



Hong Kong Johnson Holdings Co., Ltd.

香港莊臣控股有限公司

(A company incorporated in the Cayman Islands with limited liability)
Stock Code : 1955

2020/2021
ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT



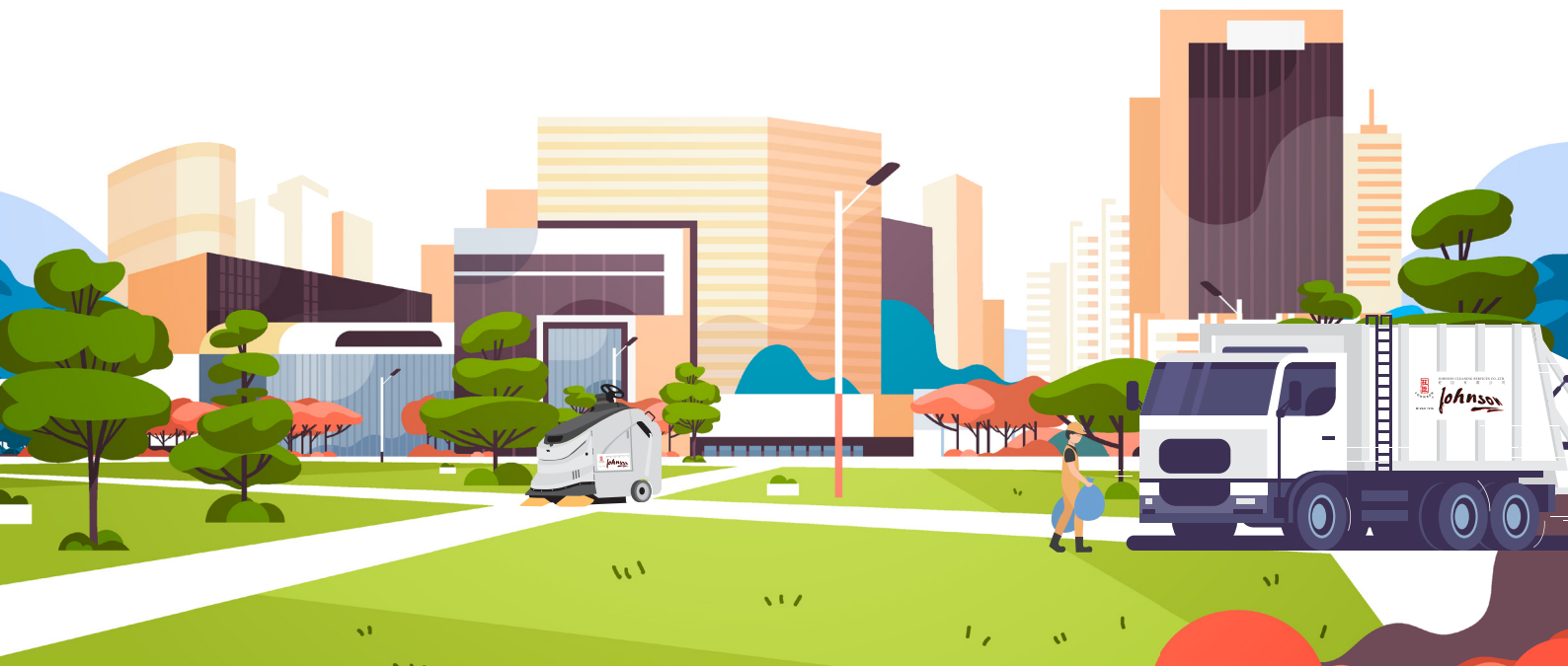
Guard Your
Health
Go Green with
Smart City

JOHNSON CLEANING SERVICES CO., LTD.
莊臣控股有限公司
Johnson
020417216



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ABOUT THE REPORT

Hong Kong Johnson Holdings Co., Ltd. (hereinafter referred to as the “**Company**” or “**Johnson Holdings**”, and together with its subsidiaries, the “**Group**” or “**we**”), is a leading environmental hygiene service provider which offers cleaning services for buildings, streets, institutions, parks and recreation centres in a number of major areas in Hong Kong, as well as garbage logistics service and agency services of innovative environmental hygiene technology products and equipment. With a wide range of environmental hygiene services we provide, we aim at growing into an integrated environmental hygiene service provider.



The Group provides street cleaning services for a number of major areas in Hong Kong.



Our frontline workers receive professional training regularly, so as to provide high standard cleaning services.



The Group provides cleaning services for a number of large public venues in Hong Kong.



The outbreak of COVID-19 raised awareness of cleanliness and hygiene among the general public.

Having a deep ambition to construct long-term trusted ties with our stakeholders in the community, the Group is pleased to publish our 2021 environmental, social and governance (“**ESG**”) report (the “**Report**”) summarising our ESG performance and initiatives.

Scope of the Report

The Report examines the Group’s ESG management approaches, and corresponding performance within our operational boundaries, which mainly include the provision of environmental hygiene service and agency services of innovative environmental hygiene technology products and equipment, the garbage logistics service, and the administrative activities in Hong Kong from 1 April 2020 to 31 March 2021 (the “**Reporting Period**” or “**2021**”).



Reporting Standard

The Report has been prepared in accordance with the “Comply or Explain” provisions and the social key performance indicators (“KPIs”) of the ESG Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“HKEx”).

Throughout the Report, we adopt the reporting principles of materiality, quantitative, balance and consistency, as described below:

Reporting Principles	Description
Materiality	We made a consensus on the material topics through internal discussion and participation of key stakeholders. The outcome is summarised in the section — Materiality Assessment.
Quantitative	To ensure that the effectiveness of our ESG policies and management systems can be evaluated and validated, we presented our ESG performance with the aid of environmental and social KPIs using robust methodologies, with reference to the ESG Reporting Guide.
Balance	All environmental and social KPIs were computed and presented with reference to the ESG Reporting Guide and robust methodologies were adopted as illustrated in the respective sections of the Report. Data comparisons over years have been provided to provide an unbiased comparison of our ESG performance from time to time.
Consistency	The Report has been prepared based on the same methodologies, standard and reporting scope as compared to previous year.

The Report has been reviewed and approved by the board of directors of the Company (the “Board”).

