



豐盛服務集團有限公司 FSE SERVICES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 331

Environmental, Social and Governance Report 2019-2020



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ABOUT THIS REPORT

About FSE Services Group Limited

After the acquisition of two property management companies, namely Urban Group and Kiu Lok Service Management Group, FSE Services Group Limited (the “Company”, together with its subsidiaries, the “Group” or “FSE Services”) has been re-organised into two major business segments according to the nature of services and products provided:

- i) E&M & Environmental Services Segment
 - FSE Engineering Group
 - FSE Environmental Technologies Group
- ii) Integrated Property & Facility Services Segment
 - Waihong Services Group
 - New China Laundry Group
 - Urban Group
 - Kiu Lok Service Management Group

With their professionalism and expertise, together with the extensive synergies created among the companies under FSE Services, the Group is able to build up a strong network and offers a full range of professional services to renowned clients and main contractors who are often engaged in property developments, public infrastructures, education and transportation facilities as well as entertainment and travel industries in Hong Kong, Macau, and Mainland China.

Our Vision

- Better Life, Better Home, Better Quality to You Everyday

Our Mission

- We offer superior service, we create an integrated, convenient and safe living environment.
 - **CUSTOMERS:** We provide customized service and maintain long term partnership.
 - **STAFF:** We promote work-life balance and create a strong sense of belonging.
 - **COMMUNITY:** We maintain sustainable development and contribute to community.

Our Core Value

- Quality
- Teamwork
- Integrity
- Caring
- Passion
- Innovation

Reporting Standard and Scope

The Group prepared this Environmental, Social, and Governance (“ESG”) Report in accordance with the ESG Reporting Guide (“ESG Guide”) issued by Hong Kong Exchanges and Clearing Limited (“HKEx”). It details our performance, policies and strategies in four key areas including human capital, environment, value chain, and community for the period from 1 July 2019 to 30 June 2020 (the “reporting year” or “FY2019/20”), and serves as a transparent channel for the Group to communicate its ESG-related initiatives and efforts to various stakeholders.

This report covers the Group’s E&M and environmental services segments in Hong Kong, Macau, and Mainland China and facility services segment in Hong Kong as listed below:

Reporting Scope for FY2019/20

- Corporate Offices
- Warehouse and Workshop Operations
- E&M & Environmental Services Segment
 - Installation Division
 - Maintenance Division
 - Trading and Retail Sales of Building Materials
 - Environmental Management Services
- Facility Services Segment
 - Waihong Services Group
 - New China Laundry Group

An ESG Content Index has been included in pages 38 - 40 for easy reference. We also welcome your feedback. Please send your suggestions or comments to johnlee@fseng.com.hk.

Stakeholder Engagement and Materiality Assessment

A structured, three-stage materiality assessment was undertaken to identify important ESG issues to be included in the report. A stakeholder engagement exercise and materiality assessment were conducted by an independent consultant appointed by the Group.

Stage 1: Identification

To determine the current level of disclosure in the industry, a peer benchmarking exercise was conducted to review the ESG disclosure of local and international peers. In 2018, internal stakeholders were invited to complete an online survey to rank the importance of each ESG topic.

Stage 2: Prioritisation

The results of the peer benchmarking and the latest online survey were combined and analysed. A prioritised list of potential material ESG issues was consolidated for further validation.

Stage 3: Validation

The consolidated list was considered by the senior management of the Group to finalise a list of material ESG issues and the relevant HKEx Aspects and Key Performance Indicators (“KPIs”) for disclosure in this report.

GOVERNANCE STRUCTURE FOR SUSTAINABILITY

Our Management Approach

Under the leadership of an Executive Director, the Group's management committee oversees the implementation of the Group's Integrated Management System ("IMS") and sustainability policies. The IMS comprises three international management system standards – ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System. This integrated system allows us to monitor and manage ESG-related risks in an organised manner. In order to establish our IMS across operations in the Group, all departments are required to develop their own set of guidelines and are held responsible for compliance. The system is regularly audited by both internal and external parties and the results are studied by the Group's senior management to monitor performance and compliance. The effectiveness of the system is reported to the Company's board of directors on a regular basis. For more information on our corporate governance and risk management, please refer to the Group's Annual Report FY2019/20.

Our Committees

To strengthen enterprise-wide operational management and support our long-term development, the Group has established the following committees:

Committee	Purpose
BIM Buildability Technologies Committee	<ul style="list-style-type: none">• To provide training and workshops on Building Information Modeling ("BIM")• To drive innovation and application of new technology
Business Development Committee	<ul style="list-style-type: none">• To enhance business competitiveness• To explore new areas of development
CSR Committee	<ul style="list-style-type: none">• To encourage employee participation in social services• To practice corporate citizenship and strengthen teamwork among employees

Committee	Purpose
Green Committee	<ul style="list-style-type: none"> • By promoting green policy and measures, organising green activities and keeping update for the environmental news • To build up a green culture within our working environment • To be more responsible for the environment and contribute more in our society
IT, Technical & Training Committee	<ul style="list-style-type: none"> • To introduce innovative technologies in the industry and continuously improve business quality • To provide training to retain and nurture talents
Investor Relations Committee	<ul style="list-style-type: none"> • To develop strategies for involvement and cultivation of investors
Labour Relations Committee	<ul style="list-style-type: none"> • To enable better communication with labour unions on labour-related issues
Publication Committee	<ul style="list-style-type: none"> • To promote company brand development and enhance corporate communications
Sports & Recreation Committee	<ul style="list-style-type: none"> • To promote a healthy and balanced lifestyle for employees and strengthen their sense of belonging
Trade Association & Institution Committee	<ul style="list-style-type: none"> • To gather feedback from contractors and other business partners on government policies and drafted legislation
Youth Committee	<ul style="list-style-type: none"> • To gather innovative ideas from early-career employees within the Group
Caring & Safety Committee	<ul style="list-style-type: none"> • To promote safe and caring culture in our life • To take care our colleagues, workers and their families as our neighbours

