



Affluent Foundation Holdings Limited

俊裕地基集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1757

*Environmental, Social
And Governance Report
2020/21*

INTRODUCTION

Affluent Foundation Holdings Limited (the "Company" or, together with its subsidiaries, the "Group") is pleased to present its annual Environmental, Social and Governance ("ESG") report for the year ended 31 March 2021 (the "Reporting Period").

Basis of Preparation

The ESG report is prepared based on the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited with related topics and data reported according to their importance and in keeping with the principals of quantification, balance and consistency.

Scope and Reporting Period

The operating subsidiary of the Group currently focuses on providing a high standard of work and satisfying services related to foundation works in Hong Kong. To a lesser extent, the Group is also engaged in leasing of machineries to other construction companies.

The ESG report covers the Group's major operations in Hong Kong, namely the provision of services in relation to foundation works in Hong Kong, which is the key area of focus for our ESG management.

Documentation, statistics as well as other information available in relation to the Group was taken into account when extracting information, data and content for the ESG report. Details of our ESG strategies, policies and measures with regard to the different factors are stipulated below.

Stakeholder Engagement

To achieve sustainable development, the Group maintains close relationships and continuously communicates with its stakeholders. This communication enables the Group to accurately assess the potential impact of its business activities in terms of ESG. The table below highlights the Group's key stakeholders as well as the Group's methods in engaging them:

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	Shareholders	Corporate website Annual financial report Seminars Conference call
Employees	Senior management Employees Potential recruits	Training, seminars Face-to-face meetings Conference call Independent focus groups and interviews Corporate social responsibility and volunteering activities
Customers	Real estate developers Main contractors	Interviews Face-to-face meetings
Suppliers/Contractors	Materials suppliers Contractors	Supplier assessments Daily work reviews Site inspection/meeting with contractors
Government	Government Regulatory authorities	Written or electronic correspondence



I. ENVIRONMENTAL

Environment and Natural Resources

The Group mainly undertakes foundation works in the construction industry and strictly complies with the environmental protection laws and regulations in Hong Kong, including the Air Pollution Control Ordinance (Cap. 311), Waste Disposal Ordinance (Cap. 354) and Noise Control Ordinance (Cap. 400). The Group implements various different measures to avoid, minimise and control the impact on the environment at its construction sites.

With regard to air quality control, the Group stores sand, debris, or other dusty materials outside of construction sites. The construction materials are covered or wetted on site. Construction works are also enclosed with impervious dust screens, and working areas are wet prior to, during and after works execution. Haul roads are wet using water sprinklers or water bowsers. Construction vehicles are washed and any dusty materials are removed before leaving a site.

In terms of environmental management for waste control, excavated materials or pure construction and demolition inert materials (e.g. hard rock, sand, soil and broken concrete) shall be sorted on site for reuse on the site or disposed of at a designated outlet (e.g. Public Fill Reception Facility). In addition, cardboard and paper packaging (for plant, equipment and material) shall be sorted onsite and sold to recycling companies by the main contractor. They shall be stockpiled appropriately in dry conditions and covered to prevent cross contamination with other construction and demolition waste.

The nature of our business inevitably leads to noise pollution, and our procedures are set up to regulate the time and the specific types of equipment permitted for conducting percussive piling works. Noise barriers and hoarding are erected along the site boundary to lessen the impact of both dust and noise.

To the best of the Group's knowledge, there were no material non-compliances with environmental laws and regulations during the Reporting Period.

Greenhouse Gas (GHG) Emissions

The Group is committed to maintaining the quality of the environment, using clean energy, reducing pollution and waste during operation to reduce and even eliminate the adverse impact on the environment from operating activities and emissions. Over the years, the Group has been committed to environmental protection and has adopted a number of measures and monitoring methods to mitigate emissions and ensure that its responsibility for environmental protection has been fulfilled. In accordance with the "Air Pollution Control Ordinance" laid down by the Environmental Protection Department (EPD), all of the Group's machinery uses fuel with a sulphur content not exceeding 0.005% during industrial processes.

During the Reporting Period, the Group did not use any liquefied petroleum gas or gas and did not produce any hazardous waste from its operations. Therefore, it has no relevant GHG emissions to report.