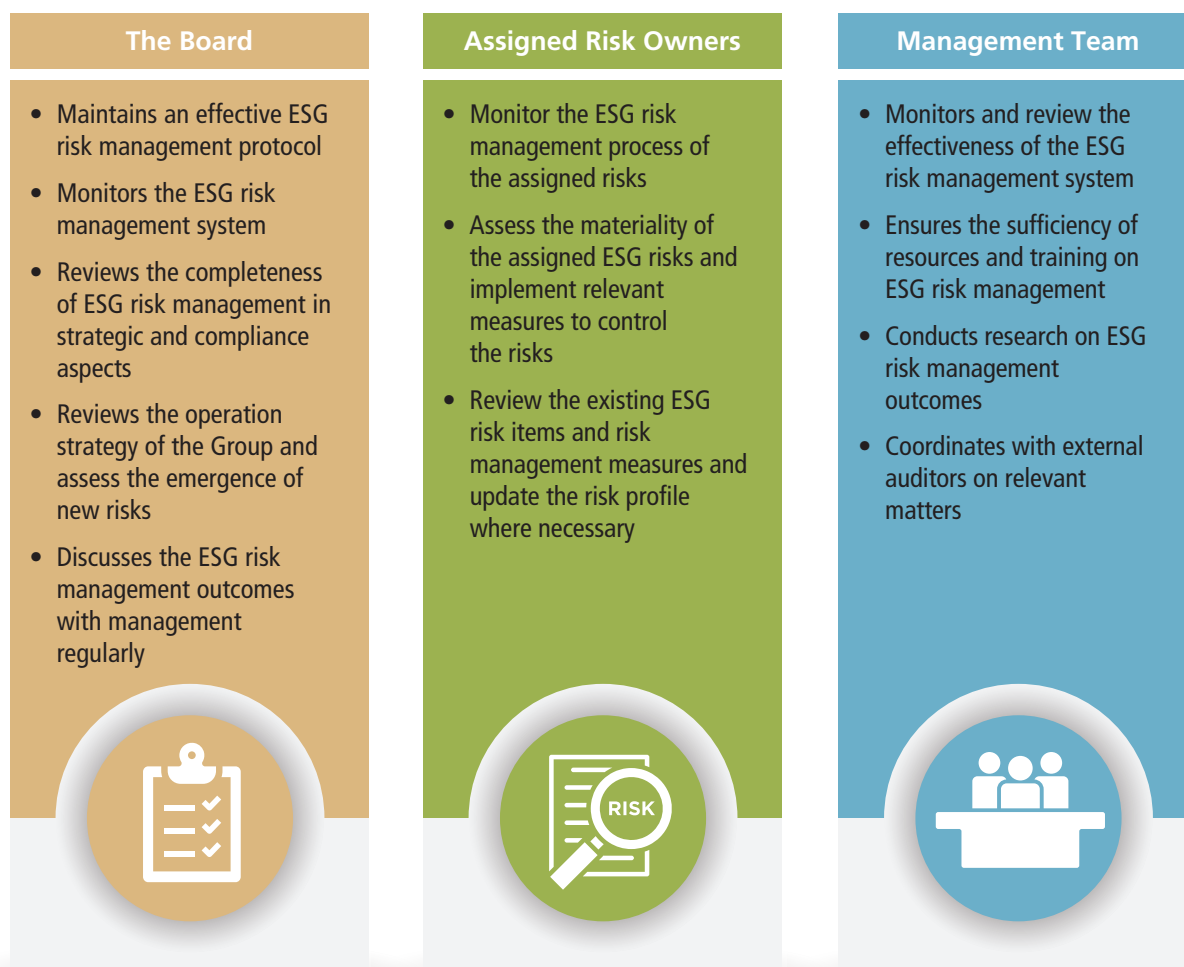
Contact and Feedback

The Group strives to build a trusted relationship with the community. We formulate our business strategies for the best interests of our stakeholders; therefore, we treasure your feedback on this ESG Report and our sustainability performance. If you have any comments or suggestions, please feel free to send your written enquiries or feedback to the Company. The contact details are contained on the website of the Company (www.johnsonholdings.com).



ESG RISK MANAGEMENT

ESG Risk Management Structure



ESG risk management has been an integral part of our wider risk management system as we see the growing importance of ESG and the emergence of the associated risks and opportunities. Investors and other stakeholders have been focusing more on our holistic performance, long-term sustainability and social impact, as well as how we identify and respond to ESG-related risks.

As such, we have looked into our ESG risks and opportunities in the aspects of our service quality stewardship, supply chain management, resource management, employment management, as well as environmental, health and safety issues. Adequate response to the risks can bring new opportunities to the Group, such as enhancing safety performance, improving service quality and uplifting the working morale. Responsive actions have been formulated to mitigate the key ESG risks and the Group has assigned a risk owner for each identified ESG risk to facilitate risk management.



RECOGNITIONS AND AFFILIATIONS

The Group is accredited with ISO 9001, ISO 14001 and ISO 45001, which is a recognition of our excellent integrated management system in quality management, environmental management and occupational health and safety management respectively. Meanwhile, as an industry leader in providing environmental hygiene services, we are a member of International Sanitary Supply Association — The Worldwide Cleaning Industry Association, Hong Kong Pest Management Association, Hong Kong Waste Disposal Industry Association and the Federation of Environmental and Hygienic Services. We are also a member of the Environmental Contractors Management Association, which actively involves in promoting and maintaining the environmental and safety standards of the industry.



We are honoured to receive the “10 Years Plus Caring Company” logo granted by the Hong Kong Council of Social Service. We are delighted that the Group’s efforts are recognised over the past decade in inspiring corporate social responsibility through caring for the environment, community and employees, as well as promoting strategic partnerships among business and social service partners, so as to play our part in building a cohesive society.



We were awarded as the Best Small and Mid-cap Company of the 5th Golden Hong Kong Stock Awards organised by the leading financial media companies in the Mainland China, which is a recognition of our approach in corporate governance and operations. Having been recognised for making valuable contributions in environmental and social aspects, we will continue to improve our ESG strategies so as to carry on our role as an industrial leader in corporate social responsibility, and to play our part in building a sustainable economy.

The Group has been devoting resources in enhancing the efficiency of our operations and quality of our services, including but not limited to upgrading our fleet. We were also awarded as the Environmental Hygiene Service Provider of the Year at the Tribute to Outstanding Achievement in Transport and Logistics Industry Awarding Ceremony 2021, which commends our contribution to the community and the economy, and demonstrates our leadership status in the industry.





STAKEHOLDER ENGAGEMENT

In order to grasp our stakeholders' perspectives and expectations on the Group's ESG issues, as well as the associated environmental and social impacts on the business, we are keen on maintaining close communication with them. By gathering stakeholders' opinions and understanding their concerns, the Group can refine its management policies and approaches on ESG management, determine a more suitable way to address the ESG issues as well as making continuous improvement on its ESG performance.