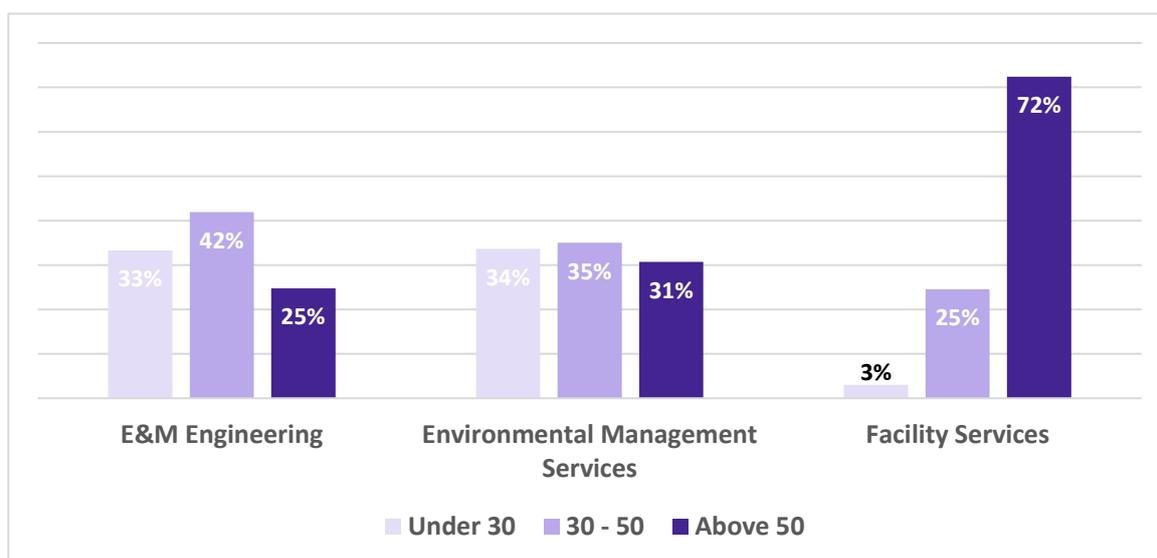
OUR HUMAN CAPITAL

Employees are the cornerstone of our business and the Group is fully committed to creating an inclusive, respectful and collaborative work environment. This includes embracing diversity regardless of nationality, race, religion, gender, age or family status; promoting development and learning; encouraging engagement and involvement and maintaining high safety and health standards.

A Competent and Diverse Workforce

Committed to creating benefits and value for individual staff as well as for the Group, we have established a set of well-defined and transparent policies and procedures on talent acquisition and employee dismissal, which allow the Group to manage its human resources in a more efficient way. As part of the principle of equal opportunity, our recruitment decisions are based on the candidate's knowledge, area of competence, qualifications, and experience. Our recruiting procedures comply with the applicable laws and regulations related to labour standards in all locations where we operate.

Percentage of employees by age group and business segment^a



Our employees are rewarded with competitive remuneration packages and fringe benefits which are commensurate with their experiences and responsibilities. Our *Employee Handbook* stipulates the Group's policies and procedures, including benefits,

^a Includes both full-time and part-time employees in Hong Kong, Macau and the People's Republic of China ("PRC").

compensation and professional behavioural expectations. We have established a fair and open performance appraisal system to monitor and evaluate employee performance annually. Guidelines are set out for performance appraisals to steer managers to make evidence-based objective decisions. The appraisals also serve as a two-way communication platform between employees and management to gather feedback and discuss their career goals.

We respect data privacy of every staff member. Governed by the Group's Privacy Policy, all personal data collected from our current and former employees, including records of personal and family particulars, salary and allowances, and promotion assessment, are handled by designated personnel in strict confidence.

To ensure compliance with all applicable legal and regulatory requirements^b, the management reviews our employment policies and guidelines on a regular basis. Additionally, our employment practices and expectations are provided to new recruits during an orientation session and briefings, while existing staff are reminded of the Group's expectations and requirements with relevant refresher workshops. During the reporting period, there were no cases of non-compliance with the laws and legislation relating to employment, labour practices and the prevention of child and forced labour in all locations where we operate.

A Positive Workplace

We believe that the well-being of all employees is essential to creating a positive workplace. The Group abides by the statutory requirements to ensure reasonable working hours and rest days are arranged for our staff. We have organised a range of staff engagement activities and a variety of interest classes in order to accommodate the diverse interests of our employees. Apart from engagement activities with our staff such as presenting Long Service Recognition, HKIE EGT Scheme A Training Program Outstanding Performance Award and Outstanding Employees Award, we have also extended our care to family members of our employees. For instance, our FSE Children Academic Star Award provides an opportunity for the children of our employees to receive awards for their academic excellence.

^b The laws and regulations that are the most relevant to the Group include, but not limited to, the Employment Ordinance (Cap. 57), the Labour Law of the PRC, the Provisions on Prohibition of Child Labour of the PRC, and the Labour Relations Law in Macau.

We provide a range of communication channels to gather employee feedback, including regular lunch box meetings, management chatting with young staff, newsletters, seminars and committee meetings. We seek to create more open communication channels between employees and management to ensure their voices are heard, initiate new staff development programmes and caring events and further develop our health and safety measures.



Orientation Day 2019

This is the third year that FSEE Youth Committee has organised an orientation session for our new colleagues. About 160 newly joined young staff attended the orientation in December 2019. Through team building activities and friendly competitions, our young colleagues were able to foster teamwork and enhance communications.

FSEE Annual Dinner 2020

In January 2020, FSEE organised a staff annual dinner themed "Our Footprint". During the event, the Youth Committee displayed an exhibition set to introduce FSEE's history. Our employees had a wonderful time enjoying the food, lucky draw, games and annual awards session.





FSEE Family Day

FSEE's Sports & Recreation Committee arranged an outing day in November 2019 for staff and their families. An organic pineapple farm visit, an organic vegetable seed workshop, a hand-made candy class

and a lunch buffet were organised throughout the day. This instilled a sense of belonging amongst employees and their family members as they enjoyed this outing as one big family.

Hong Kong Dragon Boat Premier Race 2019

Driven by our core value, "Teamwork", our staff members formed the FSEE Dragon Boat Team to stress the importance of work-life balance and take leisure time to have fun together as a team. After months of practice, our Dragon Boat Team participated in competitions with clients and business partners in August and November 2019. This event helped build our team spirit through collaboration and mutual support.



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Family Movie Day

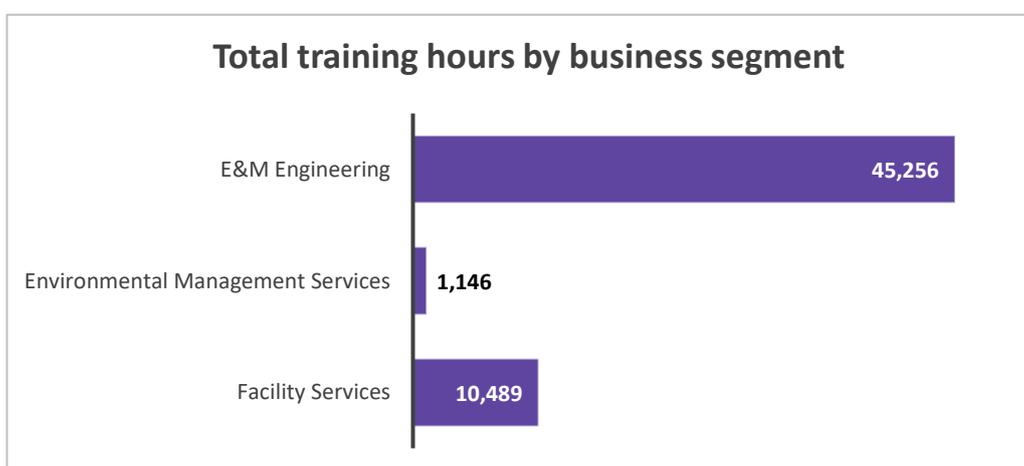
Waihong organised a family movie day at Discovery Park. During the event, our employees had a wonderful time enjoying the movie, snacks and drinks with their family members.

