

Kwan On Holdings Limited 均安控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1559



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2021



CONTENT

- I. ABOUT THE REPORT
- II. PRINCIPLE AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT
- III. STAKEHOLDER ENGAGEMENT
- IV. MATERIALITY ASSESSMENT
- V. ENVIRONMENTAL ASPECTS
 - A1: Emissions
 - A2: Use of Resources
 - A3: The Environment and Natural Resources
 - A4: Climate Change
- VI. SOCIAL ASPECTS
 - B1: Employment
 - B2: Health and Safety
 - B3: Development and Training
 - B4: Labour Standards
 - B5: Supply Chain Management
 - B6: Product Responsibility
 - B7: Anti-corruption
 - B8: Community Investment
- VII. KPI SUMMARY
- VIII. REFERENCE TO HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE



I. ABOUT THE REPORT

Objectives of the Report

This environmental, social and governance (“ESG”) report (the “Report” or the “ESG Report”) published by Kwan On Holdings Limited and its subsidiaries (“Kwan On”, the “Group”, “We”) aims to provide the performance of the Group in respect of the environmental, social and governance aspects in a transparent and open manner over the past year, in response to the concerns and expectations of our stakeholders on the sustainable development of the Group.

Scope of the Report and Reporting Period

The Report covers the reporting period from 1 April 2020 to 31 March 2021 (the “Reporting Period” or the “Year”), which is in conformity with the Group’s financial year. The Report sets out the ESG obligation, managing approach, performance and initiatives of Kwan On as a licensed contractor. In particular, the environmental KPIs disclosed in the Report covers our headquarter in Hong Kong, as well as the construction sites of our key civil construction projects (the “Key Construction Projects”) selected by our directors. The Key Construction Projects cover 10 contracts tendered by Kwan On Construction Company Limited (“Kwan On Construction”), the principal operating subsidiary of Kwan On, which include Civil Engineering and Development Department contracts (KL/2012/03, CV/2015/01, NE/2016/05, GE/2018/03, GE/2018/01), West Kowloon Cultural District Authority contract (GW1538), Housing Authority contracts (20170102 and 20189126), Drainage Services Department contract (DC/2018/10) and Highways Department contract (HY/2018/12). On the other hand, the social KPIs covers the general business across the Group¹.

Reporting Standards

The Report has been prepared with reference to the requirements set out in the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”). During the process of preparation of the Report, we summarised the Group’s performance in terms of corporate social responsibilities based on the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”. Please refer to the table below for our understanding of and response to these reporting principles.

¹ Social KPIs cover the general business across Kwan On, including our construction-related businesses and property development businesses in Hong Kong and Southeast Asia.



| Reporting principles | Implications | Our responses |
|----------------------|--|---|
| Materiality | Where ESG issues are sufficiently important to investors and other stakeholders, they should be reported by issuers. | The Report identifies the stakeholders associated with Kwan On and presents their concerns. We also describe how we have determined the key issues and prioritise those issues using a materiality matrix. In addition, we have stated the provisions of “comply or explain” in relation to the matters not to be disclosed as they are not material to the Group and the reasons for making this decision. |
| Quantitative | KPIs should be disclosed in a measurable manner. The issuer may set targets to reduce a particular impact thus the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate. | The Report made quantitative disclosure about KPIs, and reported on the standards, methods or inputs for calculation used to compile KPIs and the sources of the conversion factors used. |
| Balance | The ESG Report should provide an unbiased picture to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader. | The Report discussed our achievements and challenges in sustainability. |
| Consistency | The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time. | The Report used consistent methodologies wherever possible and explains any changes to the methodologies adopted last year. |

Collection of Data

The information disclosed in this Report is derived from the Group’s formal documents, statistics, or public information. The Board is responsible for the truthfulness, accuracy, and completeness of its contents.



II. PRINCIPLE AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

Objectives of Sustainable Governance and Development

While driving its business to grow steadily, the Group regards sustainable development as one of the core values of its business operations and is committed to integrating the concept of sustainable development into its business and management, with a view to become a reputable and respected green civil construction contractor. The Group is committed to fulfilling our environmental and social responsibilities by increasing information transparency, proactively maintaining the quality of our professional services and adhering to operational standards, with an aim to build a green and sustainable future for the next generation.

Sustainable Governance Strategies

In line with the Group's concept of sustainable development, we have established a top-down Environmental, Social and Governance ("ESG") framework: the Board is responsible for formulating ESG strategies, assessing and identifying the Group's ESG risks, as well as ensuring the effectiveness of our risk management and internal controls; senior management is responsible for organising relevant initiatives in accordance with our ESG strategies and reporting to the Board on the progress of our ESG initiatives and the preparation of the Group's annual ESG report; the administration department, human resources department, financial accounting department, procurement department and project department are responsible for the execution of ESG initiatives, including the collection of stakeholders' feedback, internal and external materiality assessment and preparation of ESG reports. They shall report the progress of ESG-related issues and the preparation of ESG reports to the senior management.

Involvement of the Board

The Board is committed to integrating sustainable development into the Group's business development and assumes full responsibility for the following:

- assess and identify the Group's ESG-related risks and opportunities;
- ensure the Group has appropriate and effective risk management and internal control system in place;
- formulate the Group's ESG management approaches, strategies, priorities and objectives;
- review the progress and performance of ESG-related issues; and
- review and approve the disclosures in the Group's ESG Report.

The Board regularly assesses, identifies and manages the risks associated with sustainable development and identifies potential opportunities by complying with regulatory requirements and industry practices to create long-term value for our stakeholders. In addition, the Board regularly reviews the progress of each ESG target and adjust them where appropriate and feasible to minimise the adverse impact on the society and environment.



III. STAKEHOLDER ENGAGEMENT

Our understanding of and response to stakeholders’ opinions are fundamental to the formulation and implementation of the Group’s short-term and long-term development strategies. To understand their concerns and to progress and grow together, the Group proactively engages with key stakeholders, including shareholders and investors, the government, our employees, customers, suppliers, subcontractors, and the community, through diverse communication channels such as seminars, trade unions, surveys or other platforms.