Upon identifying the key stakeholder groups who have a significant impact on our business, and those who can be significantly affected by our operations, we maintain effective communication with them through various channels, as shown in the table below:

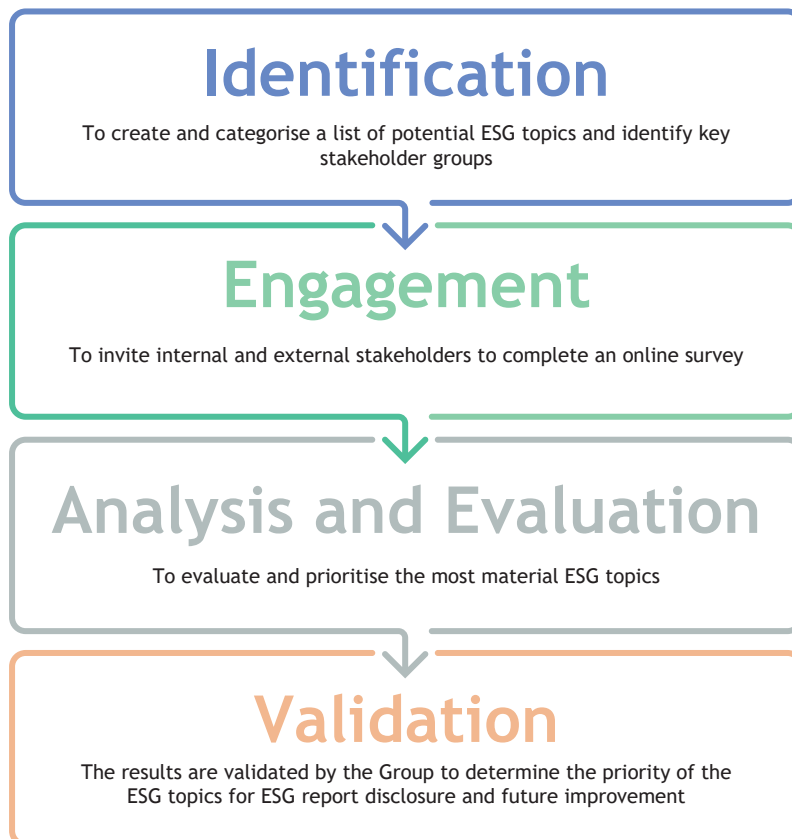
Stakeholder groups	Communication channels
Investors and shareholders	<ul style="list-style-type: none"> Company's website Group's publications including financial statements of the Company Annual general meeting
Customers	<ul style="list-style-type: none"> Direct customer engagements Company's website Group's publications including financial statements of the Company Complaint channels
Suppliers	<ul style="list-style-type: none"> Supplier preliminary assessment Yearly supplier assessment
Employees	<ul style="list-style-type: none"> Orientation Training sessions Regular meetings Performance appraisals Staff events
Community and the general public	<ul style="list-style-type: none"> Company's website Group's publications Community activities Day-to-day contacts with the general public during provision of services



MATERIALITY ASSESSMENT

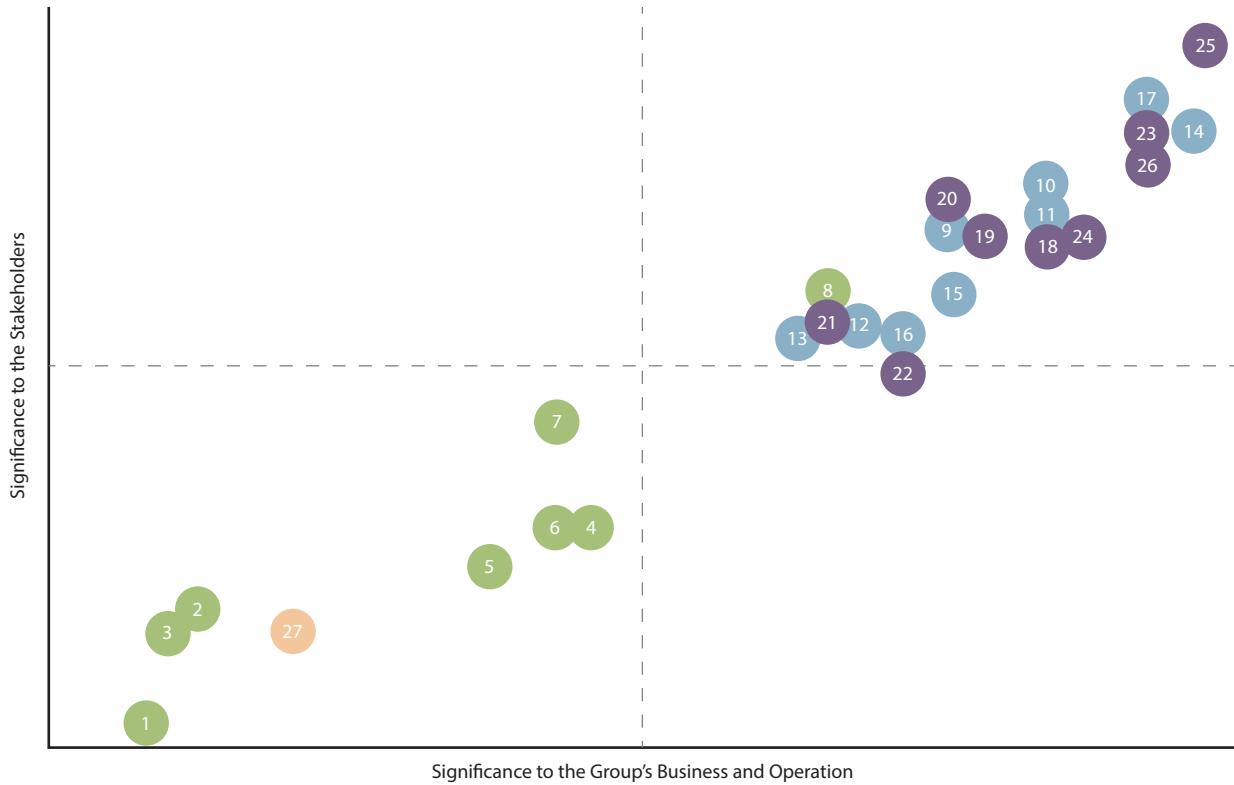
By identifying the material ESG issues that matter the most to the Group, we can set the framework for the Report and develop our ESG management strategies in a more effective way. For this purpose, an independent consultant has been commissioned to conduct a materiality assessment by conducting an online survey in order to formulate strategies for managing the material ESG issues that matter the most to the Group. Our key stakeholder groups, such as customers, suppliers, employees, Board members and management responded to our questionnaire in order to help determine the relevance and importance of the identified 27 ESG topics to the Group's business operations and the stakeholders themselves respectively.

Based on the materiality of each of the ESG topics as perceived by the stakeholders, the ESG topics are prioritised and shown in the materiality assessment matrix below. The topics which fell in the upper right corner of the matrix were defined as the topics that matter the most to the Group's business operations and our stakeholders as far as they are concerned.