Training and Development

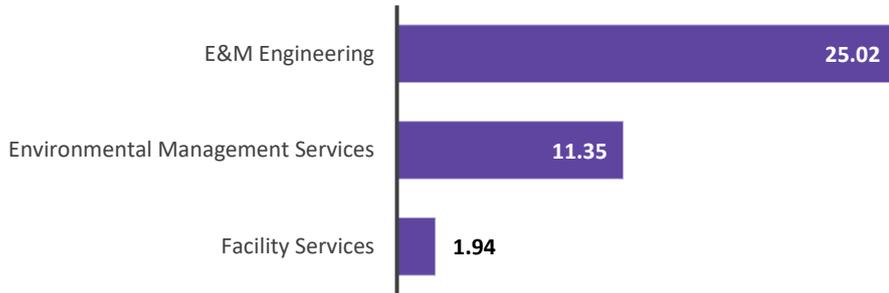
FSE Services encourages and organises job-specific training and development opportunities in order to further improve employees' work performance and enhance their career development within the Group.

In a constantly changing business and social environment, it is important to equip our staff with up-to-date knowledge and skill set to remain competitive in the market. To suit the diverse needs of our operations, we arrange tailor-made training sessions on a variety of topics such as technical workshops, customer service excellence, stress management and application of emotional quotient ("EQ") and adversity quotient ("AQ") at work, communication skills and occupational health and safety. Our established Training and Education Subsidy Scheme allows the Group to cultivate a continuous learning culture and effectively explores the potential of our employees which helps fostering staff growth and development.

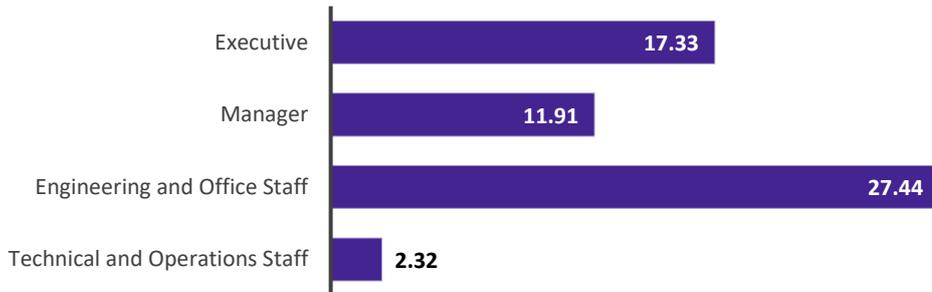
We are also dedicated to nurturing young talents. To develop our young talents into well-rounded leaders of the future, seven young staff have been selected to join the 2-year YoungSTAR program in January 2019. Due to the COVID-19 outbreak, most of the training programmes were conducted on-line this year. Since the programme commencement, the participants have gained valuable experiences from different courses under this programme and have provided positive feedback during their journey. In addition to the Graduate Scheme 'A' Training approved by The Hong Kong Institution of Engineers, Project Management Procedures Training Programme, a mentorship programme and the Big Brother and Sister Program for junior engineers have also been established since April 2018.



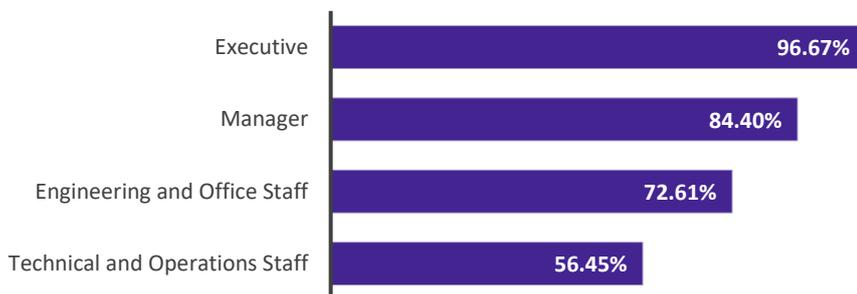
Average training hours completed per employee by business segment



Average training hours completed per employee by employee category



Percentage of employees trained by employee category



Harnessing Digital Technology for Learning and Development

In the era of digital transformation, harnessing digital technology is key to business competitiveness in a changing and increasingly demanding market. To nurture a thriving workforce of the future, FSEE supports and shares knowledge on digitisation and innovation through our new mobile application training platform.

In November 2019, FSEE developed and launched the “Training & Activity Apps” for staff training and development. A total of 60 training courses ranging various categories including maintenance, projects, contract administration, Building Information Modelling (“BIM”) and design, the environment, health, safety, information technology and others are available through this mobile application. This interactive learning platform plays a major role in boosting employee engagement, efficiency and performance.



For FSEE to fully utilise its technical ability and expertise, employee awareness and skillsets related to innovation are essential. The participation of our employees in the Construction Innovation Expo 2019 to showcase FSEE’s latest technological innovations and best practices demonstrates our



internal skillset alignment and thought leadership across the organisation. Additionally, this year we have arranged industry visits and seminars on the increasingly popular digital solutions such as BIM for our employees. We will continue to upskill our employees to better prepare for future technological challenges.

Empowering Leadership

We recognise that encouraging our employees to exercise leadership results in positive impacts and long-term effects for the company. This year, we invited an external expert to design and facilitate a one-day workshop “Empowering Leadership Series” for our department heads and senior management. During the workshop, participants learned the concept of Neuro-Linguistic Programming (NLP) as well as other communication skills. This workshop sharpened our participants’ relationship building skills so that they can better present themselves as a proactive and committed person in communicating with colleagues, clients, contractors and vendors.

Occupational Health and Safety

Caring, which is one of our six core corporate values, is the Group’s top priority for building a safe, inclusive and caring workplace. We have implemented the OHSAS 18001 Occupational Health and Safety Management System to mitigate and control occupational health and safety hazards in our operations. In Mainland China, we adopt the GB/T28001-2011/OHSAS 18001:2007 Occupational Health and Safety Management System and the Safety Management Handbook, which effectively manage occupational health and safety hazards in our operations at all times.

Our safety-related proactive and preventive measures are in place to eliminate and reduce occupational risks for our employees. To effectively manage and mitigate such health and safety risks, we carefully examine and analyse each potential hazard and actively engage with relevant stakeholders to develop and implement appropriate health and safety measures. According to our accident records in the past five years, we have identified that over 70% of the accidents occurred are due to imperfect site conditions. These site conditions, such as objects scattered around passageways or protruding rebars extended from partition walls, often lead to slips and trips in the workplace. To alert workers of potential workplace hazards, we display site safety messages through digital screens at our sub-contractor’s workshops so that workers can receive safety messages when reporting daily duties. We believe this can help enhancing their site safety awareness and mitigating construction safety risks.