I. ENVIRONMENTAL (CONTINUED)

Greenhouse Gas (GHG) Emissions (CONTINUED)

The following presents the Group's GHG emissions for the Reporting Period:

GHG emissions from use of vehicles

Aspects 1.1	Unit	2021	2020
Nitrogen oxides	gram	*250,616.47	689,969.20
Sulphur oxides	gram	*526.16	914.06
Respiratory suspended particles	gram	*20,648.00	50,763.23

GHG emissions from mobile combustion sources

Aspects 1.2	Unit: kg (CO ₂ equivalent)	2021	2020
Scope 1			
Carbon dioxide	kg	*84,786.12	147,865.13
Methane	kg	*147.77	208.06
Nitrous oxide	kg	*9,171.08	9,203.43

* The decrease in the GHG emissions figures is due to a reduced number of construction projects and construction works during the financial year. However, the figure for nitrous oxide did not drop relatively due to the increase of use of high nitrous oxide emission vehicles.

Indirect GHG emission resulting from the generation of purchased electricity and water processing

Aspects 1.2	Unit	2021	2020
Scope 2			
Indirect GHG Emissions	kg (CO ₂ equivalent)	14,375.55	16,991.91
Indirect GHG Emissions intensity	kg (CO ₂ equivalent)/office	14,375.55	16,991.91

Non-hazardous waste produced

Aspects 1.4	Unit	2021	2020
Non-hazardous waste disposal	tonnes	*39.50	162.15
Non-hazardous waste intensity	tonnes/ construction project	*39.50	40.53

* The decrease in the figures is due to a reduced number of construction projects that produced non-hazardous waste during the financial year.

Due to the nature of the Group's business, certain construction waste is generated in our construction process. The construction waste is disposed of at landfills or sold for recycling purposes. The Group always endeavours to recycle practicable construction material in our design and construction process.

In summary, to the best of knowledge of the directors of the Company (the "Directors"), there were no material non-compliances with the applicable local rules and regulations relating to air emissions, GHG emissions, water and land discharges, and generation of hazardous and non-hazardous waste in all material aspects during the Reporting Period.



I. ENVIRONMENTAL (CONTINUED)

Use of Resources

The Group has implemented a series of measures to enhance the awareness of environmental protection among employees with the aim of saving energy, fully utilising resources and recycling waste in the Group's operations.

The Group encourages employees to use recycled paper for printing and other operational use, and to consider the necessity of printed copies of electronic files during work. At its office, the Group has adopted LED lighting and requires employees to turn off the lights whenever vacating the office area.

Most of the electrical appliances at the Group's office are energy efficient. When using air conditioning, employees are advised to set the temperature at an eco-friendly level of 25.5 degrees Celsius.

As the Group's operations are based in Hong Kong, we believe that there is no material issue in sourcing water that is fit for purpose.

The following presents the Group's direct energy and water consumption for the Reporting Period:

Direct energy consumption in total and intensity

Aspects 2.1	Unit	2021	2020
Electricity usage	kWh	*28,626	26,718
Electricity usage intensity	kWh/office	*28,626	26,718

* The increase in the figures is due to an increase in the use of air conditioners during the financial year.

Water consumption in total and intensity

Aspects 2.2	Unit	2021	2020
Water consumption	cubic metre	*150	278
Water consumption intensity	cubic metre/office	150	278

* The decrease in the figures is due to a reduction in the number of construction projects during the financial year.

II. SOCIAL

Employment and Labour Standards

Our employees are our invaluable assets. The human resources policies of the Group are in line with the employment laws in Hong Kong. The policies cover the Group's standards in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare. The Directors and senior management of the Company participate in formulating remuneration packages for the entire workforce, which reflect positions, job nature, qualifications and experience. Remuneration is subject to annual review and shall be adjusted appropriately based on performance appraisals. Internal promotions are prioritized over external recruitment whenever there are development opportunities within the Group.

The Group fully complies with laws and regulations prohibiting unfair discrimination, including the Sex Discrimination Ordinance (Cap. 480), the Race Discrimination Ordinance (Cap. 602) and the Disability Discrimination Ordinance (Cap. 487). As an equal opportunity employer, the Group treats all employees on an equal footing in matters related to recruitment, promotion, appraisals, discipline, remuneration and benefits. An employee's age, gender, family status, sexual orientation, physical disability, ethnicity and religion shall not affect his or her career with us.