Materiality Assessment



Environment	Social	
	Employment	Operation
1. Air emission	9. Labour rights	18. Customer satisfaction
2. Greenhouse gas emission	10. Labour-management relations	19. Product and service quality and complaints handling
3. Climate change	11. Employee retention	20. Customer health and safety
4. Energy efficiency	12. Diversity and equal opportunity	21. Marketing and product and service labelling compliance
5. Water and effluents	13. Non-discrimination	22. Intellectual property
6. Use of materials	14. Occupational health and safety	23. Customer privacy and data protection
7. Waste management	15. Employee training	24. Responsible supply chain management
8. Environmental compliance	16. Employee development	25. Business ethics
	17. Prevention of child labour and forced labour	26. Socio-economic compliance
		Community
		27. Community investment



Materiality assessment is an integral part of our stakeholder engagement, which enables us to understand the potential ESG risks and opportunities in our business operations so that we can refine our business strategies to focus on the most important ESG issues. More importantly, it shows us the stakeholders' expectations and concerns that require our response, as summarised below:

Key concerns from stakeholders	Our responses	Sections
Business ethics	We are committed to upholding ethical standards at all times. We comply with the relevant laws and regulations, and have stringent anti-corruption and anti-fraud policies in place to govern the business conduct of our employees. Effective whistleblowing channels are in place to ensure that we are well informed of any business misconducts.	Responsible Operations — Ethical Business
Occupational health and safety	Staying safe and healthy at work is at the top of our agenda. We have pledged to keep the Group a safe and healthy workplace when we perform our duties. Our ISO 45001:2018 accredited occupational safety and health management system demonstrates our ability in managing the safety and health hazards and risks at workplace.	Responsible Employment — Safe and Healthy Workplace
Prevention of child labour and forced labour	The Group is against all forms of exploitation of children and labour and we uphold the labour rights. We have been closely monitoring our recruitment process and operations, to ensure that our workplace is free from child and forced labour.	Responsible Employment — Equal Opportunity Employer
Customer privacy and data protection	The Group is committed to ensuring the security of the customer information. We comply with the personal data privacy principles and relevant laws and regulations and have a robust data protection system to ensure that the customer information entrusted to us is safe and secure.	Responsible Operations — Reliable Services
Socio-economic compliance	We comply with relevant laws and regulations. During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations as illustrated in the respective sections of the Report.	All relevant sections



RESPONSIBLE EMPLOYMENT

We aim at developing an inclusive workplace culture where our employees are respected and valued. It is worth mentioning that elderly workers take up a significant proportion of the workforce of the Group. We are committed to offering a meaningful second career to people from different walks of life so that they can continue to flourish at the Group. In the meantime, we keep on investing resources to enhance the workplace safety and employment standards so that our employees can work safely, healthily and with dignity with us. The employment figures as at the end of the Reporting Period are summarised below:



The Group has a large team of frontline workers. Responsible employment has always been our concern.

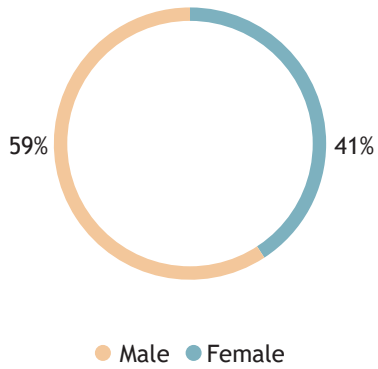
		2021	2020
Total number of employees¹		14,761	11,662
By gender (%)	Male	41%	42%
	Female	59%	58%
By age group (%)	Below 30	2%	2%
	30 to 50	11%	14%
	Over 50	87%	84%
By employment type (%)	Full-time	100%	100%
	Part-time	0%	0%
By geographical region (%)	Hong Kong	100%	100%
Employee Turnover Rate Average²		23%	19%

¹ The number of employees was calculated at the end of the Reporting Period working within the reporting scope.

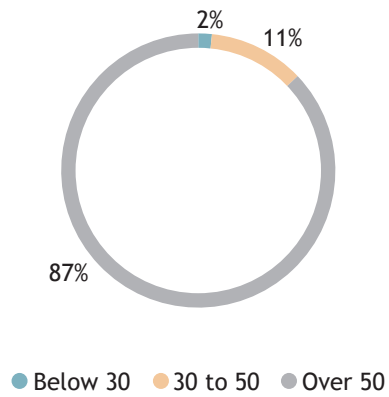
² The average turnover rate is calculated by averaging the monthly turnover rates. Monthly turnover rate is calculated by dividing the number of employees who left the Group in a specific month by the total number of employees at the end of the same month.



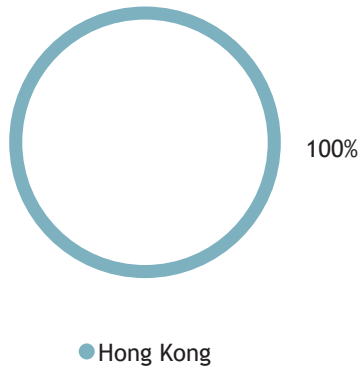
Total Workforce by Gender



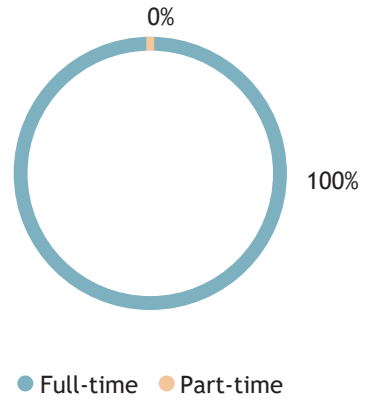
Total Workforce by Age Group



Total Workforce by Geographical Region



Total Workforce by Employment Type





Safe and Healthy Workplace

Members of the Group, whether he/she is a member of management or general staff, have pledged to maintain a safe and healthy workplace which safeguards lives when we perform our duties.

The Group's Safety Pledge	
Management pledges to:	Employees pledge to:
Ensure the compliance of occupational safety and health (“ OSH ”) laws and regulations throughout the Group	Comply with OSH laws and regulations, as well as our internal OSH guidelines
Create and maintain a safe and healthy workplace and keep the operations well-managed	Take care of their own safety and the safety of the others
Prevent potential harms to the employees in safe and healthy aspects	Stay aware of OSH-related matters
Ensure the OSH management system is properly implemented, monitored and maintained	Apply personal protective gears and gowns where necessary
Identify and mitigate foreseeable risks in our operations	Participate in OSH-related training and promotion activities
Provide sufficient training to familiarise employees with the essential OSH knowledge, skills and correct approach	Inform the management promptly should they find any potential danger at work
Promote a safe and healthy workplace culture and regularly review the OSH management system to ensure its appropriateness, sufficiency and validity	Keep management posted about the safety issues at the workplace, and provide suggestions

In order to fulfil our pledge and our OSH policies, we have developed a systematic OSH management system which aims to emphasise the importance of OSH compliance, rights and responsibilities, provide the employees with sound OSH practices, system, environment and tools, eliminate OSH-related hazards and risks by providing clear guidance, promoting OSH awareness and reviewing our OSH performance regularly.