Following a staff survey, we found that majority of workers are reluctant to wear separate sets of safety goggles at work due to fogging and inconvenience. Having known the problems, we have produced a helmet equipped with a retractable face shield which is less likely to cause fogging and is convenient for workers to carry at site. We have received a lot of positive responses from the site workers on this new personal protective equipment.



A display screen installed at every sub-contractor's workshop



A helmet equipped with a retractable goggle

At Waihong, a risk reporting system is in place to monitor high-risk activities at the workplace. Information is collected by personnel in charge of the site, and consolidated at the designated department. The department will then implement relevant plans for onsite inspections and monitoring. In addition, we commission Registered Safety Officers (“RSOs”) to perform regular safety inspections to identify potentially hazardous risks and recommend relevant control measures. The RSOs also conduct accident investigations, emergency preparedness and risk assessments in order to mitigate and manage any potential occupational health and safety hazards.

Subcontractors’ health and safety is also our top priority as the subcontractors work closely with our employees on site. We provide on-the-spot training to ensure work-related hazards and preventive measures are clearly communicated. To further enhance safety knowledge and awareness, our safety award scheme acknowledges subcontractors and workers with good performance in health and safety management.

Ensuring Workplace Health and Safety During the COVID-19 Pandemic

As the COVID-19 pandemic became a major health crisis, ensuring the health and safety of our employees was our first and foremost task. To ensure our management systems are addressing health issues across the group, a Crisis Management Committee which consists of senior staff from various departments was established. We have developed guidelines for preventive measures as well as arrangements and reporting procedures for suspected cases. Some of our preventive measures include:

- Enhance our cleaning protocol
- Implement flexible work practices
- Provide protective masks and precautionary equipment for our frontline staff
- Provide surgical masks to all staff
- Measure the body temperatures of our staff to monitor their health condition
- Encourage our staff to avoid commuting during rush hour
- Attend virtual meetings instead of face-to-face meetings as far as practicable
- Minimise business travel
- Arrange deep disinfection at the workplace if any staff members had contact with any suspected or confirmed infected persons
- If an employee is suspected of being infected, we will arrange accommodation for the employees who had close contact with them and flexible working and lunch hours arrangements for employees working in the same office
- Set up operating procedures such as entrance and exit route designation for staff at Waihong

The Group has also implemented contingency plans to contain the operational and financial risks that may bring to the Group. These include:

- Split-team working arrangement
- Setting up of alternative office
- IT enhancement to sustain business operations in case of COVID-19 outbreak

With the enhanced safety awareness of our staff and the safety measures that we have implemented, there were no work-related fatalities during the reporting year. Meanwhile, FSEE's average accident rate is 6.62 per 1,000 workers during the reporting year, lower than the published industrial average accident rate of 29 per 1,000 workers in 2019. On the other hand, Majestic was awarded by the Labour Department the "Meritorious Prize" under the Construction Industry Safety Award Scheme for outstanding performance at the construction site at Queen's Hill Phase 3 & 6 of the Hong Kong Housing Authority.

During the reporting period, a total of 3 non-compliance cases were recorded regarding the industrial safety at FSEE relating to electrical operation and working environment.

Anti-Corruption

We are committed to maintaining high ethical standards and integrity in our business operations. The Group's *Employee Handbook* details the requirements of professional conduct where all staff are required to comply. We have adopted strict rules on accepting gifts from business partners. An internal notice is also distributed to our staff as a reminder of the rules during festive seasons. Moreover, our Anti-Fraud Policy and Whistleblowing Policy provide a dedicated confidential reporting channel for employees and external stakeholders such as customers and suppliers to raise their concerns regarding unethical behaviour, and report malpractice and misconduct. This procedure enables employees and management to collaborate to resolve any issues and avoid further misconduct. During the reporting period, the Group complied fully with laws and regulations^c relating to bribery, extortion, fraud and money laundering.

OUR ENVIRONMENT

Since the Group's core business involves a wide range of engineering services, indirect environmental impacts may arise from installation, commissioning and maintenance works. While there are no major environmental impacts associated with the nature of our business, it is our responsibility to contribute to a greener future in principle. We aim to enhance energy efficiency, reduce emissions, conserve resources, manage waste and promote environmental awareness to optimise the benefits of environmental protection.

To monitor and manage our environmental performance, we have established an ISO 14001 Environmental Management System. This systematic approach allows us to effectively identify and mitigate the environmental issues associated with our operations through a continuous improvement cycle. Our Environmental Aspect Register records identified environmental issues in order to take appropriate mitigation measures in a timely manner and keep track of improvements over time.

^c The laws and regulations that are the most relevant to the Group include, but not limited to, the Prevention of Bribery Ordinance (Cap. 201).

Energy Consumption and Emissions

The Group aims to reduce energy consumption and greenhouse gas emissions in our business operations. As electricity usage in the city mostly comes from buildings, we actively integrate green building principles in our services, and offer our clients with cost-effective and energy-efficient electrical and mechanical solutions.

We also strive to reduce energy consumption in our daily operations. To conserve energy from the lighting and air conditioning systems, we have adopted the following measures:

- Installation of occupancy sensors to control lighting and outdoor air intake;
- Installation of UV protection window film to help maintain the indoor temperature; and
- Switching off lighting and air conditioning systems after working hours at the offices.

FSES is a signatory of the “Energy Saving Charter” and the “4Ts Charter” launched by the Hong Kong Government’s Environmental Protection Department (“EPD”). We believe that it is crucial to promote internal environmental awareness to achieve an overall reduction of our carbon footprint. We share energy saving tips with our employees through quarterly newsletters and emails to encourage behavioural change. Our active participation in external initiatives such as “No Air Con Night” and “Earth Hour” also reflects our staunch commitment and enhances energy conservation awareness among employees.

Exploring Energy Efficiency Solutions

We continue to explore different opportunities to conserve energy in our daily operations. Thus in July 2019, our colleagues in Mainland China invited air conditioning professionals to deliver a seminar on energy saving for air conditioning. During the seminar, our employees discussed project applications on air conditioning equipment and cooling tower energy saving technologies, research and development (“R&D”) of new products and associated financial benefits. This helped our staff understand current R&D directions and drive innovation in energy conservation.

Waste Management

Chemical Waste

In our daily engineering service operations, chemical waste such as lube oil may be generated, which requires specified treatment before disposal. We fully comply with the

Waste Disposal Ordinance (Cap. 54) in Hong Kong by following strict procedures to ensure the proper and safe handling of chemical waste. As part of the EPD's requirement, we are registered as a Chemical Waste Producer, and only engage licensed waste collectors to collect and properly dispose of chemical waste. Additionally, Waihong purchases environmentally friendly chemical products to enhance their environmental performance in their sanitation and hygienic cleaning services.