The table below summarises how we communicate with our stakeholders, their concerns and our action plans.

| Stakeholder groups | Communication methods/channels | Major demands/ concerns | Our action plans |
|----------------------------|---|--|--|
| Shareholders and investors | <ul style="list-style-type: none"> • Convene annual general meetings • Publish annual and interim reports • Public disclosures • Analyst meetings • Meetings and conference calls with investors | <ul style="list-style-type: none"> • Maximise investment returns • Enhance company value • Facilitate information transparency and effective communication • Protect interests of shareholders and investors | <ul style="list-style-type: none"> • Regular general meetings • Regular board meetings • Frequently meet with investors |
| The government | <ul style="list-style-type: none"> • Public consultation • Seminars • Reports/Surveys • Interviews • Tax assessment | <ul style="list-style-type: none"> • Compliance with laws • Fulfill regulatory requirements • Fulfill tax obligations • Maintain good relationship with the government • Promote employment | <ul style="list-style-type: none"> • Compliance with national laws and regulations • Create jobs • Pay tax in full, on time and in compliance with laws |

| Stakeholder groups | Communication methods/channels | Major demands/concerns | Our action plans |
|--------------------|--|--|--|
| Employees | <ul style="list-style-type: none"> • Opinion surveys • Staff caring and welfare campaigns • Mental health counseling channels • Staff mailbox • Internal communications | <ul style="list-style-type: none"> • Provide a healthy and safe working environment • Enhance and develop vocational skills • Provide more training opportunities • Access to benefits | <ul style="list-style-type: none"> • Organise training courses for professional development, enhancing vocational skills and promoting safety procedures • Identify employees' personal development needs and perform a fair and objective assessment • Create a competitive workplace • Staff caring and welfare campaign |
| Customers | <ul style="list-style-type: none"> • Listen to customer feedback and handling enquiries or complaints • Customer communication meetings • Customer satisfaction surveys | <ul style="list-style-type: none"> • Provide quality services • Respect for privacy and confidentiality | <ul style="list-style-type: none"> • Normalization and standardization of services • Conduct regular satisfaction surveys • Timely response to and handling of customer complaints • Due protection of customer's privacy |



| Stakeholder groups | Communication methods/channels | Major demands/concerns | Our action plans |
|------------------------------|--|--|---|
| Suppliers and subcontractors | <ul style="list-style-type: none">• Sharing sessions• Review on suppliers' and subcontractors' performance• Communication meetings• Conference Call• Surveys | <ul style="list-style-type: none">• Enhance transparency in procurement process• Ensure the selection process is conducted in a fair and equitable manner | <ul style="list-style-type: none">• Provide equal chances for competing suppliers and subcontractors• Improve selection system for suppliers and subcontractors• Establish an open and transparent tendering system |
| Community | <ul style="list-style-type: none">• Hotlines for handling complaints• Social charity events | <ul style="list-style-type: none">• Invest in public welfare• Adopt green operation strategies• Participate in community building• Promote community well-being• Care for the underprivileged groups | <ul style="list-style-type: none">• Uphold corporate social responsibility• Organise regular community charity activities• Hold charity events• Promote energy saving and environmental protection |

IV. MATERIALITY ASSESSMENT

In order to determine key disclosures for the Report, we have conducted materiality assessment on ESG issues with our stakeholders. The procedures of the materiality assessment are set out as below:

Step 1: Identify ESG issues

The Group identified the following 21 ESG issues based on the existing operations, and taking into the consideration of the disclosure requirements of “Environmental, Social and Governance Reporting Guide” and ESG management priorities in our industry.

| ESG aspects | | No. | ESG issues |
|------------------|--|-----|--|
| A. Environmental | Aspect A1: Emission | 1 | Air emission |
| | | 2 | Greenhouse gas emission |
| | | 3 | Waste management |
| | Aspect A2: Use of Resources | 4 | Energy consumption |
| | | 5 | Water consumption |
| | | 6 | Paper usage |
| | Aspect A3: The Environment and Natural Resources | 7 | Environmental risk management |
| | Aspect A4: Climate Change | 8 | Climate change-related issues |
| B. Social | Aspect B1: Employment | 9 | Equal opportunity |
| | | 10 | Employee's welfare |
| | Aspect B2: Health and Safety | 11 | Employee occupational health and safety measures |
| | Aspect B3: Development and Training | 12 | Staff development |
| | Aspect B4: Labour Standards | 13 | Prohibition of child labour and forced labour |
| | Aspect B5: Supply Chain Management | 14 | Selection and evaluation of suppliers |
| | | 15 | Monitoring and managing environmental and social risk along the supply chain |
| | | 16 | Service quality |
| | Aspect B6: Product Responsibility | 17 | Managing complaints |
| | | 18 | Protecting intellectual property rights |
| | | 19 | Customer's data privacy and data security |
| | Aspect B7: Anti-corruption | 20 | Anti-corruption and anti-money laundering |
| | Aspect B8: Community Investment | 21 | Community involvement |

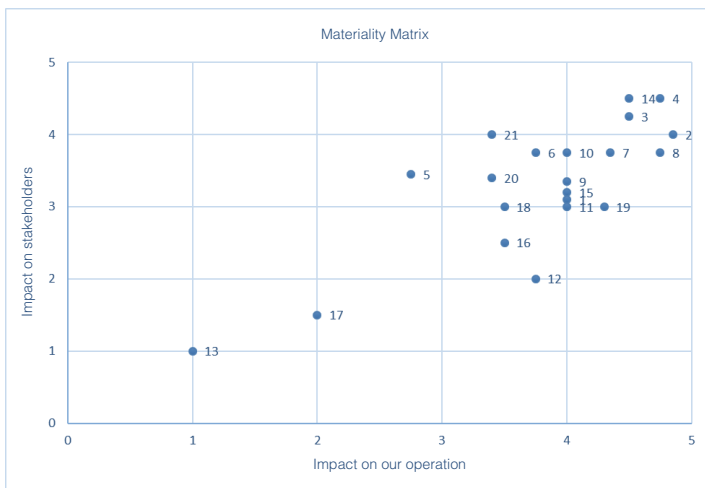


Step 2: Materiality Assessment

The Group’s management conducted meetings based on the opinions gathered from the engagement with our stakeholders and rates the degree of relevance and importance of every ESG issues from 0 to 10 (0 represents irrelevant; 10 represents most important).

Step 3: Priority

Based on the score from materiality assessment, we prioritised the issues in two dimensions, namely “impact on stakeholders” and “impact on our operation”, and prepared the materiality matrix as below. Issues at the right upper quadrant are defined as the most important issues to the Group’s business operation and our stakeholders.



| No. | ESG issues |
|-----|--|
| 1 | Air emission |
| 2 | Greenhouse gas emission |
| 3 | Waste management |
| 4 | Energy consumption |
| 5 | Water consumption |
| 6 | Paper usage |
| 7 | Environmental risk management |
| 8 | Climate-change-related issues |
| 9 | Equal opportunity |
| 10 | Employee’s welfare |
| 11 | Employee occupational health and safety measures |
| 12 | Staff development |
| 13 | Prohibition of child labour and forced labour |
| 14 | Selection and evaluation of suppliers |
| 15 | Monitoring and managing environmental and social risk along the supply chain |
| 16 | Service quality |
| 17 | Managing complaints |
| 18 | Protecting intellectual property rights |
| 19 | Customer’s data privacy and data security |
| 20 | Anti-corruption and anti-money laundering |
| 21 | Community involvement |

The Group is principally engaged in undertaking civil construction contracts in Hong Kong. While we rely on a stable workforce and our subcontractors to complete our projects, generation of different emissions during the course of our operation is inevitable. According to the results of the materiality assessment, emissions, employment, and supplier and subcontractor management are of utmost concern to Kwan On and our stakeholders. By attaching more attention to the above-mentioned issues and regularly reviewing major ESG issues, we take into account the view of every stakeholder and firmly refine our long-term development strategy.