Safety Management

Our OSH management system has been accredited by the international standard ISO 45001:2018, which demonstrates our ability to provide a safe, healthy and sustainable workplace, our resilience through proactive risk prevention and innovation, and our commitment to comply with relevant laws and regulations. It has laid the framework and principles for OSH management and execution, which ensures that our day-to-day operations meet the highest safety standards in the industry. The administrative supervisor closely monitors the updates in certification requirements, reviews and updates the relevant safety management manuals and guidelines regularly so as to ensure our safety practices are in line with international standard. To ensure the effectiveness of our OSH policies and their compliance with the latest regulatory requirements, our management team together with the Quality Control and OSH Department are responsible for reviewing and revising the OSH policies regularly.



Safety Operations

We conduct risk assessment of potential job hazards and working at height prior to the start of each project. The Quality Control and OSH Department identifies the potential hazards that our workers are exposed to. A risk assessment report is prepared to identify the potential risks so as to provide suggestions, formulate mitigation measures and design our training contents. The project manager inspects the safety gears, tools and work permits to ensure that the workers satisfy the safety requirements. Inspections are carried out on a daily basis and the findings are well recorded for review by the Quality Control and OSH Department and the administrative supervisor. Suggestions for improvement will be made based on the inspection records.

Handling Work Injuries

The Group has been adopting the safety first initiative and we ensure that employees will prioritise safety during their work. In the event of work injury, the injured is required to suspend all work, report to the supervisor and seek medical advice promptly. We will report to the Labour Department, and arrange medical professionals to examine the injury and provide suitable medical treatment for the injured. To ensure work injuries are handled in a timely and fair manner, the project supervisor will complete an employee injury declaration form to accurately record the incident. A manual is in place to set out the measures to prevent accidents, incidents and non-compliance, and the methods of redress.



On-boarding and Ongoing Safety Training

We formulate our safety training plan every year based on the suggestions of the risk assessment report. All new-joiners are briefed about the guidance on OSH, in order to familiarise them with safety knowledge in the areas such as safety procedures, chemical safety as well as properly using the safety gears, machinery and tools. Existing employees are required to attend OSH training regularly to refresh and update their safety knowledge. Prior to the start of each project, employees are briefed about the points to note on OSH-related matters with the aid of video clips. When we notice any major accidents in the industry, we also share the cases and appropriate handling methods with our employees to prevent similar occurrences.



The Group provides regular occupational safety and health training to its staff.

Chemical Safety

Our daily operations involve the use of cleaning chemicals; thus, special attention has been made on storing, handling and applying such chemicals in order to minimise the potential health and safety hazard. We comply with relevant laws and regulations on chemicals and pesticides, including among others the Pesticides Ordinance (Cap. 133) of Hong Kong. To provide safety guidance on properly handling chemicals and pesticides, we have formulated a set of policies and regulations on the use, handling and storage of chemicals and on carrying out pest control works. Chemicals must be clearly labelled and excessive storage of chemicals is prohibited. We only allow trained employees to handle chemicals and pesticides, and they must wear suitable protective gears while handling them. Chemicals are only to be used in a well-ventilated space and unauthorised mixture of chemicals is strictly prohibited.

We are well planned and prepared for handling emergency situations. Employees are instructed to follow a set of emergency procedures so that chemical spillage or leakage can be handled in a safe and proper manner. Additional safety gears and equipment have been reserved to handle the emergency situations.

During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations in Hong Kong pertaining to provision of a safe working environment and protection of employees from occupational hazards, such as Occupational Safety and Health Ordinance (Cap. 509) and Employees' Compensation Ordinance (Cap. 282) of Hong Kong. Meanwhile, there were no work-related fatalities during the Reporting Period.

Employee health and safety data	2021	2020
Number of lost day due to work-related injuries	402	272
Number of work-related fatalities	0	0
Number of lost days due to work injury	27,123	12,278

The Group is fully aware of the work-related injuries and lost days that took place during the Reporting Period. We hold safety meetings regularly to discuss about the recent work injury incidents and the progress of relevant follow-up arrangements to ensure that effective remedial measures have been taken.



Safer Refuse Collection Vehicles

We have been integrating technology into our day-to-day operations to enhance our operational safety. This includes the introduction of the first low entry refuse collection vehicle in Hong Kong. The new vehicle significantly minimises the potential OSH hazards of our frontline refuse collection workers by reducing the risk of getting injured when getting on/off the vehicle and by enabling a broader visibility of the driver.



The first low entry refuse collection vehicle in Hong Kong, which helps to ensure public safety and the wellbeing of our staff.

Protecting Our Employees Amid the Pandemic

As our frontline workers continue to report duty during the coronavirus disease 2019 (“**COVID-19**”) pandemic, they may expose to significant risks of pandemic when handling the waste. Therefore, we have implemented a series of precautionary measures to reduce their health risks. Frontline employees have been provided with gloves, face masks, safety goggles and isolation gowns, and they are required to wear them properly at work. Instructions for extra precautionary measures have been given to our frontline employees while dealing with suspected vomitus, excreta, respiratory secretions and disposed face masks.



We are the exclusive distributor of SD Labs' surface coating products, which have been reported to be effective in killing the COVID-19 virus and a number of other viruses.



Employment Conditions

The success and growth that the Group has achieved is primarily based on the concerted efforts made by our experienced and hardworking employees. As such, we aim to create a motivating workplace that values the contribution made by our people. We offer a motivating remuneration package based on the performance of the employees. This includes discretionary bonuses and/or salary adjustments in accordance to the employee's contribution and the overall performance of the Group to incentivise our employees. We care about maintaining a healthy lifestyle of our employees. We advocate work-life balance employment and discourage unnecessary overtime work. Standard working hours have been applied for designated government contracts. All overtime work must be approved by the supervisor in advance and will be compensated. Apart from the statutory holidays, all eligible employees are also entitled to additional paid leaves based on their seniority.

Equal Opportunity Employer

As an equal opportunity employer, we maintain a diverse, equal, fair and open workplace that welcomes applicants from all backgrounds. We do not allow any forms of discrimination, harassment and/or unequal treatment based on age, colour, race, disability, gender, marital status, paternity status, religious background and/or sexual orientation. We do not make employment decisions solely based on the background of the applicants. During the Reporting Period, we employed applicants from different backgrounds, including rehabilitated and ex-mentally ill people.



During the Reporting Period, the Group was not aware of any material breach of relevant laws and regulations in Hong Kong, including among others the Employment Ordinance (Cap. 57) of Hong Kong, that has a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.