Steel Scrap

A solid waste reduction programme was launched at our Fanling workshop to reduce the disposal of scrap pipe sections generated during steel pipe pre-fabrication processes. While we strive to achieve optimal resource utilisation, some pipe sections may not be reused after being cut into smaller pieces. Through our solid waste reduction programme, we recycle all unused pipe sections which helps conserve natural resources. We will continue to explore new technologies to maximise opportunities to reuse materials at our operations.

Paper Waste

With our Green Office Guidelines (“Guidelines”), we continue with our well-established policies to reduce paper waste. To encourage the reuse of paper which has only been printed on one side, scrap paper boxes are placed next to printers for employees. Paper recycling bins are also deployed at various locations. To further prevent reusable paper materials from being disposed of in landfills, we have extended our waste reduction policies to our site offices and workshops. We also purchase printing paper with green labels, and are coordinating with our main contractors to arrange monthly collection of waste paper by qualified collectors for recycling.

Furthermore, FSEE has received the Wastewi\$e Certificate (Excellence Level) from the Hong Kong Green Organisation Certification to recognise its waste reduction efforts.



During the year, there was no significant non-compliance with relevant laws and regulations^d relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste.

^d The laws and regulations that are the most relevant to the Group include, but not limited to, Air Pollution Control Ordinance (Cap.311); Noise Control Ordinance (Cap. 400); and Waste Disposal Ordinance (Cap. 354).

Building a Culture of Sustainability

We believe fostering behavioural change within the Group is key to driving sustainable growth. To nurture an environmentally friendly culture within the Group, the Green Office Guidelines were officially launched in November 2016. The Guidelines focus on paper use reduction, energy conservation and materials recycling at our offices, sites, workshops and plant rooms. Announcements have been made to all employees to introduce the new green initiatives.

Spreading the Message of Environmental Protection

We recognise that protecting and preserving the environment is important to the well-being of the people and communities we serve. In October 2019, our volunteering teams in Mainland China organised two parkland clean-up activities. Volunteers and their family members participated in the event to promote environmental protection messages and remind visitors not to litter.



Parkland Clean-up

At the Hong Kong office, we arranged used books and toys recycling to promote a circular economy. Our Youth Committee organised an eco-tour for our staff to visit the organic waste treatment facility “O · PARK1” to enhance employees’ understanding of the concept of turning food waste to energy.

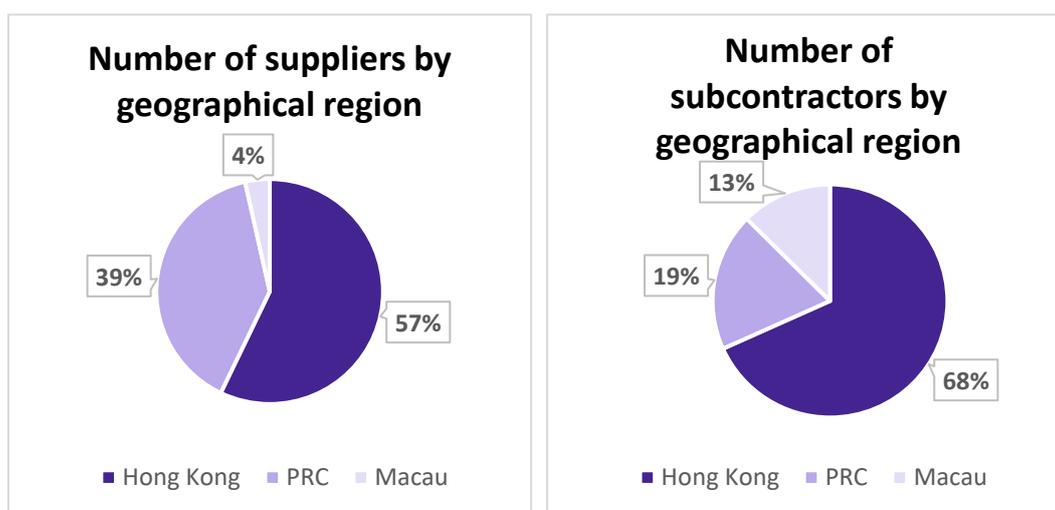
Research and Development Projects

Over the years, FSES has strengthened its commitment in research and development to enhance our existing services and protect the environment. Through collaboration with The Nano and Advanced Materials Institute Limited (“NAMI”), FSES has participated in two R&D projects involving water treatment and solid waste treatment. Currently, we are running a pilot water treatment project on cooling tower. We will continue to explore new technologies for a greener future.

OUR VALUE CHAIN

Supply Chain Management

Being one of the market leaders in our respective industries, we recognise the opportunity to extend sustainability considerations across its supply chain. In pursuit of long-term performance improvement, thereby effectively managing and mitigating supply chain risks, we actively incorporate responsible corporate practices into our supply chain management.



With an extensive network of suppliers and subcontractors, we select partners who share our sustainability vision. Our Procurement and Subletting Manual stipulates that potential suppliers and subcontractors are required to submit an application form and attend an interview, which will be assessed based on aspects such as project experience, reputation, safety and financial performance. If the criteria are met, the suppliers and subcontractors will be admitted to an approved list on a probationary basis. Until the completion of their first project, we will closely monitor newly admitted suppliers and subcontractors for 12 to 24 months before admitting them to the permanent approved list.

With a comprehensive system in place, we regularly assess the performance of existing suppliers and subcontractors. For example, in our operations in Mainland China, suppliers and subcontractors are reviewed on a semi-annual basis and quarterly basis respectively, to ensure the quality and consistency of our services. Substandard suppliers and subcontractors will be suspended or even removed from our approved list in case of serious non-compliance.

Responsible Services

The provision of efficient, professional and quality E&M engineering services is crucial to maintaining a high customer satisfaction rate. Apart from our long-standing IMS, guidelines have been established by each department to ensure a clear accountability within the organisation. In addition, FSES has adopted the international standard ISO 9001 Quality Management Systems to further demonstrate our commitment to quality standards. Regular audits are conducted to identify potential risks and defects in the production line and a standard audit system has been established for all our projects. In case of substantial quality and safety concerns, we will conduct in-depth investigations to identify the causes and execute appropriate measures to prevent recurrence of the incidents.

We are always looking for opportunities to enhance customer experience. Therefore, we conducted quarterly customer satisfaction surveys to collect customer feedback on our projects in Hong Kong and Macau. In FY2019/20, we received an overall rating of 7.6/10 from our clients, consultants, contractors and other business partners. We will continue to work with our stakeholders and strive for continuous improvement.

The Group is committed to safeguarding customer data and privacy. Our *Employee Handbook* stipulates clauses concerning the use and storage of customer data. Only authorised personnel have access to customer data and all personal data must be handled in an indiscriminate and appropriate manner.

It is our responsibility to ensure that the products and services we provide do not involve any act of copyright infringement. All employees are required to follow the Company Policy on Matters relating to the Intellectual Property (Miscellaneous Amendments) Ordinance when carrying out their business duties, including the installation of computer software and the use of other copyrighted works.