V. ENVIRONMENTAL ASPECTS

Kwan On acknowledges the importance to maintain sustainable development in its daily operation. While striving to expand our business, the Group has always been committed to the green concept of protecting our ecological environment and slowing down the depletion of natural resources. We have implemented various resource conservation and environmental protection initiatives with an aim to reduce the direct impact on environment in the course of our business.

A1: Emissions

In view of the increasingly worrying global issues such as climate change, we make efforts to minimise the Group's emission. The Group strictly complies with emission-related laws and regulations such as "Air Pollution Control Ordinance", "Water Pollution Control Ordinance" and "Waste Disposal Ordinance", which clearly set out the requirements for the discharge of pollutants. To be effectively in line with and in compliance with the relevant requirements, we have formulated and strictly implemented internal policies such as the "Waste Management Regulations" to provide clear guidance to our staff for their environmental protection routine, with an aim to reduce pollution.

Air and Greenhouse Gas Emissions

During the Reporting Period, the main sources of the Group's air and greenhouse gas emissions are gasoline and diesel consumption, purchased electricity, paper waste, fresh water and sewage. During the Reporting Period, the Group generated approximately 111 kg of nitrogen oxides, 3 kg of sulphur oxides and 1,380 kg of particulate matter, while the total greenhouse gas emissions were amounted to approximately 720 tonnes of carbon dioxide equivalent.

In order to reduce air and greenhouse gas emissions, Kwan On has implemented a series of environmental protection management initiatives to manage the emissions generated from our office premises and construction projects, covering details in the procurement of construction materials, operation of construction machinery and vehicles, and electricity and paper consumption.



Sources of Air and Greenhouse Gas Emissions and the Measures Taken

| Sources of air and greenhouse gas emissions | Measures taken |
|---|---|
| Fuel Consumption | <p>Kwan On has taken a series of measures to reduce air and direct greenhouse gas emissions generated from fuel consumption (Scope 1²) as follows:</p> <ul style="list-style-type: none"> • Construction vehicles and machinery deployed for the delivery of materials must meet the government's environmental and energy efficiency requirements; • More eco-friendly construction materials, machinery and vehicles are used; • Switch off the engine of an idling vehicle; • Encourage our staff to use public transport wherever possible; and • Regular maintenance and repairing of machinery, equipment and vehicles to maintain engine performance and fuel efficiency. |
| Purchased Electricity | <p>Electricity consumption is the Group's major indirect source of greenhouse gas emissions (Scope 2³). During the Reporting Period, 35% of the total greenhouse gas emissions is attributed to the use of purchased electricity. Since 2015, the Group has been actively participating in the Energy Saving Charter on Indoor Temperature promoted by the Electrical and Mechanical Services Department to reduce electricity consumption by maintaining the average indoor temperature at 24°C to 26°C (especially during summertime). In addition, to further reduce the daily electricity consumption in our offices, we prefer electronic appliances with energy efficiency labels, replace the fluorescent tube in our offices with LED and encourage our staff to develop eco-friendly habits such as turning off lights and air conditioning after work.</p> |

² Scope 1 emissions cover direct greenhouse gas emissions from operations that are owned or controlled by the Group.

³ Scope 2 emissions cover "energy indirect" greenhouse gas emissions resulting from the Group's internal consumption (purchased or acquired).

| Sources of air and greenhouse gas emissions | Measures taken |
|---|--|
| Paper waste | Methane generated from the Group's disposal of paper waste at landfills has contributed to other indirect greenhouse gas emissions (Scope 3 ⁴). To reduce greenhouse gas emissions, we actively encourage our employees to print internal documents on both sides and develop eco-friendly photocopying habit. Apart from reducing paper waste at source, the Group also encourages its employees to recycle paper waste in order to raise their awareness of saving paper. |
| Fresh water and sewage | Electricity consumed by governmental departments in treating water and sewage discharged by the Group also contributes to other indirect greenhouse gas emissions (Scope 3). Therefore, Kwan On has implemented various water saving measures to reduce our water consumption. For example, we install restrictors on our faucets and perform regular maintenance on our water fixtures to reduce water consumption and eliminate drips and leaks. Kwan On also limits the amount of detergents and chemicals used to reduce the wastewater discharged. In addition, wastewater is collected and treated by sewage treatment facilities before being discharged to the sewers. The Group's discharges also comply with the pH value, suspended solid and chemical oxygen demand standards stipulated in the Discharge Licence issued by the Environmental Protection Department. |

Summary of Air Emissions

| Air Emission ⁵ | Unit | 2020 |
|------------------------------------|------|----------|
| Nitrogen oxides (NO _x) | kg | 111.01 |
| Sulphur oxides (SO _x) | kg | 2.54 |
| Particulate matter (PM) | kg | 1,379.91 |

⁴ Scope 3 emissions cover all other indirect greenhouse gas emissions that occur outside the Group.

⁵ The air emission is calculated based on the "How to prepare an ESG Report" Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx and "Energy Utilization Index and Benchmarking Tools" published by Electrical and Mechanical Services Department of the HKSAR Government in 2020 (<https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk>).

Summary of Greenhouse Gas Emissions and the Intensity

| Greenhouse gas ^{6,7} | Unit | 2020 |
|--|---|--------|
| Scope 1: Direct greenhouse gas emission | | |
| Generated from mobile combustion sources | Tonnes carbon dioxide equivalent ("tCO ₂ e") | 456.10 |
| Total amount of direct carbon dioxide equivalent emission | tCO ₂ e | 456.10 |
| Intensity of total amount of direct carbon dioxide equivalent emission | tCO ₂ e/project | 45.61 |
| Scope 2: Indirect greenhouse gas emission | | |
| Generated from electricity consumption | tCO ₂ e | 253.44 |
| Total amount of indirect carbon dioxide equivalent emission | tCO ₂ e | 253.44 |
| Intensity of total amount of indirect carbon dioxide equivalent emission | tCO ₂ e/project | 25.34 |
| Scope 3: Other indirect greenhouse gas emission | | |
| Generated from disposal of paper waste at landfill | tCO ₂ e | 1.58 |
| Generated from consumption of electricity for fresh water and sewage processing by the governmental departments ⁸ | tCO ₂ e | 8.42 |
| Total amount of other indirect carbon dioxide equivalent emission | tCO ₂ e | 9.99 |
| Intensity of total amount of other indirect carbon dioxide equivalent emission | tCO ₂ e/project | 1.00 |
| Total greenhouse gas emission | | |
| Total greenhouse gas emission | tCO ₂ e | 719.53 |
| Intensity of total greenhouse gas emission | tCO ₂ e/project | 71.95 |

⁶ The greenhouse gas emission is calculated based on the "How to prepare an ESG Report" Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

⁷ As at 31 March 2021, the number of principal contracts tendered by Kwan On Construction Company Limited was 10 and such data was used to calculate the intensity of total greenhouse gas emission.