II. SOCIAL (CONTINUED)

Employment and Labour Standards (CONTINUED)

To prevent any hiring of child labour or illegal labour, the Group's human resources department is instructed to pay particular attention to such illegal practices and follow the Group's standardized recruitment procedures. The interviewer is responsible for checking the personnel identification documents of the job applicant to ensure the applicant is over the legally authorised working age.

To prevent forced labour practices, sufficient rest days are assigned to employees according to the Employment Ordinance (Cap. 57).

To the best knowledge of the Directors, during the Reporting Period, the Group did not identify any material breaches of relevant laws and regulations relating to prevention of child and forced labour.

The Group maintains high standards of business ethics and requires its employees and subcontractors to abide by the Group's code of conduct.

During the Reporting Period, to the best of the Group's knowledge, there were no non-compliance cases regarding violation of any employment related laws and regulations, including, but not limited to:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong); and
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong)

Protecting Employees' Health and Safety

The Group is committed to providing both its employees and subcontractors with a safe and healthy working environment.

For each construction project, sufficient risk assessments and a safety plan shall be implemented to ensure the safety of personnel working at the project site.

Specifically, the following safety measures are adopted:

- establishing an induction scheme in which new construction workers undertake induction safety training provided by the main contractor or the Group within the first day at the respective construction site to equip them with adequate knowledge with regards to safety and their work and/or relevant risks and hazards on the work site;
- providing sponsorship for employees to attend seminars and training sessions with respect to safety and skills development;
- arranging talks with construction workers after the occurrence of industrial accidents during which workers are allowed to express their opinions in relation to the safety topics in the respective toolbox talks;
- promoting workers' safety awareness in terms of manual lifting, preventing falls from height and falling objects and preventing "slip and trip" incidents, and improving on site cleanliness and tidiness; and
- setting up a drill program involving the execution of emergency drills from time to time to maintain workers' safety awareness.



II. SOCIAL (CONTINUED)

Protecting Employees' Health and Safety (CONTINUED)

Although the Group has implemented a safety plan to mitigate safety risks, the occurrence of accidents at construction sites cannot be completely eliminated due to the nature of work in the construction industry.

The work injury statistics for the Group were as follows:

Aspects 2.2	Unit	2021	2020
Number of work-related fatalities	case(s)	0	0
Rate of work-related fatalities	percentage	0%	0%
Number of reported accidents (sick leave > 3 days)	case(s)	5	5
Days lost due to work injury	day(s)	644	426.5

The Group was not aware of any material non-compliance with the health and safety laws and regulations during the Reporting Period.

Responding to the Novel Coronavirus ("COVID-19") Pandemic

Towards the end of the Reporting Period, Group operations were affected by the COVID-19 pandemic. With the aim of safeguarding the health of our staff, the following measures had been implemented:

- Providing face masks and disinfectant products at head office and site offices for staff use.
- Requiring staff to adhere to the Group's office hygiene requirements in response to COVID-19.
- Placing educational materials regarding COVID-19 at head office to raise the relevant awareness of staff.
- Requiring visitors to show a negative COVID-19 test result before visiting the head office.

The above measures were not only for the protection of the health of our staff, but also our customers and the communities close to the worksites where the Group had operations.

II. SOCIAL (CONTINUED)

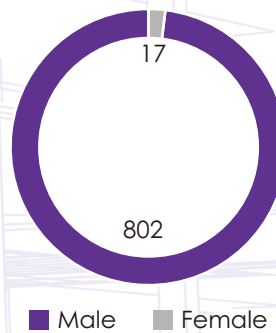
Training and Development

To allow employees to excel at their career, while at the same time to ensure their safety at work, the Group provides them with adequate support and on-site training.

The Group arranges training workshops or courses for its employees in relation to the skills and techniques required for carrying out the Group's construction services, as well as knowledge on occupational health and safety, which are to be conducted either through internal training or by external parties such as other training authorities through sponsorship of admission fees.

