 L
Purchased Electricity	40,628 kWh	38,509 kWh
Water	1,385 m ³	4,708 m ³
Paper	71,376 pieces	73,854 pieces
Intensity		
Number of construction projects during the Reporting Year	18 projects	21 projects
Total number of employees as at 31 December	127 ppl	125 ppl
Consumption per project/employee		
Fuels consumption per project	157,233 L/project	4,618* L/project
Purchased Electricity Consumption per employee	320 kWh/ppl	308 kWh/ppl
Water Consumption Intensity per employee	11 m ³ /ppl	38 m ³ /ppl
Paper Consumption Intensity per employee	562 pieces/ppl	591 pieces/ppl

* Intensity in 2018 is restated to correct the calculation.

Large number of machinery was acquired by using the new proceeds from the listing in October 2018. The increase in use of machinery over the full year in 2019 resulted in massive consumption in fuel during the Reporting Year. Before the listing, few fuel was consumed as the machinery was utilised under operating leases.

The slight increase in electricity consumption was primarily attributable to the expansion of administration office.

As the operation of the Group is based in Hong Kong, the management of the Company believes that there is no material issue in sourcing water for operation.

Due to the nature of the business, no packaging materials were used for finished products by the Group during the Reporting Year.

A3. The Environment and Natural Resources

Construction work can cause potential adverse impact to the surrounding environment. The significant environmental issues that the Group facing regarding emissions and use of resources have been discussed and disclosed in the above paragraphs.

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B. SOCIAL

Employment and Labour Practices

B1. Employment

Employees are invaluable assets of the Group and the Group is dedicated to manage human capital. The construction industry has been suffering from labour shortage for years. The management of the Group acknowledges the importance of maintaining good relationship with skilled and competent employees for the long-term business development of the Group.

The Group adheres to the relevant laws and regulations in Hong Kong, including the Employment Ordinance, Mandatory Provident Fund Schemes Ordinance, Minimum Wage Ordinance, Occupational Safety and Health Ordinance, Employees' Compensation Ordinance, Construction Workers Registration Ordinance etc. Policies of Human Resource Management and Staff Handbook are in line with the employment laws and regulations and have been adopted for the purpose of protecting the basic rights and interests of the employees.

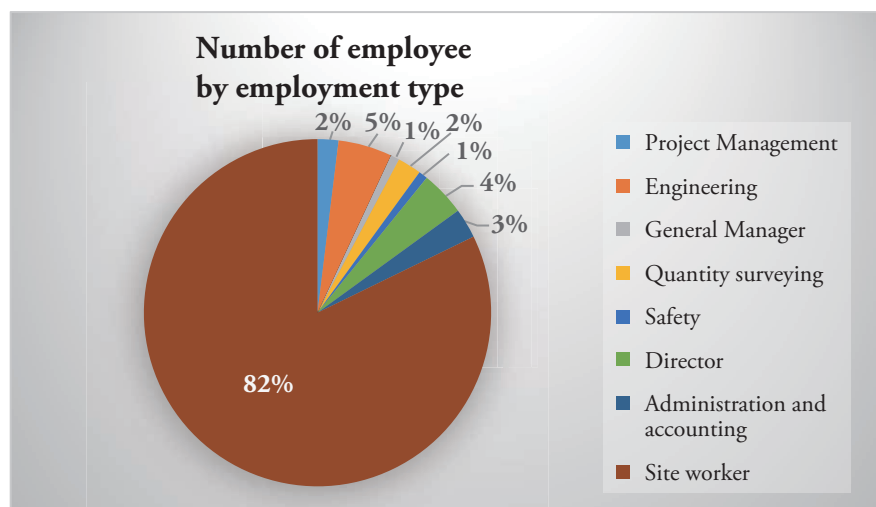
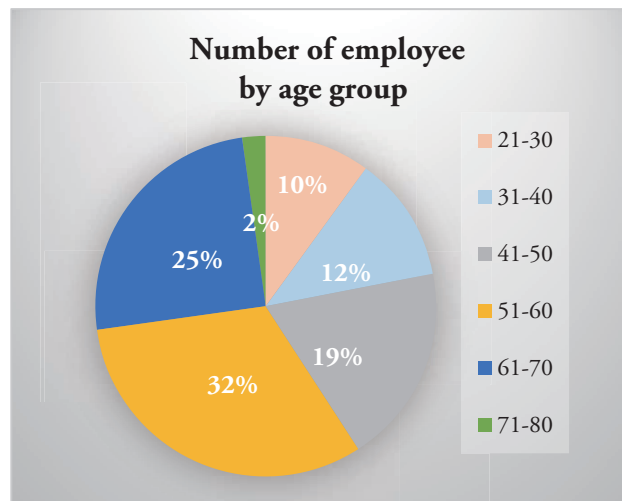
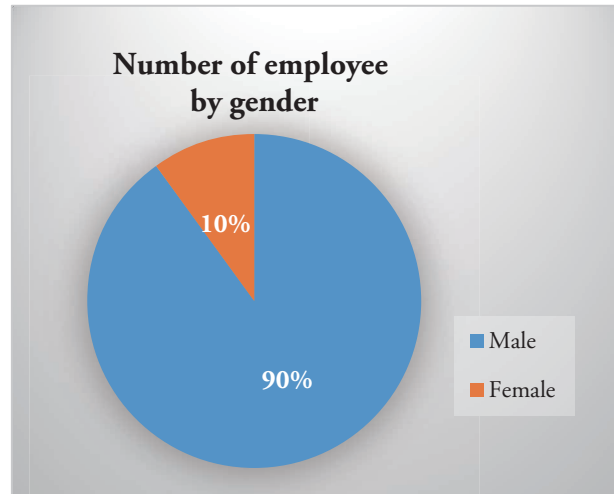
All employees are treated on an equal footing in relation to recruitment, training and development, appraisal, promotion, remuneration and benefits. The Group aims to provide equal employment opportunity which is free from any form of discrimination or harassment, regardless of age, gender, family status, sexual orientation, ethnicity, religion, disability and political stance.