During the reporting year, we strictly complied with laws and regulations related to customer health and safety, advertising, labelling, intellectual property rights and privacy matters in all locations where we operate.

OUR COMMUNITY

With a deep-rooted spirit of giving back to the society, the group is dedicated to serving the environment and the needy, especially children, the elderly and other disadvantaged groups. During the reporting year, we went beyond Hong Kong and initiated various charitable activities in Macau and Mainland China. Contributing 2,448 volunteer hours, our enthusiastic colleagues served over 670 beneficiaries, creating positive impacts in our shared community.

Caring for the Environment

As an environmentally responsible company, we actively participate in an array of green living and energy-saving events to demonstrate our commitment and raise the environmental awareness of our employees. In collaboration with WWF-Hong Kong, we continued to participate in “Earth Hour 2020” on 28 March 2020 in response to the global challenge of climate change. In October 2019, we supported “No Air Con Night 2019” organised by Green Sense and switched off the air conditioners at our offices from 7 pm to 7 am. We also supported “Biz-Green Dress Day 2019” organised by the Hong Kong Green Building Council, where employees were encouraged to dress light to reduce energy consumption from air conditioning.

Over the festive season, we teamed up with Greeners Action during their “Lai See Packets Recycling and Reuse Programme 2020” to encourage our staff to recycle their lai see packets to help minimise waste generation and start a more environmentally-friendly festive tradition. To reduce food waste produced during festive periods, we participated in various food recycling programmes to promote a sharing and low-waste culture. During the Mid-Autumn Festival this year, we participated in Food Grace’s event “Food Charter Movement 2019” and donated surplus mooncakes for distribution to underprivileged people in the local community.



*No Air Con Night 2019
Appreciation Certificate*

Caring for the Elderly

To show appreciation for the contributions to our senior citizens made to the development of our community, we take part in various elderly services to express our respect and gratitude. This year marks our eleventh year partnering with the Tung Wah Group of Hospitals to show our love and care to the elderly. Our collaboration this year took us to the Stephen Yow Mok Shing Neighbourhood Elderly Centre to enjoy a day of togetherness and festivities.



Activity at Stephen Yow Mok Shing Neighbourhood Elderly Centre

Caring for Underprivileged Children

Child welfare is one of the focus areas of our community services. Working closely with the Hans Andersen Club, this year we organised “Happy Summer Break 2019” for children from grass-roots families to enjoy a wonderful day filled with games and story-telling sessions. Our volunteering team in Macao co-organised a movie day for underprivileged children with the Social Service Section of The Methodist Church of Macao. We were delighted to share unforgettable moments with them.



Happy Summer Break 2019

Caring for the Disadvantaged

To promote social inclusion, we work closely with different organisations and shared seasonal cheer with the disadvantaged throughout the year. In our continued collaboration with the Hong Kong Down Syndrome Association, we supported a fundraising event during the Chinese New Year to support individuals with Down syndrome. We also participated in the “2019-2020 Hong Kong Citizen Hong Kong Heart - Volunteer Ambassador Program” organised by “Volunteer Movement”. Our volunteers knitted scarves for the rehabilitation groups in December 2019. This year, NCL worked with Tung Wah Group of Hospitals Fong Shu Chuen District Elderly Community Centre, The

Salvation Army and Hong Chi Association to provide free laundry services to their members. On-the-job trainings in our laundry workshop were also provided to the members of The Salvation Army and Hong Chi Association to help them integrating into the community. We continue to encourage our colleagues to join volunteering opportunities and help build a more harmonious and caring society.

Caring for the Frontline Workers

To show our care to frontline workers, we have delivered 300 “Workers Caring Packs” with anti-epidemic materials and hand sanitizers to our site workers in March 2020. Our volunteer team also participated the Construction Industry Caring Campaign – Fight against Novel Coronavirus to pack 2,000 “Worker Caring Packs” on 29 May 2020.



AWARDS AND MEMBERSHIPS IN FY2019/20

Awards and Recognitions

Issuer	Award	Company
Construction Industry Council & Construction Industry Sports & Volunteering Programme	Construction Industry Caring Organisation 2019-2022	FSEE
Construction Industry Council & Construction Industry Sports & Volunteering Programme	Construction Industry Volunteer Award - Excellence in Construction Industry Volunteering Collaboration (Merit) - Excellence in Construction Industry Volunteering Project (Merit)	FSEE
Development Bureau / Construction Industry Council	Merits Award of the Best Exhibitor (Shell Scheme) - Construction Innovation Expo 2019	FSEE
Electrical and Mechanical Services Department	Outstanding Registered Electrical Contractors Competition 2019 - Gold	MEC
Employees Retraining Board	ERB Manpower Developer Award Scheme - Manpower Developer "Super MD"	FSEE
Employees Retraining Board	ERB Manpower Developer Award Scheme	WH
Environmental Bureau	Friends of EcoPark 2019 - Certificate of Appreciation	FSES/FSEE/WH
Environmental Bureau & Electrical and Mechanical Services Department	Energy Saving Charter 2019	ELS/EPS/EXT/FE/FSEE/FSES/JET/MEC/YEC
Environmental Campaign Committee	Hong Kong Green Organisation Certification - Wastewise Certificate "Excellence Level"	FSEE/WH
Environmental Protection Department	Appreciation of Certification of Supporting Food Waste Collection	WH
The Federation of Hong Kong Industries	Caring Certificate of FHKI CSR Recognition Scheme: Industry Cares	NCL

Issuer	Award	Company
Federation of Hong Kong Industries and Bank of China (Hong Kong)	BOCHK Corporate Environmental Leadership Awards 2019 - Eco Partner	FSEE
Food Grace	Eat Wise Charter - Green Mid-Autumn Festival 2019 Campaign	FSEE/WH
Green Sense	10th No Air Con Night 2019 - Certificate of Appreciation	FSES/FSEE
Home Affairs Bureau and Family Council	Family-Friendly Employers Award Scheme & Family-Friendly Employers Award & Special Mention (Gold) & Awards for Breastfeeding Support	WH
Hong Kong Brand Development Council	Hong Kong Top Brand Mark (Top Mark)	WH
Hong Kong Council on Smoking and Health	Hong Kong Smoke-free Leading Company Awards - Silver Award	FSES
Hong Kong Council on Smoking and Health	Hong Kong Smoke-free Leading Company Awards - Certificate of Merit	FSEE
Hong Kong Council of Social Service	Caring Company - Caring Company Logo	FSES
Hong Kong Council of Social Service	Caring Company - 10 Years Plus Caring Company Logo	FSEE/NCL/WH
Hong Kong Productivity Council	Happiness at Work Promotional Scheme	NCL
Hong Kong Productivity Council and Committee on the Promotion of Civic Education	The 10th Hong Kong Outstanding Corporate Citizenship Awards - Corporate Citizenship logo in Enterprise Category	NCL/WH
Hong Kong Productivity Council and Committee on the Promotion of Civic Education	The 10th Hong Kong Outstanding Corporate Citizenship Awards - Corporate Citizenship logo in Enterprise Category & Volunteer Team Category	FSES