⁸ According to the 2019/20 Annual Report issued by the Water Supplies Department of the HKSAR Government and the 2019/20 Sustainability Report issued by the Drainage Services Department of the HKSAR Government, the electricity consumption per unit of treated fresh water and sewage are 0.596 kWh and 0.29 kWh respectively.

Hazardous Waste

The Group does not generate a significant amount of hazardous waste due to its business nature, KPI A1.3 (total amount of hazardous waste generated) is therefore not applicable to our business and the relevant data is not disclosed. If we generated any hazardous wastes, we will hand them over to registered and licensed recyclers for disposal in order to comply with relevant environmental regulations and rules.

Non-hazardous Wastes

The non-hazardous waste generated by the Group is mainly paper waste and construction waste. During the Reporting Period, the Group generated a total of approximately 0.33 tonnes of paper waste and 5,985 tonnes of construction waste.

Through good planning on site housekeeping and stockpile management, proper segregation and storage of materials, as well as avoiding the purchase of non-essential materials, Kwan On endeavors to avoid and reduce the generation of paper waste and construction waste. Since 2014, the Group has also been advocating Hong Kong Environmental Protection Department's "A Food Waste & Yard Waste Plan for Hong Kong 2014-2022" by nominating representatives from the principal business of the Group as Waste Reduction Officers to raise employees' awareness on recycling and waste reduction.

Sources of Non-hazardous Waste and the Measures Taken

| Sources of non-hazardous waste | Measures taken |
|---------------------------------------|--|
| Paper waste | <p>Kwan On has implemented a series of paper saving measures to reduce the generation of paper waste and boost employees' awareness on paper saving:</p> <ul style="list-style-type: none">• Encourage our employees to use digital documents and two-side printing;• Encourage our employees to recycle used paper;• Set up a collection point in our office to promote paper recycling;• Encourage our employees to use email or notice boards for internal communications; and• Suggest everyone to bring their own cup to reduce the use of disposable paper cups. |

| Sources of non-hazardous waste | Measures taken |
|--------------------------------|--|
| Construction waste | <p>The Group has established a series of green procurement management initiatives for its construction business to reduce construction waste. We procure material in several phases according to our construction schedule and taking into account how many construction materials we need and when will we use them. This could prevent construction materials from being wasted due to prolonged storage, maximise the utilisation of construction materials and avoid the generation of excess construction waste. Kwan On also requires our staff to, wherever possible, procure recyclable or reusable materials with low environmental impact that are non-hazardous to human.</p> <p>The Group also formulates environmental management plan which states that potential recycling or reuse of construction materials should be considered before disposal. If materials can be recycled or reused, we will arrange for their collection and reuse to reduce waste. We will also pick out waste with recycle potential and assign our waste reduction officers to record and inspect the removal.</p> |

Summary of Non-hazardous Waste Disposal and the Intensity

| Non-hazardous waste ⁹ | Unit | 2020 |
|---|---------------|----------|
| Paper waste | Tonne | 0.33 |
| Construction waste | Tonne | 5,984.84 |
| Total amount of non-hazardous waste | Tonne | 5,985.17 |
| Intensity of total amount of non-hazardous waste | Tonne/project | 598.52 |

⁹ As at 31 March 2021, the number of principal contracts tendered by Kwan On Construction Company Limited was 10 and such data was used to calculate the intensity of total amount of non-hazardous waste.



A2: Use of Resources

Both enhancing resource efficiency and reducing energy consumption are key environmental issues to the Group. To fulfill our corporate responsibility to protect the environment, we have formulated the Management Rules on Energy Saving and Reduction of Consumption, which outlines a series of measures to save energy and reduce emissions, with a view to save as many resources as possible and minimise energy consumption. It can enable us to strike a balance between environmental protection and business development.

Energy Use

The Group's direct energy consumption is mainly attributed to the use of diesel and petrol from mobile sources, and our indirect energy consumption is mainly attributed to purchased electricity. During the Reporting Period, the Group's total energy consumption was approximately 2,219 kWh in '000.

To enhance energy efficiency, the Group proactively implemented energy saving initiatives in our daily office operation and construction projects. In order to reduce the energy consumption of motor vehicles used for transportation, we strongly encourage our employees to use public transports. In addition, we have adopted various electricity saving measures to reduce the Group's indirect energy consumption, which include monitoring the use of motor vehicles and electricity consumption in our operation sites on a monthly basis, encouraging employees to turn off all lighting and electrical equipment not in use after work, purchasing and using electrical equipment with energy-saving labels wherever possible, using LED lights instead of traditional fluorescent tube for illumination and maintaining the average room temperature at 24°C to 26°C. Since 2015, the Group has also been actively advocating Energy Saving Charter and 4T Charter Schemes jointly promoted by the Hong Kong Environment Bureau and the Electrical and Mechanical Services Department and has displayed posters of the charter scheme at prominent locations to encourage our staff to save energy.

Summary of Energy Consumption and the Intensity

| Energy ^{10,11} | Unit | 2020 |
|--|---------------------|----------|
| Direct energy consumption | | |
| Diesel | kWh in '000 | 123.46 |
| Petrol | kWh in '000 | 1,550.63 |
| Direct energy consumption | kWh in '000 | 1,674.09 |
| Intensity of direct energy consumption | kWh in '000/project | 167.41 |
| Indirect energy consumption | | |
| Purchased electricity | kWh in '000 | 545.10 |
| Indirect energy consumption | kWh in '000 | 545.10 |
| Intensity of indirect energy consumption | kWh in '000/project | 54.51 |
| Total energy consumption | | |
| Total energy consumption | kWh in '000 | 2,219.19 |
| Intensity of total energy consumption | kWh in '000/project | 221.92 |

Water Consumption

The Group consumes water from municipal water supply and therefore has not encounter any issues while sourcing water. During the Reporting Period, the Group consumed approximately 13,574 m³ of water.

To optimising the use of water resources, Kwan On carries out various water saving initiatives in its operations, including:

- Regular maintenance of water facilities to prevent drips and leaks;
- Use of equipment such as wet and dry vacuum cleaners and sweeper vehicle;
- Installation of restrictors on faucets;
- Installation of high pressure faucets in pantries; and
- Post tips on how to reduce water consumption.

¹⁰ The energy consumption is calculated based on the “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

¹¹ As at 31 March 2021, the number of principal contracts tendered by Kwan On Construction Company Limited was 10 and such data was used to calculate the intensity of total energy consumption.