The Group develops an effective communication with employees by various means such as group conversations through instant messaging softwares. Employees are welcomed to share their perceptions of the Group to the management to development and maintain harmonious culture within the Group.

All levels of staff are appraised annually based on the same categories of performance criteria. Bonus, salary increment and promotion are determined in accordance with the results of the staff appraisal.

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As at 31 December 2019, the Group employed a total of 127 employees. All staff members are located in Hong Kong. Their gender, employment type, age group are distributed as follow:



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B2. Health and Safety

The Group recognises that a healthy and safe working environment is vital in the construction industry and is committed to providing a workplace free from injury and illness through an effective procedures and practice on occupational health and safety.

The Group adheres to, in all material respects, applicable health, safety and environmental laws and regulations in Hong Kong including but not limited to:

- Occupational Safety and Health Ordinance;
- Factories and Industrial Undertakings Ordinance;
- Public Health and Municipal Services Ordinance; and
- Pneumoconiosis and Mesothelioma (Compensation) Ordinance.

Registered safety officers are responsible for overseeing the occupational health and safety system in construction site with a view to ensuring compliance with the relevant laws and regulations and monitoring work safety during construction.

A safety manual and safety plans on construction activities are implemented to provide employees and subcontractors' employees with a safe and healthy working environment and assisting in dealing with unexpected incidents, including handling heavy lifting by machinery, load shifting, plant movement, working at height, handling accidents, providing first-aid kits etc. Executive directors/senior management will have regular safety meetings with site foreman and safety officers to evaluate the safety rules and policies, and if necessary, update and revise the same.

All workforce in construction are provided with necessary work safety training. Safety supervisors who obtain training certificate or equivalent qualification, and site foreman conduct regular inspection on the operations and equipment to ensure all workers work in a safe and healthy environment. Site foreman will stop any unsafe act and suspend any dangerous operation and also check to ensure that all plant and equipment are safe and suitable for work. For the meantime, safety officers convene regular meetings with subcontractors and their safety officers to discuss any improvement on environmental protection and safety measures in the construction sites.

If any accident occurs, the safety officers will timely report the work injury to the Labour Department by an accident report in accordance with the Employees' Compensation Ordinance. All employees have been insured under employee compensation policy. To prevent similar work injuries, the safety officers will inspect the accident and prepare accident report for investigation and remediation as appropriate.

The Group has maintained a healthy and safe working environment and recorded no work-related fatalities during the Reporting Year.

During the Reporting Year, no injury case was reported.

B3. Development and Training

The Group believes that continuous staff training and development will not only improve its staff's performance, but also enhance loyalty and staff morale.

For new recruits, the Group will offer briefing to the employee which cover practical and technical aspects of their works, together with corporate culture and core value of the Group.