Respecting Labour Rights

The Group respects children and labour rights and has taken steps to ensure that our workplace is free from child and forced labour. All job applicants must reach the legal working age. We conduct a comprehensive background check and require all local and foreign job applicants to show their valid identification at the recruitment stage to verify their age and their legal eligibility to work in Hong Kong. The Group does not allow any coercion or threat made to the employees. Necessary overtime work will only be carried out upon the consent of the employees. Once the use of child or forced labour is found in our workplace, we will terminate such employment and take necessary actions promptly. During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in Hong Kong, including among others the Employment Ordinance (Cap. 57) of Hong Kong, relating to child and forced labour.



Training and Development

Having a well-rounded training and development plan is essential to the success and long-term growth of the Group. The Group treats cultivating knowledge and skills as an integral part of the employment. We have been investing resources in fulfilling the development needs of our employees as well as the business needs of the Group.

Training Programmes

We have been offering on-the-job training to the new-joiners and existing employees. Depending on the development needs of the employees and the business needs of the Group, our training activities cover topics from various areas such as management, quality, environment and safety. During the Reporting Period, we offered 23,045 hours of training to the employees, including among others a training programme on internal control, anti-corruption training and an orientation training programme on performing indoor and outdoor work provided to new-joiners. The data on our training hours are summarised below:

	2021	2020
Total number of employees trained ³	30,433	21,518
Total number of hours of training received by employees	23,045	10,759



The Group provides regular training to its staff in different areas.

Performance Review

To enable new-joiners and employees to understand their training and development needs, we appraise them upon the completion of their probation period and annually based on their performance and work approach in different areas. The appraisers will offer constructive comments to the employees so that the employees can grasp the areas of strength and improvement. To further incentivise our employees, we might consider a salary adjustment upon satisfactory performance in appraisals, subject to the actual situation.

³ Number of employees trained is calculated according to the training attendance records and include employees who left the Group during the Reporting Period.



RESPONSIBLE OPERATIONS

Responsible operational management throughout our supply chain, service delivery and service quality responsibility is the key to ensuring the services we deliver are of the top quality, ethical and environmentally conscious. We engage only with the suppliers who share the same values and standards with us. We have been working closely with our suppliers and employees to ensure that the services we deliver meet the expectation of the customers and that our ethical standards are observed throughout.

Supply Chain Management

The performance of our suppliers is a key to maintaining a high-quality standard of our service provision. Apart from the reliability and product quality of the suppliers, we also take into consideration environmental and social criteria during the supplier selection process in order to engage with suppliers which share our values and missions to address environmental and social concerns. During the Reporting Period, we collaborated with 67 suppliers from Hong Kong. Details of the supplier distribution are summarised in the table below:

	2021	2020
Total number of suppliers	67	50
Number and % by geographical region		
Hong Kong	67 (100%)	50 (100%)

Selection of Suppliers

Our procurement management procedure requires that at least three quotations are obtained from the approved supplier list for procurement over certain amount, and at least twice a year to ensure a fair procurement process is in practice. We conduct a preliminary assessment on each supplier to understand the conditions of their operation, the quality of their products and their track record in order to determine whether it can be listed as an approved supplier. From time to time, we appraise all existing suppliers based on their environmental and safety performance and the quality of their products, as well as their punctuality, cooperativeness and the origin of the supplies. Only those suppliers that consistently fulfil our standards can stay on the list of approved suppliers.

Green Procurement

To ensure that our procurement does not induce significant environmental impacts, we include environmental consideration during our procurement process. Local procurement is preferred to reduce the carbon footprint of our procurement. During the Reporting Period, we procured a range of green products for the provision of our services, including among others, biodegradable garbage bags. Looking forward, we will continue to take energy efficiency and air emission specifications into consideration while we procure new vehicles, such as higher efficiency and less air polluting Euro VI vehicles.



Reliable Services

Having been trusted by the people and organisations of Hong Kong for more than four decades, we understand the importance to gain customer confidence. We are committed to delivering the highest quality services that meet customers' expectation throughout the project cycle. During the Reporting Period, we were not aware of any material breach of relevant laws and regulations relating to health and product safety, advertising and labelling in connection to the products and services provided by the Group and method of redress.

Quality Services

Our quality management system has been accredited by the international standard ISO 9001:2015, which demonstrates our capability in providing services that meet customer expectations, our resilience in offering quality services amid challenges and our strength in corporate governance.

We have implemented an effective service delivery management system to ensure the services that we deliver are of the finest quality. To ensure we provide the highest quality services, we perform a comprehensive analysis upon receiving a tender invitation to assess whether it is within the scope of our capabilities and estimate the resources to be invested in. Throughout the project cycle, the project manager takes up the responsibility to ensure that the quality of the services we deliver and the attendance of our personnel on site. Upon completion of a project, we will communicate with the client to ensure the quality of our services is in line with their expectation before the project is signed off.

To ensure that our services meet the expectation of the customers, we welcome any suggestions and/or complaints made by the customers and the general public. Upon receiving a complaint, we will properly record the complaint content for our operations team to take follow-up actions and reply. We also proactively assess the customer satisfaction of our services to better understand whether the services we provide can fulfil our customers' expectations. During the Reporting Period, 1,965 product- and service-related complaints were received. The Group is fully aware of the complaints we received. All complaint cases are summarised and reviewed by management regularly so that improvements can be made as we formulate the strategies and plans.

Data Privacy

The Group is committed to ensuring the security of the customer information. We comply with the personal data privacy principles and relevant laws and regulations throughout the process of collecting, using and storing the customer data. All customer data are securely stored in our system and server, and can be only retrieved by authorised personnel. Transfer or disclosure of personal data to the third party is strictly prohibited. All our office employees have signed a non-disclosure agreement with the Group to ensure confidentiality of the data we possess and such data will not be divulged or disclosed to external parties.



The Group provides professional cleaning services at height.



Intellectual Property

All forms of intellectual property (“IP”) of the Group are the hard-earned success made possible by the concerted efforts of our people and therefore, we have been sparing no efforts in protecting the IP rights of the Group, including our trademarks and patents. We have been closely monitoring the Group’s IP against any unauthorised use, and we might consider taking legal actions if any forms of suspected infringement is found. The Group carries out training sessions on IP rights management to promote the awareness of our employees on protecting IP rights and enhance their knowledge and skills thereof. During the Reporting Period, the Group was not aware of any non-compliance with applicable laws and regulations relating to intellectual property regarding our products and services.

Ethical Business

Integrity is the key to maintaining the long-standing relationship with our customers and business partners, and any forms of business misconduct can undermine our business reputation. We uphold ethical standards at all times throughout the entire operation of the Group and strive to develop an integrity corporate culture. During the Reporting Period, the Group was not aware of any material breach of laws and regulations in Hong Kong, including among others the Prevention of Bribery Ordinance (Cap. 201) of Hong Kong, relating to bribery, extortion, fraud and money laundering, nor any concluded legal cases regarding corrupt practices against the Group or its employees.