Summary of Water Consumption and the Intensity

| Water consumption ¹² | Unit | 2020 |
|---------------------------------|-------------------------|--------|
| Water consumption | m ³ | 13,574 |
| Intensity of water consumption | m ³ /project | 1,357 |

Use of Packaging Material

Due to the nature of our business, the Group does not consume a large amount of packaging material for product packaging, KPI A2.5 (total packaging material used for finished products) is therefore not applicable to our business and the relevant data is not disclosed.

A3: The Environment and Natural Resources

To fulfill our corporate social responsibility, Kwan On is committed to minimising the impact of our business operations on the environment and natural resources. The “Procedures for Identification and Assessment of Environmental Factors and Preventive Control” formulated by the Group provides guidances for us to identify potential environmental impacts during the course of construction and operation of our projects and formulate mitigation measures to reduce such impacts to an acceptable level. For example, construction site tends to produce a lot of dust, therefore we have adopted dust prevention measures and conceal dusty materials and stockpile in our sites to minimise our environmental impact. In addition, we are aware that pests in construction site will not only cause damage to the structure and foundation of buildings, but also cause nuisance to community in the vicinity. Therefore, we have formulated a comprehensive and efficient pest solution. In addition to regular application of pest control spray, pest-prone area is recorded for follow-up action. Our construction projects may also generate noise pollution, therefore we installed noise barriers and noise monitoring equipment in our sites. The Group is committed to giving its best to adhere to the concept of green development and explore innovative solutions to minimise its impact on the environment and natural resources in order to build an environmentally friendly business.

A4: Climate Change

To cope with and endure extreme climate change, such as typhoons, the Group has prepared operation guidelines under extreme weather to outline responsive actions to be taken according to different warnings issued by the Hong Kong Observatory. The Group will also provide notice in advance to alert its staff to prepare themselves for extreme weather.

¹² As at 31 March 2021, the number of principal contracts tendered by Kwan On Construction Company Limited was 10 and such data was used to calculate the intensity of water consumption.



VI. SOCIAL ASPECTS

B1: Employment

We believe that our employees are one of the important assets for the sustainable development of a business. Kwan On strictly complies with the laws and regulations on remuneration and dismissal, working hours, rest periods, equal opportunities, anti-discrimination and other benefits and welfare such as “Employment Ordinance”, “Employees’ Compensation Ordinance”, “Disability Discrimination Ordinance”, “Sex Discrimination Ordinance”, “Race Discrimination Ordinance”, “Minimum Wage Ordinance” and “Mandatory Provident Fund Schemes Ordinance”. In order to effectively fulfill and monitor such requirements, we have formulated internal policies such as the “Recruitment Management System”, “Attendance and Leave Management System” and “Fair Treatment Policy”, which cover prudent recruitment procedures and fair treatment protocols, with a view to provide a decent working environment for our employees to unleash their potential and enhance their satisfaction and sense of belonging to the Group. As at 31 March 2021, the Group employed a total of 270 employees, including 242 full-time employees and 28 temporary employees.

Recruitment and Promotion

In terms of recruiting, the Group strictly implements its “Recruitment Management System” to ensure the overall standard of our human resources. To attract high caliber staff, Kwan On adopts a transparent recruitment process to recruit capable employees in a fair manner as well as attracts and recruits staff using multiple channels, including but not limited to posting online information and engaging headhunters. During our recruitment process, we look for integrity, team spirits and vocational ethics in the candidates. We also adopt the principles of openness and fairness in establishing a series of fair promotion criteria to regularly evaluate the performance and contribution of our employees, by which we can encourage all our staff to unveil their true potential and improve their performance to the benefits of both the Group and our staff.

Compensation and Benefits

In respect of staff remuneration and benefits, the Group has been actively reviewing and improving the staff remuneration and benefits system. We regularly analyse market data and trends on remuneration and benefits, and adjust our staff remuneration and benefits according to our business development and the market standard to ensure that the Group’s remuneration and benefit system remains competitive in the market. In terms of salaries and bonuses, the Group has a comprehensive performance appraisal system in place, based on which regular performance appraisals are conducted and staff salaries and annual bonuses are adjusted and distributed according to the results. In terms of benefits, employees are entitled to a wide range of employee benefits, such as insurance, annual leaves, sick leaves, various allowances and severance payments. We frequently organise staff activities, such as festive parties, to maintain a harmonious relationship between the Group and our employees.



Working Hours and Holidays

The Group formulates “Attendance and Leave Management System” to regulate the legal working hours of our employees on a daily or weekly basis. In addition to basic annual leaves and statutory holidays, employees are also entitled to other paid leaves such as marriage leaves, bereavement leaves and maternity leaves. To contain the outbreak of Covid-19, the Group has provided our staff with additional “vaccine leaves” with pay for each dose of vaccine they received.

Equal Opportunities, Diversity and Anti-Discrimination

Kwan On is committed to creating a working environment free of discrimination for our employees so they can work in an environment with fair competition, mutual respect and diversity. In accordance with our “Recruitment Management System” and “Fair Treatment Policy”, we uphold the principles of openness, fairness and equity in our recruitment process and treat all candidates equally in terms of hiring criteria and selection process to ensure that all of them are entitled to equal employment opportunities. From recruitment to daily operations, the Group strictly prohibits any forms of discrimination or harassment against any employees based on religion, ethnicity, race, gender, age, sexual orientation, disability, education and nationality to ensure that all employees are treated fairly.

As at 31 March 2021, we employed a total of 270 employees and the male-to-female ratio was approximately 77%:23%. During the Reporting Period, the Group recorded no case of discrimination.

B2: Health and Safety

We attach great importance to occupational health and safety. In order to provide a decent and safe working environment, the Group strictly complies with relevant laws and regulations on health and safety such as “Occupational Safety and Health Ordinance” and the “Employees’ Compensation Ordinance”. To create a safe, healthy and comfortable working environment for our staff, Kwan On has formulated and strictly implemented “Project Safety Plan”, which stipulates the responsibilities in safety of our management and staff at all levels and our subcontractors. The Group’s management also conducts regular safety meetings with our site supervisors and safety officers to update and revise our “Project Safety Plan” when needed. In addition, the Group disseminates our “Safety Policy” and “Internal Safety Rules” to our employees and subcontractors to allow them to understand the importance of occupational safety.



The health and safety measures implemented include but are not limited to:

- Conduct regular interviews to show care for our staff and understand their needs;
- Provide protective gears such as safety helmets and gloves for our staff;
- Take out work injury insurance for our staff;
- Review on accidents and injuries regularly to ensure proper handling of work injuries;
- Provide appropriate training to our staff and appoint supervisors to guide them on the correct posture when handling heavy or bulky items;
- Inspect the machinery in advance and ensure that they are only operated by trained professional workers;
- Perform regular maintenance on machinery to prevent malfunctioning;
- Erect warning signs in areas with potential occupational hazards; and
- Engage professionals to conduct regular site inspections and oversee the implementation of the “Project Safety Plan”.