In view of enhancing health, safety and high quality in construction work, the Group provides its employees ongoing training programmes with adequate support and on-site training.

The Group will provide training to staff in relation to construction activities, including those in relation to technical skills and knowledges, construction safety, environmental management, awareness of emergency etc.

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B4. Labour Standards

The Group complies with the Employment Ordinance and Immigration Ordinance in Hong Kong, and does not engage in any forced or child labour.

Process of recruitment is standardised, and information of candidate including identify proof is strictly verified to prevent employment of child and forced labour.

In addition, the Group offers sufficient rest days to employees according to the Employment Ordinance so as to prevent forced labour practices. The Group would not force any employees to work overtime against their will.

Operating Practices

B5. Supply Chain Management

The Group develops long-term strategic relationship with its subcontractors and suppliers to sustain business growth of the Group.

In view of maintaining high quality standards and products provided by the subcontractors and suppliers, the Group has formulated policies and procedures of supply management to streamline and standardise the assessment on performance of subcontractors and the procurement process of construction machinery and materials.

New subcontractors and suppliers are selected in the consideration of their corporate conditions, reputation, credibility, registration and certification, cooperation history, quality of services provided, lead time etc.

Subcontracting services and construction materials are only sourced from suppliers in the approved suppliers list, which meet the Group's quality requirements in a fair and transparent operating practice.

Meanwhile, existing subcontractors and suppliers are assessed in a regular basis on their performance, results of site inspection, noncompliance track records, awareness of safety and environmental policy etc.

In accordance with the quality requirement under the Group's policy, site foremen in construction site are responsible for inspecting the delivery of construction materials.

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B6. Product Responsibility

The Group is fully aware of delivering high quality and safe construction service to the customers. The Group applies sound quality management system which is certified to be in compliance with the requirements of ISO9001:2000 and ISO9001:2008 quality management system standard in relation to civil engineering and building works.

For the purpose of meeting high quality standards, foremen are designated on each construction site to monitor the quality of foundation work in daily operations. Project managers are also assigned to carry out site inspection to monitor the quality and progress of construction works on a routine basis.

The Group strictly follows the relevant regulations regarding product responsibility in Hong Kong such as the Competition Ordinance and the Personal Data (Privacy) Ordinance.

In order to maintain a professional ethics with the Group, code of conduct which highlights the moral standards and professional practice has been adopted.

The Group endeavors to improve its quality management system continuously. Any customers' feedback or complaint will be recorded and handled immediately for improvement.

During the Reporting Year, the Group has not received any complaint from its customers or the public, or encountered any litigation regarding health and safety of construction work.

The Group also stresses on the importance of protecting the privacy and the intellectual property rights of customers, staff, subcontractors and suppliers.

Following the established Code of Conduct and Disaster Recovery Plan of the Group and relevant regulations, all confidential and sensitive information is only accessed by authorized personnel and subject to conditions of non-disclosure agreement signed with business partners, if any.

B7. Anti-corruption

The Group strives to comply with requirements of the statutory law, rules and regulations in relation to fraud and corruption in Hong Kong, such as the Prevention of Bribery Ordinance, and maintain a culture of honesty with zero tolerance towards any kind of bribery and money-laundering activities.

The Group adheres to stringent anti-corruption policies and whistle-blowing mechanism as stated in the Group's Code of Conduct, Anti-Fraud Policy and staff handbook, including guidelines on handling conflict of interest, gifts-givings, entertainment etc.

All employees of the Group are required to make a declaration to the management of the Group on a timely basis once there is any actual or potential conflict of interest.

To prevent conflict of interest, the Group has also stipulated control procedures for operations with relatively high risk on conflict of interest, such as project bidding, selection of subcontractors/suppliers, recruitment and promotion, claim for reimbursement.

The Group has put in place a whistle-blowing framework to provide a channel for employees and other stakeholders to raise legitimate concerns, where they have reasonable grounds for believing that there is fraud or corruption within the Group. Employees or stakeholders can raise out their concerns to the management or the audit committee of the Group.

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During the Reporting Year, no legal proceeding regarding corruption brought against the Company and its employees was involved and no whistle-blowing message was received by the Group.

Community

B8. Community Investment

The Group is devoted to take up the corporate social responsibility for the communities in Hong Kong through communication with the stakeholders including customers, suppliers, employees, social media through different channels and platforms to understand their needs and promote its environmental awareness to the community. In addition, we encourage our staff to actively participate in charitable activities and volunteer works, especially on those related with environmental protection.