Anti-corruption

The business conduct and behaviours of our employees have been governed by our Employee Code of Conduct and the anti-corruption policy. The anti-corruption policy clearly prohibits all forms of bribery and corruption, including among others offering or accepting any financial or other advantages such as entertainment, gifts, job offers and contracts. Employees are required to declare any potential conflict of interests and refrain from exercising the power entitled by the Group to make any personal gain. Employees of all roles are regularly trained about our anti-corruption policy to ensure that they are familiar with our requirements and standards in anti-corruption. During the Reporting Period, we have offered 80 hours of anti-corruption training to our employees. We also invite our business partners to participate in our anti-corruption training to facilitate communication about anti-corruption standards.



The Group provides internal control training to its staff.



Anti-fraud

The Group is committed to preventing, identifying, reporting and taking action on any suspected behaviours of fraud. We have a well-defined distribution of responsibilities among our employees so that we can eliminate fraud with concerted effort. Management oversees the overall fraud risk faced by the Group by conducting fraud risk assessment regularly and formulates effective internal control measures to identify and avoid fraud behaviours. They also monitor the execution of such measures and review its effectiveness. Where necessary, the suspected fraud behaviours will be reported to the authority promptly. Employees are required to abide by the Employee Code of Conducts and report any suspected activities to management. All cases will be investigated by management and the subject matter experts. Based on the investigation outcomes, the Group will apply corrective measures promptly and review our internal control system. In the event of any material suspected fraud activity, the external auditor will be informed.

Whistleblowing Policy

Employees are encouraged to report any non-conformity or violation of the Employee Code of Conduct, the anti-corruption policy and the anti-fraud policy in writing or over the phone. All cases will be investigated by management in a timely and confidential manner.



Johnson Holdings' volunteer team "JOHNSON'S FRIENDS" participated in Yan Oi Tong's flag selling day.

COMMUNITY ENGAGEMENT



As a Caring Company, the Group fully supports the community where it operates in with specific focuses on environmental, health and social projects. In particular, we care deeply about people's health in such a challenging time of the COVID-19 pandemic. During the Reporting Period, we offered financial support to Yan Oi Tong to provide Chinese medicine service to the elderly and our frontline workers. Furthermore, we care about the well-being of the underprivileged people of the community. During

the Reporting Period, we donated towards a number of relief initiatives of the Society of Rehabilitation and Crime Prevention to support the rehabilitated people and their families. We also offered employment opportunities to rehabilitated and ex-mentally ill people, to set a stage for them to excel and enable them to attain self-sufficiency. In the meantime, we also donated some electronic appliances to Caritas Computer Workshop for distribution to the people in need. A total amount of HK\$72,000.00 was contributed to the community during the Reporting Period.

After the Reporting Period, the Group's volunteer team 'JOHNSON'S FRIENDS' participated in Yan Oi Tong's flag selling day to raise funds for the Yan Oi Tong community services provided to the elderly and disadvantaged people. This not only expresses our concern for the society, but also represents our commitment to Hong Kong.



ECO-CONSCIOUS OPERATIONS

Our environmental management system is ISO 14001:2015 accredited, which is an indicator of our ability to identify, manage, monitor and control the environmental issues in a comprehensive manner, and in compliance with relevant laws and regulations. Although environmental issues are not identified as a pressing concern by our stakeholders, we have been promoting environmental awareness among our employees and involve the innovative application of technology in our day-to-day operations in order to minimise our environmental footprint.

Green Office

We have been adopting green office initiatives at our office in order to drive behavioural change of our employees to reduce waste at source and conserve natural resources.



Electricity

- Adjust the room temperature to 25.5 °C
- Unblock the exhaust pipe and dust filter of air conditioners
- Turn off idle lights and electrical appliances
- Select energy-efficient light bulbs as far as practicable



Water

- Use the waste water used in cleaning furniture for mopping
- Turn off the tap firmly after use to avoid dripping
- Request for maintenance promptly in case a leaky tap is found



Paper

- Save documents in electronic form as far as practicable
- Print on both sides of the paper
- Reuse waste paper for other purposes, such as note-taking



Office Supplies

- Consume plastic bags and other supplies based on the actual needs
- Reuse and recycle as far as feasible
- Use the tools and appliances properly to prolong their lifespan



Green Operations

Our environmental hygiene service business involves the operation of a large-scale fleet of street cleaning and refuse collection vehicles, which inevitably induces a relatively larger portion of mobile fuel combustion and air emissions. To minimise such impact to the environment, we have developed a fleet management system to enable centralised management of our massive fleet. The system tracks the movement of our vehicles, optimises the routes and deploys the vehicles flexibly, so that the work schedule can be optimised and the vehicles can be utilised more efficiently, thereby minimising mobile fuel combustion and air emissions. Furthermore, we expect to gradually replace our fleet with higher efficiency and less air polluting Euro VI vehicles. In the meantime, we require our drivers to operate our vehicles responsibly and avoid idling engine as far as feasible. We have also implemented a set of management procedures on waste handling and storage, affluent discharge, noise emission and air emission in order to minimise the environmental impacts of our operations.



Our large fleet of vehicles is centrally managed by the fleet management system.

During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources in Hong Kong, including among others the Air Pollution Control Ordinance (Cap. 311), Motor Vehicle Idling (Fixed Penalty) Ordinance (Cap. 611), Buildings Ordinance (Cap. 123), Public Health and Municipal Services Ordinance (Cap. 132), Summary Offences Ordinance (Cap. 228), Dangerous Goods Ordinance (Cap. 295), Waste Disposal Ordinance (Cap. 354) and Product Eco-responsibility Ordinance (Cap. 603) of Hong Kong. The Group was not aware of any issue in sourcing water that is fit for purpose.



The number of fleet of professional vehicles of the Group is close to 400.



ENVIRONMENTAL PERFORMANCE

The Group's environmental performance data during the Reporting Period are summarised in the table below:

	Unit	2021 ⁴	2020 ⁵
Air emissions			
Nitrogen oxides ("NO _x ")	kg	16,925.86	8,974.21
Sulphur oxides ("SO _x ")	kg	29.60	19.90
Particulate matter ("PM")	kg	1,372.58	746.32
Energy Consumption			
Total energy consumption	kWh	18,606,788	12,499,012
Total energy intensity	kWh per HK\$1,000,000 revenue	6,723	7,004
Mobile fuel consumption			
• Diesel consumption	litres	1,824,254	1,228,589
• Petrol consumption	litres	15,550	7,957
Indirect energy consumption (Purchased electricity) ⁶	kWh	161,826	99,702
GHG emissions			
Scope 1 ⁷	tCO ₂ e	4,899.90	3,292.31
Scope 2 ⁸	tCO ₂ e	80.91	49.85
Scope 3 ⁹	tCO ₂ e	42.42	31.97
Total GHG emission	tCO ₂ e	5,023.23	3,374.13
Intensity	tCO ₂ e per HK\$1,000,000 revenue	1.82	1.89
Water consumption			
Freshwater ¹⁰	m ³	126.27	38
Intensity	m ³ per office employee	1.32	0.45
Non-hazardous waste			
Total	tonne	461.59	396.95 ¹¹
Intensity	tonne per HK\$1,000,000 revenue	0.17	0.22

⁴ The air and GHG emissions, non-hazardous waste production as well as the consumption of energy and water in 2021 have increased due to business expansion, which includes the expansion of our office and fleet.