B3: Development and Training

The Group has always attached great importance to employees’ professional skill improvement, and is committed to providing continuous training courses and learning opportunities for its employees to enhance their vocational skills and knowledge, so they can grow together with the Group. During the Reporting Period, the Group provided a total of approximately 1,526 hours of training to the staff involved in our projects.

We have designed a series of training programs for different targeted groups:

- **Training for construction workers:** Provide training on occupational safety issues to allow our construction workers to have a comprehensive understanding and knowledge of our project features and safety information;
- **Training for new staff and newly-transferred staff:** Provide training and counseling on job functions, technical operations, rules and regulations to prepare them for their new duties;
- **On-the-job training:** Provide training courses on job-specific skills to ensure that the professional skills and knowledge of our staff are kept up-to-date; and
- **Training for management:** Provide courses and seminars to enhance their professional knowledge and leadership skills required as our management, allowing them to fully understand and implement the Group’s decision-making approach.

We make reference to the professional guidelines and relevant health and safety training published by the Hong Kong Construction Association, the Occupational Safety and Health Council, Labour Department and other professional bodies when we design and regularly update our training contents to ensure that our employees are updated with the latest work safety information. In addition, to assist our staff in their career development and to encourage lifelong learning, we also provide our staff with various education allowances and examination leaves.



B4: Labour Standards

In order to safeguard the legal rights and interests of our employees, the Group strictly complies with laws and regulations on the prevention of child labour or forced labour, such as the “Employment Ordinance”. During the Reporting Period, the Group did not record any cases of non-compliance of laws and regulations relating to the employment of child labour and forced labour.

Kwan On has formulated the “Recruitment Management System”, which stipulates that our human resources department shall conduct background checks during recruitment in order to eliminate the use of child labour. To avoid the use of forced labour, the Group follows the principles of equal, voluntary and consensual. When we enter into employment contracts or agreements with our employees, we set out clearly the required employment conditions such as location, time and remuneration in accordance with the laws.


The Group recorded no non-compliance during the Year and KPI B4.2 (description of steps taken to eliminate non-complying practices when discovered) is therefore not applicable to our operation and the related data is not disclosed.

B5: Supply Chain Management

Kwan On understands that an efficient partnership with our supply chain partners is one of the essentials to become a responsible and sustainable business. During the Reporting Period, the Group sourced goods and services from 58 Hong Kong suppliers and 18 Mainland supplier, and partnered with 158 Hong Kong subcontractors.

The Group’s “Service Provider Management System” provides well-defined criteria for the selection of suppliers and subcontractors. While selecting suppliers and subcontractors, their performance is competitively evaluated to ensure that they meet our technical standards and share our environmental vision. Aspects to be evaluated include product or service quality, technical capability, ethical practices, health and safety standards, and environmental and social performance. To build a responsible supply chain which provide high quality services, our suppliers and subcontractors are continuously monitored and evaluated using fair and strict criteria in the following three occasions:

- **Immediate assessment:** Conduct immediate assessment upon an occurrence of significant non-compliance of laws or regulations, including damage to environment, safety and quality issues, malicious claims, intentional breach of contract and negative media coverage;
- **Post-performance assessment:** Conduct evaluation on our suppliers and subcontractors after completion of a procurement agreement or contract; and
- **Annual assessment:** Conduct evaluation on all of our suppliers and subcontractors at least once a year. Suppliers and subcontractors are rated base on their performance of our project, willingness to cooperate, occupational safety, environmental protection and significant safety and liability issues. If they failed the assessment, the suppliers and subcontractors would not be engaged on Group level.



We strive to work with our suppliers and purchase environmental-friendly office supplies and construction material wherever possible. We conduct analysis to determine whether the item to be purchased fulfill specific environmental standards, such as whether it has obtained environmental certifications or approvals from an authoritative independent third party.

B6: Product Responsibility

As a recognised public construction contractor, Kwan On is committed to providing quality and professional construction services to its customers. The Group strictly complies with laws and regulations on product responsibilities such as the “Competition Ordinance” and the “Personal Data (Privacy) Ordinance”. We place emphasis on ethical standards and attach importance to the protection of privacy and intellectual property rights of our customers, employees, subcontractors and suppliers. During the Reporting Period, the Group did not have any cases of non-compliance of laws and regulations on health and safety, advertising, labelling and privacy matters relating to our products and services, nor did we receive any complaints from our customers or the public, or involve in any litigation related to health and safety matters of our construction. The Group’s business does not involve any advertising activities and therefore our business operations do not expose to any significant risk related to advertising and labelling.

Safeguard and Protect Intellectual Property Rights

As a responsible corporate, Kwan On has always safeguarded and protected intellectual property rights. The Group strictly prohibits the use of unlicensed computer software. The Group also forbids its staff from downloading unauthorised software on the Company’s computers.

Project Quality Control

Kwan On has established “Quality Management Internal Auditing Standards” to enhance quality control and arranges regular site inspections by our project team, quantity surveyors, clients and consultants, as well as conducts monthly progress review meetings to ensure that our projects are completed on schedule and meets quality standards.

Protection of Customer Privacy

Kwan On attaches great importance to the confidentiality of personal and sensitive business data. With regard to the handling of important and confidential information, the Group has privacy protection management measures in place to ensure that only authorised personnel are allowed to handle confidential information. To protect the data of our suppliers, subcontractors, customers and the Group, we strictly prohibit our employees from carrying data storage equipment, maintenance equipment, portable storage devices or other information out of our offices without prior approval.

Customer Service

The Group believes in customer-oriented practices. We identify and review customer demands by collecting industry information, customer feedback and competitor intelligence. We also have a sound system and well-thought-out procedures to handle customer complaints properly and implement any appropriate improvement.



B7: Anti-corruption

Kwan On has zero tolerance against any business frauds such as corruption, offering or receiving bribe and money laundering. The Group strictly complies with anti-corruption and anti-bribery laws and regulations such as the “Prevention of Bribery Ordinance”. During the Reporting Period, the Group was not involved in any legal cases related to corruption.

In order to uphold our high standards of integrity and ethical business practices, our “Whistleblowing Policy” and “Employee Handbook” encourage employees to report and expose improper or illegal activities. Whistleblowers may report, verbally or in writing, any suspected misconduct to their own departments or the Group’s senior management. To further emphasise the Group’s commitment to corporate integrity, we encourage our management and employees of our quantity surveying department and procurement department to attend anti-corruption seminars organised by the Independent Commission Against Corruption on a regular basis to acquire knowledge about anti-corruption laws and situations that should be aware of in their daily routine and operations.