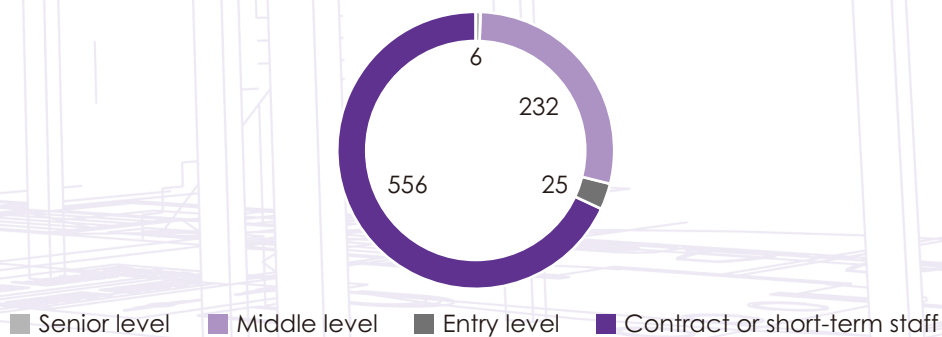
In particular, the Group ensures sufficient safety training shall be provided to employees. Total hours for safety training organised for employees during the Reporting Period amounted to 819. The following presents the statistics for hours of safety training attended by employees based on gender and employment categories:

Breakdown of training hours by gender



As at 31 March 2021, the Group employed 149 employees, of which 136 were male and 13 were female. On average, each male and female employee attended approximately 6 hours and 1 hour of safety training, respectively.

Breakdown of training hours by employment category



According to employment category, namely "Senior level", "Middle level", "Entry level" and "Contract or short-term", the numbers of employees for each category were 6, 23, 14 and 106, and the average training hours attended were approximately 1, 10, 2 and 5, respectively.



II. SOCIAL (CONTINUED)

Supply Chain Management

To support the Group's commitment to delivering the best services to customers and adding value to the Group's stakeholders in terms of ESG, the Group's operations department practices thorough supply chain management.

Specifically, approved lists of suppliers and subcontractors are maintained.

The Group's suppliers are selected based on the following factors:

- Environmental compliance of products supplied;
- Quality of materials; and
- Any background issues concerning potential conflict of interests in supplying goods to the Group.

The Group shall only purchase from approved suppliers to ensure quality of its purchases. Further, with reference to the quality requirement of its construction projects, the responsible project team or the directors shall communicate with suppliers the quality requirements. At reception of goods at project sites, the foremen shall be responsible for inspecting the delivered goods to ensure they conform to quality requirements.

For subcontractors, the following factors shall be considered:

- Past safety records;
- Quality of work delivered to customers;
- Environmental compliance;
- Records of complaints from customers;
- Labour practices, in particular the hiring of illegal labour; and
- Any background issues concerning potential conflict of interests in providing services to the Group.

Regular inspection on the quality and progress delivered by subcontractors shall be performed by the responsible project team. The Group has made it clear to subcontractors that it is essential that they comply with related laws and regulations when handling safety and employment matters at construction sites.

II. SOCIAL (CONTINUED)

Service Pledge to Customers

The cornerstone to the Group's success has been the trust built between itself and its customers. Accordingly, customer communication channels have been set up, including an office hotline and construction site representatives for handling customers enquiries and complaints. The Group pledges to resolve any enquiries and complaints to the satisfaction of its customers and deliver the best construction services available.

During the Reporting Period, legal liabilities arising from defective construction works, disputes with customers, or customer data protection issues were not noted.

Anti-corruption

Over the years, the Group has not witnessed any suspected or actual bribery, extortion, fraud and money laundering activities occurring within the Group. The Group stands firmly by its anti-corruption policies and procurement practices as stated in its internal manuals. Acceptance of kickbacks, commissions or any forms of benefits are strictly prohibited during any procurement, contract negotiations or other business dealings.

The manuals also outline guidance over conflicts of interest, intellectual property rights, privacy and information confidentiality, bribery and corruption, and equal opportunities.

There is also a gift policy in the Group's internal manuals which clearly states the required process and procedure for handling and accepting gifts and advantages.

To the best knowledge of the Directors, no material breaches of relevant laws and regulations relating to bribery, extortion, fraud and money laundering were identified during the Reporting Period.

Community Involvement

The Group always encourages its employees to participate in charitable activities within the community and thus the Group is willing to allow its employees to join various charity events whenever possible.