⁵ There are adjustments in 2020 environmental KPIs which can be attributed to the change in calculation methodology of mobile fuel consumption for consistency with the methodology adopted in 2021.

⁶ Only electricity consumed within the office is included, and the figure is obtained by estimation based on the actual usage in relevant months within the Reporting Period and the previous consumption pattern.

⁷ Scope 1 represents direct GHG emissions generated from the use of unleaded petrol and diesel oil by company vehicles in Hong Kong.

⁸ Scope 2 represents indirect GHG emissions generated from the use of purchased electricity in office in Hong Kong.

⁹ Scope 3 represents other indirect GHG emissions caused by paper disposal. Methane gas generated in the paper disposal is included. The calculation has made reference to GHG Conversion Factors for Company Reporting published by the UK Government and the published emission factors of the "How to prepare an ESG Report Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

¹⁰ Only water consumed within the office is included.

¹¹ The total volume of non-hazardous waste in 2020 has been adjusted due to the change in calculation methodology for consistency with the methodology adopted in 2021.



GETTING PREPARED FOR CLIMATE CHANGE

Climate change has brought about an increase in the intensity and frequency of extreme weather events. As the services that we deliver are primarily based at outdoor sites, we can foresee the possible disruption on the delivery of services in the event of extreme weather. To mitigate the impact, the following measures have been adopted:

Climate-related Risks

The Group is facing potential acute physical risk at the location it operates. Specifically, it is potentially exposed to extreme weather such as floods and cyclone, as well as extreme heat.



Impact

As the business operations of the Group is primarily conducted outdoor, it is foreseeable that there might be disruptions and delays in the event of extreme weather.



Countermeasures

In order to mitigate the impact of the extreme weather to the business operations of the business, we have coordinated with the essential employees on work arrangement during extreme weather and the safety guidelines on working in the heat.



HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs	Explanation	Reference Section
Aspect A Environmental		
A1 Emissions	Information on: <ul style="list-style-type: none"> — the policies; and — 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 wastes.	ECO-CONSCIOUS OPERATIONS
KPI A1.1	The types of emissions and respective emissions data.	ENVIRONMENTAL PERFORMANCE
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable, as our business operation in 2021 did not involve the production of hazardous waste.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A1.5	Description of measures to mitigate emissions and results achieved.	ECO-CONSCIOUS OPERATIONS
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	ECO-CONSCIOUS OPERATIONS



HKEx ESG Reporting Guide General Disclosures & KPIs		
Disclosures & KPIs	Explanation	Reference Section
A2 Use of Resources	Policies on efficient use of resources, including energy, water and other raw materials.	ECO-CONSCIOUS OPERATIONS
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).	ENVIRONMENTAL PERFORMANCE
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	ENVIRONMENTAL PERFORMANCE
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	ECO-CONSCIOUS OPERATIONS
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	ECO-CONSCIOUS OPERATIONS
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Not applicable, as our business operation in 2021 did not involve the use of packaging material.
A3 The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	ECO-CONSCIOUS OPERATIONS
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	ECO-CONSCIOUS OPERATIONS
Aspect B Social		
B1 Employment	Information on: <ul style="list-style-type: none"> — the policies; and — 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.	RESPONSIBLE EMPLOYMENT — Employment Conditions
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	RESPONSIBLE EMPLOYMENT
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	The turnover data by gender, age group and geographical region in 2021 are unavailable. We are in the process of gathering the information and will disclose the data in the next reporting period.



HKEx ESG Reporting Guide General Disclosures & KPIs		
Disclosures & KPIs	Explanation	Reference Section
B2 Health and Safety	Information on: <ul style="list-style-type: none"> — the policies; and — compliance with relevant laws and regulations that have a significant impacts on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. 	RESPONSIBLE EMPLOYMENT — Safe and Healthy Workplace
KPI B2.1	Number and rate of work-related fatalities.	RESPONSIBLE EMPLOYMENT — Safe and Healthy Workplace
KPI B2.2	Lost days due to work injury.	RESPONSIBLE EMPLOYMENT — Safe and Healthy Workplace
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	RESPONSIBLE EMPLOYMENT — Safe and Healthy Workplace
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	RESPONSIBLE EMPLOYMENT — Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	The percentage of employees trained by gender and employee category in 2021 is unavailable. We are in the process of gathering the information and will disclose the data in the next reporting period.
KPI B3.2	The average training hours completed per employee by gender and employee category	The data for average training hours completed per employee by gender and employee category in 2021 is unavailable. We are in the process of gathering the information and will disclose the data in the next reporting period.



HKEx ESG Reporting Guide General Disclosures & KPIs	Explanation	Reference Section
B4 Labour Standard	Information on: — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	RESPONSIBLE EMPLOYMENT — Respecting labour rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	RESPONSIBLE EMPLOYMENT — Respecting labour rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	RESPONSIBLE EMPLOYMENT — Respecting labour rights
B5 Supply Chain Management	Policies on managing environmental and social risks of supply chain.	RESPONSIBLE OPERATIONS — Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	RESPONSIBLE OPERATIONS — Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	RESPONSIBLE OPERATIONS — Supply Chain Management
B6 Product Responsibility	Information on: — the policies; and — 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.	RESPONSIBLE OPERATIONS — Reliable Services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as our business operation in 2021 did not involve selling or shipping of products.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	RESPONSIBLE OPERATIONS — Reliable Services
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	RESPONSIBLE OPERATIONS — Reliable Services
KPI B6.4	Description of quality assurance process and recall procedures.	RESPONSIBLE OPERATIONS — Reliable Services
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	RESPONSIBLE OPERATIONS — Reliable Services



HKEx ESG Reporting Guide General Disclosures & KPIs		
Disclosures & KPIs	Explanation	Reference Section
B7 Anti-corruption	Information on: <ul style="list-style-type: none"> — the policies; and — compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. 	RESPONSIBLE OPERATIONS — Ethical Business
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.	RESPONSIBLE OPERATIONS — Ethical Business
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	RESPONSIBLE OPERATIONS — Ethical Business
B8 Community Investment	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.	COMMUNITY ENGAGEMENT
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY ENGAGEMENT
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	COMMUNITY ENGAGEMENT



Hong Kong Johnson Holdings Co., Ltd.
香港莊臣控股有限公司