B8: Community Investment

The Group believes that business is inseparable from the communities in which it operates. As a member of the community, Kwan On proactively invests resources in environmental protection, social services and education. The Group proactively minimises the impact of our business operations on the surrounding communities by setting up various effective communication channels such as providing our complain hotline numbers on the barriers of our sites for the public. In addition, Kwan On is committed to fulfilling its social responsibility by promoting a culture of using fewer straws through answering to the call of public campaigns such as the “No Straw Campaign” in order to protect our ecological environment. In addition, the Group actively communicates with non-governmental organizations and charities to understand the needs of the community. We also proactively participate in community activities to create a caring atmosphere in the neighbourhood and strive to promote harmony and prosperity in the community.

VII. KPI SUMMARY¹

Environmental Performance

| KPI No. | KPIs | Unit | 2020 |
|--|---|----------------------------|----------|
| A1.1 Emissions ² | Nitrogen oxides (NO _x) | kg | 111.01 |
| | Sulphur oxides (SO _x) | kg | 2.54 |
| | Particulate matter (PM) | kg | 1,379.91 |
| A1.2 Greenhouse Gases ³ | Scope 1: Direct greenhouse gas emission | | |
| | Mobile vehicles | tCO ₂ e | 456.10 |
| | Total amount of direct carbon dioxide equivalent emission | tCO ₂ e | 456.10 |
| | Intensity of total amount of direct carbon dioxide equivalent emission ⁴ | tCO ₂ e/project | 45.61 |
| | Scope 2: Indirect greenhouse gas emission | | |
| | Purchased electricity | tCO ₂ e | 253.44 |
| | Total amount of indirect carbon dioxide equivalent emission | tCO ₂ e | 253.44 |
| | Intensity of total amount of indirect carbon dioxide equivalent emission ⁵ | tCO ₂ e/project | 25.34 |
| | Scope 3: Other indirect greenhouse gas emission | | |
| | Disposal of paper waste at landfill | tCO ₂ e | 1.58 |
| | Consumption of electricity for fresh water and sewage processing by the governmental departments ⁶ | tCO ₂ e | 8.42 |
| | Total amount of other indirect carbon dioxide equivalent emission | tCO ₂ e | 9.99 |
| | Intensity of total amount of other indirect carbon dioxide equivalent emission ⁷ | tCO ₂ e/project | 1.00 |
| | Total greenhouse gas emission | | |
| | Total greenhouse gas emission | tCO ₂ e | 719.53 |
| Intensity of total greenhouse gas emission ⁸ | tCO ₂ e/project | 71.95 | |

¹ Unless otherwise stated, the emission factors used to calculate Environmental KPIs were based on "How to prepare an ESG Report" Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

² The amount of emission was calculated with reference to "Energy Utilization Index – Transport sector" (2020 edition).

³ The carbon dioxide equivalent emissions from direct generation and purchased electricity were calculated with reference to the conversion factors provided by scientific research institutions: https://archive.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_FINAL_full_wcover.pdf, the 2019/20 Annual Report published by the Water Supplies Department of the HKSAR Government, and the 2019/20 Sustainability Report published by the Drainage Services Department of the HKSAR Government.

⁴ Intensity of total amount of direct carbon dioxide equivalent emission = Direct carbon dioxide equivalent emission ÷ total area of the 10 projects under management in the current year

⁵ Intensity of total amount of indirect carbon dioxide equivalent emission = Indirect carbon dioxide equivalent emission ÷ total area of the 10 projects under management in the current year

⁶ According to the 2019/20 Annual Report issued by the Water Supplies Department of the HKSAR Government and the 2019/20 Sustainability Report issued by the Drainage Services Department of the HKSAR Government, the electricity consumption per unit of treated fresh water and sewage are 0.596 kWh and 0.29 kWh respectively.

⁷ Intensity of total amount of other indirect carbon dioxide equivalent emission = Other indirect carbon dioxide equivalent emission ÷ total area of the 10 projects under management in the current year

⁸ Intensity of total greenhouse gas emission = Total greenhouse gas emissions ÷ total area of the 10 projects under management in the current year

| KPI No. | KPIs | Unit | 2020 |
|--|---|-------------------------|-----------|
| A1.3 Hazardous Waste ⁹ | Total amount of hazardous waste | Tonne | N/A |
| | Intensity of total amount of hazardous waste | Tonne/project | N/A |
| A1.4 Non-hazardous Waste ¹⁰ | Paper waste | Tonne | 0.33 |
| | Construction waste | Tonne | 5,984.84 |
| | Total amount of non-hazardous waste | Tonne | 5,985.17 |
| | Intensity of total amount of non-hazardous waste | Tonne/project | 598.52 |
| A2.1 Energy ¹¹ | Direct energy consumption | | |
| | Diesel | kWh in '000 | 123.46 |
| | Petrol | kWh in '000 | 1,550.63 |
| | Amount of direct energy consumption | kWh in '000 | 1,674.09 |
| | Intensity of direct energy consumption ¹² | kWh in '000/project | 167.41 |
| | Indirect Energy Consumption | | |
| | Purchased electricity | kWh in '000 | 545.10 |
| | Amount of indirect energy consumption | kWh in '000 | 545.10 |
| | Intensity of indirect energy consumption ¹³ | kWh in '000/project | 54.51 |
| | Total energy consumption | | |
| | Total energy consumption | kWh in '000 | 2,219.19 |
| Intensity of total energy consumption ¹⁴ | kWh in '000/project | 221.92 | |
| A2.2 Water Consumption | Water consumption | m ³ | 13,573.62 |
| | Intensity of water consumption | m ³ /project | 1,357.36 |

⁹ Not applicable to the Group as its business does not directly generate significant amounts of hazardous waste.

¹⁰ The number of principal contracts tendered by the Group was 10 and such data was used to calculate the intensity of total amount of non-hazardous waste.

¹¹ Energy consumption is calculated based on the "Energy Statistics Manual" from the Energy Statistics Division (ESD) of the International Energy Agency (IEA).

¹² Intensity of direct energy consumption = Direct energy consumption ÷ total area of the 10 projects under management in the current year

¹³ Intensity of indirect energy consumption = Indirect energy consumption ÷ total area of the 10 projects under management in the current year

¹⁴ Intensity of total energy consumption = Total energy consumption ÷ total area of the 10 projects under management in the current year

SOCIAL PERFORMANCE

| KPI No. | KPIs | Unit | 2020 |
|---|-------------------------------|-----------------------|------|
| B1.1 Total Workforce | By employment type | | |
| | Full-time | Number of individuals | 242 |
| | Part-time | Number of individuals | 28 |
| | By geographical region | | |
| | Hong Kong | Number of individuals | 270 |
| | By gender | | |
| | Male | Number of individuals | 207 |
| | Female | Number of individuals | 63 |
| | By age group | | |
| | 30 and below | Number of individuals | 54 |
| | 31-40 | Number of individuals | 29 |
| | 41-50 | Number of individuals | 56 |
| | 51 and above | Number of individuals | 131 |
| B1.2 Employee Turnover ¹⁵ | By employment type | | |
| | Full-time | % | 40 |
| | Part-time | % | 76 |
| | By geographical region | | |
| | Hong Kong | % | 48 |
| | By gender | | |
| | Male | % | 48 |
| | Female | % | 47 |
| | By age group | | |
| | 30 and below | % | 50 |
| | 31-40 | % | 44 |
| | 41-50 | % | 43 |
| | 51 and above | % | 35 |