Issuer	Award	Company
Hong Kong Productivity Council and Committee on the Promotion of Civic Education	The 10th Hong Kong Outstanding Corporate Citizenship Awards - Corporate Citizenship 5+ logo in Enterprise Category & Volunteer Team Category	FSEE
Hong Kong Q-Mark Council and Federation of Hong Kong Industries	Hong Kong Q-Mark Service Scheme	WH
Hong Kong Q-Mark Council and Federation of Hong Kong Industries	Hong Kong Green Mark Certificate Scheme	WH
Labour and Welfare Bureau and Community Investment and Inclusion Fund	Social Capital Builder Logo Award	WH
Labour Department	Good Employer Charter 2018	WH
Mandatory Provident Fund Schemes Authority	Good MPF Employer 5 Years Award & MPF Support Award & e-Contribution Award	FSEE/YEC/MEC/FE/JET/ELS/EPS/TEC
Mandatory Provident Fund Schemes Authority	Good MPF Employer 2018/19	NCL
Mandatory Provident Fund Schemes Authority	Good MPF Employer 2018/19 & MPF Support Award & e-Contribution Award	FSES/WH
Mandatory Provident Fund Schemes Authority	Good MPF Employer 2018/19 & MPF Support Award	EXT
Occupational Safety & Health Council	The 7th Best Property Safety Management Award - Best Property Contractor in Occupational Safety and Health - The Palazzo (Gold Award)	WH
Promoting Happiness Index Foundation and the Hong Kong Productivity Council	Happiness-At-Work Label Scheme - Happy Company 5 Years+ Logo	FSEE/FSEET/WH

Issuer	Award	Company
Promoting Happiness Index Foundation and the Hong Kong Productivity Council	Happiness-At-Work Label Scheme - Happy Company Logo	FSES
Sichuan North Road Street Community Party Construction Service Center	Caring Enterprise Award	FSEE PRC
Social Welfare Department	Volunteer Movement - Gold Award for volunteer service (Organization)	FSES/FSEE
Social Welfare Department	Volunteer Movement - Gold Award for volunteer service (Group) - Volunteer Team	FSES/FSEE
Social Welfare Department - The Steering Committee on Promotion of Volunteer Service	"Hong Kong Citizen Hong Kong Heart" Volunteer Ambassador Program - Certificate of Appreciation	FSEE
Sun Fook Kong Construction Group	Sun Fook Kong Safety and Environmental Awards Scheme 2019 - Zero Accident Achievement (2018-10 to 2019-3)	MEC
Sun Fook Kong Construction Group	Sun Fook Kong Safety and Environmental Awards Scheme 2019 - Zero Accident Achievement (2019-4 to 2019-9)	MEC
The Department of Health of the Occupational Safety and Health Council	Occupational Health Award 2019-20 - Joyful @ Healthy Workplace Best Practices Award (Enterprise/Organisation) - Outstanding Award	FSES/FSEE/ NCL
The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2019	NCL/WH
The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2019 - Excellence Award 5 years	EPS/JET/MEC/ YEC

Issuer	Award	Company
The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2019 - 5 years	FE/FSEE
The Hong Kong Institute of Financial Analysis and Professional Commentators Ltd	IFAPC Outstanding Listed Companies Award 2019	FSES
The Lok Sin Tong Benevolent Society Kowloon	Smoking Cessation Program in Workplace - Certificate of Appreciation	FSES/FSEE
Trade Union of Beijing Chongwenmenwai Street	Certificate for Donation of Epidemic Prevention Materials	FSEE PRC
Tung Wah Group of Hospitals	TWGHs Endless Care Services - Certificate of Appreciation	FSES
World Green Organisation	Paper Saving 2019 - Certificate of Participation	FSEE

Memberships

Association	Membership Type	Company
Association of Engineering Professionals in Society	Ordinary Membership	MEC
Business Environment Council Limited	Membership	EPS
Commissioning Specialists Association	Associate Membership	FE
Environmental Contractors Management Association	Membership	WH
Hong Kong Association for Testing, Inspection and Certification Limited	Membership	ELS/JET
Hong Kong Brand Development Council (Top Brand)	Corporate Member	WH
Hong Kong Chamber of Commerce in China - Shanghai	Membership	FSEE PRC
Hong Kong Cleaning Association Limited	Membership	WH
Hong Kong Construction Materials Association Limited	General Membership	EXT
Hong Kong Electrical Contractors' Association	Life Membership	FE/MEC
Hong Kong Institution of Human Resource Management	Membership	FSEE
Hong Kong Occupational Safety and Health Association	Membership	FSEE
Hong Kong Pest Management Association	Active Member	WH
Hong Kong Plumbing and Sanitary Ware Trade Association	Membership	EXT/MPL/JET
Macau Air-conditioning & Refrigeration Chamber of Commerce	Membership	YEM
Macao Chamber of Commerce	Life Membership	FEM/MEM/ YEM
Macau Construction Association	Life Membership	MEM/YEM
Macau Management Association	Membership	YEM

Association	Membership Type	Company
Occupational Safety & Health Council	Green Cross Group	WH
Shanghai Intelligent Building Construction Association	Membership	FSEE PRC
Shanghai Fire Protection Association	Membership	YECS
The Association of Registered Fire Service Installation Contractors of HK Ltd	Life Membership	MEC
	Membership	FE
The Federation of Environmental and Hygienic Services	Membership	WH
The Hong Kong Air Conditioning & Refrigeration Association Ltd	Fellow Membership	YEC
	Associate Membership	EXT/FE/JET
The Hong Kong Electrical & Mechanical Contractors' Association	Council Membership	YEC
	Membership	MEC
The Hong Kong Green Building Council	Institutional Member	EPS/MEC/YEC
The Hong Kong General Chamber of Commerce	Membership	EXT/FE/MEC/YEC/WH
The Hong Kong Federation of Electrical and Mechanical Contractors Limited	Ordinary Membership	EXT/FE/MEC/MPL/YEC
Water Quality Association	Membership	JET

List of Abbreviation

FSES	FSE Services Group Limited
FSEE	FSE Engineering Group Limited
FSEET	FSE Environmental Technologies Group Limited
ELS	FSE Environmental Laboratory Services Limited
EPS	Environmental Pioneers & Solutions Limited
EXT	Extensive Trading Company Limited
FE	Far East Engineering Services Limited
FEM	Far East Technical Service (Macao) Limited
JET	Joneson Environmental Technologies Limited
MEC	Majestic Engineering Company Limited
MEM	Majestic Engineering (Macao) Company Limited
MPL	Majestic Plumbing Engineers Limited
TEC	Tridant Engineering Company Limited
YEC	Young's Engineering Company Limited
YEM	Young's Engineering (Macao) Company Limited
FSEE PRC	FSE Engineering Limited
YECS	Young's Engineering (Shanghai) Company Limited
WH	Waihong Services Group
NCL	New China Laundry Limited