¹⁵ The employee turnover rate for 2020 is calculated as follows: Employee turnover rate = Number of employees lost during the year/(number of employees at year-end + number of employees lost during the year)

| KPI No. | KPIs | Unit | 2020 |
|---|--|-----------------------|------|
| B2.1 Number and Rate of Work-related Fatalities | Work-related fatalities | Number of individuals | Nil |
| | Rate of work-related fatalities | % | Nil |
| B2.2 Lost Days due to Work Injury | Lost days due to work injury | Days | 519 |
| B3.1 Percentage of Employees Trained | Percentage of Employees Trained | % | 3 |
| | By gender | | |
| | Male | % | 4 |
| | Female | % | 2 |
| | By employee category | | |
| | Senior management | % | 33 |
| | Middle level | % | 6 |
| | Junior level | % | 3 |
| B3.2 Average Training Hours Completed per Employee | Average training hours completed per employee | Hours | 6 |
| | By gender | | |
| | Male | Hours | 6 |
| | Female | Hours | 3 |
| | By employee category | | |
| | Senior management | Hours | 5 |
| | Middle level | Hours | 2 |
| | Junior level | Hours | 6 |

| KPI No. | KPIs | Unit | 2020 |
|---|---|--------------------------|------|
| B5.1 Number of Suppliers | Number of suppliers by geographical region | | |
| | Mainland China | Number of suppliers | 18 |
| | Hong Kong | Number of suppliers | 58 |
| | Total number of suppliers | Number of suppliers | 76 |
| | Number of subcontractors by geographical region | | |
| | Mainland China | Number of subcontractors | Nil |
| | Hong Kong | Number of subcontractors | 158 |
| | Total number of subcontractors | Number of subcontractors | 158 |
| B6.2 Number of Products and Service Related Complaints | Number of products and service related complaints received | Number of cases | Nil |
| B7.1 Legal Cases Regarding Corrupt Practices | Number of concluded legal cases regarding corrupt practices | Number of cases | Nil |
| | Anti-corruption training provided to directors and staff | Hours | Nil |
| B8.1 & B8.2 Community Investment | Total contribution by focus areas of contribution | | |
| | Community investment | N/A | Nil |

VIII. REFERENCE TO HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|---|---|----------------|---|
| A. Environment | | | |
| Aspect A1: Emissions | | | |
| General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | | Disclosed | V. ENVIRONMENTAL ASPECTS |
| KPI A1.1 | The types of emissions and respective emissions data. | Disclosed | V. ENVIRONMENTAL ASPECTS, VII. KPI SUMMARY |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Disclosed | V. ENVIRONMENTAL ASPECTS, VII. KPI SUMMARY |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Not applicable | V. ENVIRONMENTAL ASPECTS, VII. KPI SUMMARY |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Disclosed | V. ENVIRONMENTAL ASPECTS, VII. KPI SUMMARY |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | Disclosed | V. ENVIRONMENTAL ASPECTS |



| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|---|--|----------------|---|
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | Disclosed | V. ENVIRONMENTAL ASPECTS |
| Aspect A2: Use of Resources | | | |
| General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, etc. | | Disclosed | V. ENVIRONMENTAL ASPECTS |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | Disclosed | V. ENVIRONMENTAL ASPECTS, VII. KPI SUMMARY |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Disclosed | V. ENVIRONMENTAL ASPECTS, VII. KPI SUMMARY |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Disclosed | V. ENVIRONMENTAL ASPECTS |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | Disclosed | V. ENVIRONMENTAL ASPECTS |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Not applicable | This KPI is not applicable to our business as our operation does not involve the use of packaging material. |

| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|--|--|------------|--------------------------|
| Aspect A3: The Environment and Natural Resources | | | |
| General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources. | | Disclosed | V. ENVIRONMENTAL ASPECTS |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Disclosed | V. ENVIRONMENTAL ASPECTS |
| Aspect A4: Climate Change | | | |
| General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | | Disclosed | V. ENVIRONMENTAL ASPECTS |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | Disclosed | V. ENVIRONMENTAL ASPECTS |



| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|---|---|------------|--------------------------------------|
| B. Social | | | |
| Employment and Labour Practices | | | |
| Aspect B1: Employment | | | |
| General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Disclosed | VI. SOCIAL ASPECTS, VII. KPI SUMMARY |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Disclosed | VII. KPI SUMMARY |
| Aspect B2: Health and Safety | | | |
| General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | Disclosed | VII. KPI SUMMARY |
| KPI B2.2 | Lost days due to work injury. | Disclosed | VII. KPI SUMMARY |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Disclosed | VI. SOCIAL ASPECTS |

| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|--|--|------------|---------------------|
| Aspect B3: Development and Training | | | |
| General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management). | Disclosed | VII. KPI SUMMARY |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Disclosed | VII. KPI SUMMARY |
| Aspect B4: Labour Standards | | | |
| General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Disclosed | VI. SOCIAL ASPECTS |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Disclosed | VI. SOCIAL ASPECTS |



| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|--|---|------------|---|
| Aspect B5: Supply Chain Management | | | |
| General Disclosure Policies on managing environmental and social risks of the supply chain. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B5.1 | Number of suppliers by geographical region. | Disclosed | VI. SOCIAL ASPECTS, VII. KPI SUMMARY |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | Disclosed | VI. SOCIAL ASPECTS |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored | Disclosed | VI. SOCIAL ASPECTS |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Disclosed | VI. SOCIAL ASPECTS |

| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|---|---|----------------|--|
| Aspect B6: Product Responsibility | | | |
| General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | Not applicable | This KPI is not applicable to our operation. |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Disclosed | VI. SOCIAL ASPECTS |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Disclosed | VI. SOCIAL ASPECTS |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Disclosed | VI. SOCIAL ASPECTS |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Disclosed | VI. SOCIAL ASPECTS |



| Subject Areas, Aspects, General Disclosures and KPIs | | Disclosure | Section/Explanation |
|--|--|------------|---------------------|
| Aspect B7: Anti-corruption | | | |
| General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | Disclosed | VII. KPI SUMMARY |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Disclosed | VI. SOCIAL ASPECTS |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Disclosed | VI. SOCIAL ASPECTS |
| Community | | | |
| Aspect B8: Community Investment | | | |
| General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | | Disclosed | VI. SOCIAL ASPECTS |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | Disclosed | VII. KPI SUMMARY |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Disclosed | VII. KPI SUMMARY |