PERFORMANCE DATA SUMMARY

HKEx KPI	Unit	FY2019/20	
A. Environmental			
A1.1	The types of emissions and respective emissions data ^e		
	- NOx	Tonnes	8.79
	- SOx	Tonnes	0.01
	- PM	Tonnes	0.7
A1.2	Greenhouse gas emissions in total and intensity		
	Scope 1 emissions	Tonnes of CO ₂ e	11,496
	Scope 2 emissions	Tonnes of CO ₂ e	4,072
	Scope 3 emissions	Tonnes of CO ₂ e	126
	Total (Scope 1 and 2 emissions)	Tonnes of CO ₂ e	15,568
	Intensity (Scope 1 and 2 emissions)	Tonnes of CO ₂ e /FTE	2.31
A1.3	Total hazardous waste produced		
	Lube Oil ^f		
	- in total	L	520
	- by intensity	L/FTE	0.28
	Stoddard Solvent ^g		
	- in total	kg	10,539
- by intensity	kg/FTE	40.38	
A1.4	Total non-hazardous waste produced ^h		
	Recycled Office Paper		
	- in total	kg	13,595
	- by intensity	kg/FTE	2.02
	Newspaper and Carton Boxes ⁱ		
	- in total	kg	823
	- by intensity	kg/FTE	0.44
	Bleach Containers ^j		
- in total	kg	19,901	
- by intensity	kg/FTE	4.09	

^e Based on the fuel consumption of the Group's vehicles in Hong Kong, Macau and PRC.

^f This data is confined to our E&M engineering services and environmental management services.

^g This data is confined to our facility services (NCL).

^h Covers office operations in Hong Kong only.

ⁱ This data is confined to our E&M engineering services and environmental management services.

^j This data is confined to our facility services (NCL and WH).

HKEx KPI		Unit	FY2019/20			
A2.1	Energy consumption by type					
	Total Direct Energy Consumption					
	- in total		'000 kWh	35,204		
	- by intensity		'000 kWh/FTE	5.23		
	Diesel Oil					
	- in total		'000 kWh	6,982		
	- by intensity		'000 kWh/FTE	1.04		
	Petrol					
	- in total		'000 kWh	406		
	- by intensity		'000 kWh/FTE	0.06		
	Total Indirect Energy Consumption (Purchased Electricity)					
	- in total		'000 kWh	5,784		
		- by intensity	'000 kWh/FTE	0.86		
	Total Energy Consumption (Direct and Indirect)					
	- in total		'000 kWh	40,988		
		- by intensity	'000 kWh/FTE	6.08		
A2.2	Water consumption ^k					
	- in total		m ³	422,585		
	- by intensity		m ³ /kg washed	0.02		
B. Social						
B1.1	Total workforce by employment type and gender			Male		Female
	Full-time		No. of people	2,928		3,809
	Part-time		No. of people	131		444
	Total workforce by employment type and age group			Under 30		30-50
	Full-time		No. of people	770		1,965
	Part-time		No. of people	30		156
B1.2	Employee turnover rate by gender			Male		Female
			%	38.61		56.31
	Employee turnover rate by age group			Under 30		30-50
			%	26.88		38.28
					Above 50	
					58.05	

^k This data is confined to our facility services (NCL).

HKEx KPI		Unit	FY2019/20		
B2.1	Number and rate of work-related fatalities				
	- By number	No. of people	0		
	- By rate	%	0		
B2.2	Lost days due to work injury				
	- Staff	Days	5,785		
B3.1	The percentage of employees trained by employee category and gender				
	- Executive	%	96.67		
	- Manager	%	84.40		
	- Engineering and Office Staff	%	72.61		
	- Technical and Operations Staff	%	56.45		
	- Male	%	68.07		
	- Female	%	55.91		
B3.2	The average training hours completed per employee by employee category and gender				
	- Executive	Hours	17.33		
	- Manager	Hours	11.91		
	- Engineering and Office Staff	Hours	27.44		
	- Technical and Operations Staff	Hours	2.32		
	- Male	Hours	15.22		
	- Female	Hours	2.43		
B5.1	Number of Suppliers by Geographical Region				
			Hong Kong	Macau	PRC
	Suppliers	No.	1,224	75	844
	Subcontractors	No.	637	117	179
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons				
	0				
B6.2	Number of products and service related complaints received				
	12				
B7.1	Number of concluded cases regarding corrupt practices brought against the company				
	No. of cases			0	

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number/ Remarks
A. Environmental			
A1 Emissions	A1	General Disclosure	18 – 20
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	A1.2	Greenhouse gas emissions in total and intensity	35
	A1.3	Total hazardous waste produced and intensity	35
	A1.4	Total non-hazardous waste produced and intensity	35
	A1.5	Description of measures to mitigate emissions and results achieved	19
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	20 – 21
A2 Use of Resources	A2	General Disclosure	18 – 19
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	36
	A2.2	Water consumption in total and intensity	36
	A2.3	Description of energy use efficiency initiatives and results achieved	19
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	21
	A2.5	Total packaging material used for finished products	Note (i)
A3 The Environment and Natural Resources	A3	General Disclosure	18 – 19
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	21

Aspect	HKEx KPI	Description	Page Number/Remarks
B. Social			
Employment and Labour Practices			
B1 Employment	B1	General Disclosure	8 – 9
	B1.1	Total workforce by gender, employment type, age group and geographical region	36
	B1.2	Employee turnover rate by gender, age group and geographical region	36
B2 Health and Safety	B2	General Disclosure	15, 18
	B2.1	Number and rate of work-related fatalities	37
	B2.2	Lost days due to work injury	37
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	15 – 17
B3 Development and Training	B3	General Disclosure	12
	B3.1	Percentage of employees trained by gender and employee category	37
	B3.2	Average training hours completed per employee by gender and employee category	37
B4 Labour Standards	B4	General Disclosure	8 – 9
Operating Practices			
B5 Supply Chain Management	B5	General Disclosure	22
	B5.1	Number of suppliers by geographical region	37
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where and how the practices are being implemented and monitored	22
B6 Product Responsibility	B6	General Disclosure	23
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	37

Aspect	HKEx KPI	Description	Page Number/ Remarks
	B6.2	Number of products and service related complaints received and how they are dealt with	37
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	23
	B6.4	Description of quality assurance process and recall procedures	23
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	23
B7 Anti-corruption	B7	General Disclosure	18
	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	37
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	18
Community			
B8 Community Investment	B8	General Disclosure	24 – 26
	B8.1	Focus areas of contribution	24 – 26
	B8.2	Resources contributed to the focus area	24 – 26

Note:

- (i) The use of packaging material has been identified and confirmed as non-material to FSE Services.