



Milestone Builder Holdings Limited

進階發展集團有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限責任公司)

Stock code 股份代號 : 1667

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及管治報告 2020/2021



CONTENTS

2	I. About the Report
4	II. Sustainability Management
5	III. Letter from the Board
6	IV. Stakeholder Engagement
10	V. Environmental Sustainability
19	VI. Social Sustainability
33	VII. Appendix I – Performance Table
38	VIII. Appendix II – HKEX ESG Reporting Guide Index



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. About the Report

In strict compliance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) set out in the Appendix 27 of the Listing Rules of the Hong Kong Stock Exchange, Milestone Builder Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group”) is pleased to present its fifth ESG Report for the reporting period 1 April 2020 to 31 March 2021 (“FY2020/2021”).

Reporting Boundary

Adopting the operational control approach in defining the report boundary, this ESG Report covers the Group’s major business activities in Hong Kong, including i) building construction services; ii) alteration, addition and fitting-out building services; and iii) repairing and restoration of historic buildings, which represent the Group’s main sources of revenue.

This ESG Report describes the Group’s ESG performance and management approaches during the financial year ended 31 March 2021, which is the same as the reporting period of the Group’s Annual Report 2020/2021, unless otherwise specified. For the Group’s corporate governance practices, please refer to the “Corporate Governance Report” in page 21 to 31 of the Annual Report 2020/2021.

Reporting Principles

In line with the reporting principles that underpin the preparation of ESG report, the content of this ESG report has been determined and summarised by the principles of Materiality, Quantitative, Balance and Consistency.

Materiality

The Group applied the principle of Materiality when selecting the disclosure content in the ESG Report, which was guided by the viewpoints of its internal and external stakeholders through communications and surveys.

Quantitative

The principle of Quantitative was demonstrated by the disclosure of the environmental and social performance against clear key performance indicators (“KPIs”) in the ESG Report, including emissions, consumption of natural resources and employment information.

Balance

The Group unveiled both its sustainability achievements and rooms for improvement during the preparation of this ESG Report, in order to present an unbiased picture to all readers in a transparent manner.

Consistency

To facilitate year-on-year comparisons and enable meaningful peer benchmarking, this ESG Report was prepared with reference to internationally and domestically recognised standards and frameworks, including the HKEx ESG Reporting Guide for the reporting framework, as well as the GHG Protocol and 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories for the calculation.

Information Disclosure

The information in this ESG report was gathered from official documents and statistics of the Group, the integrated information of supervision, management approach and operating process in accordance with relevant policies, the internal quantitative and qualitative data through online questionnaires, and the sustainability practices of different business divisions of the Group. A complete content index is available at the end of the ESG report for readers' convenience to check its integrity.

Access to this Report

This ESG Report is released online only, which is available at the Group's website (www.milestone.hk) and the Stock Exchange's website (www.hkexnews.hk). This Report has been prepared in both English and Chinese. Should there be any discrepancies between the two versions, the English version shall prevail.

Opinions and Feedback

As the Group strives for excellence, all opinions and feedback from readers and stakeholder are welcomed and valued. If you are in doubt or have any recommendation about the Report, especially on topics listed as highly material issues to the Group, please share your views with the Group via:

Address: Unit 1, 17/F, Office Tower 1, The Harbourfront, 18 Tak Fung Street, Kowloon East, Hong Kong

Telephone: (852) 3911 0500

Fax: (852) 3428 5093

Email: general.hldgs@milestone.hk

II. Sustainability Management

Governance Structure

The Board of Directors (the “Board”) is responsible for taking the lead on and monitoring the Group’s business and operations, with its members steering and supervising the management of all the ESG affairs of the Group. As the highest governance body, the Board assumes an overarching responsibility for the overall ESG governance, supervision, regular review and disclosure of Milestone’s business. It is the Board’s duty to identify and evaluate the Group’s ESG-related risks, and to ensure the appropriateness and effectiveness of the ESG risk management and internal control systems.

In order to strengthen the effectiveness of the ESG objectives, an ESG working group formed by competent personnel has been developed for the purpose of coordinating management approaches to various environmental and social issues in relation to the Group’s operations.

Risk Management

Risk Management Plan (“RMP”) plays a critical role in assisting the Group to navigate through the world and market of increasing uncertainties. The Group believes that a robust risk management system provides the Group with competitive advantages and opportunities for value creation, thereby proactively focusing on the control of its sustainability risks including climate-related risks by implementing the RMP.

Risks are continually identified and assessed against the evolving economic, social, political and regulatory landscape conditions, along with changes to the expectation from investors and markets in which the Group operates. Where appropriate, mitigation actions have been and will be made to enable the delivery of the Group’s commitment to perform sustainably and responsibly.

Risk Management Plan process	Measures
Identification	Potential risks arising from operational processes are identified
Analysis	Magnitude, significance and probability of risks are analysed
Plan	Whether potential risks can be tolerated, eliminated, mitigated, transferred or treated by other acceptable means is determined by the manager in-charge
Control	When risks cannot be eliminated or transferred completely from the operations, mitigation measures are set up to minimise the negative impacts
Track	A system of record is set up and risk management process is reported at regular intervals by the manager in-charge
Communication & Documentation	Risks are documented in the Risk Assessment Report

The Audit Committee accredited by the Board assists in continuously overseeing the Group’s risk management and internal control systems and reviews the effectiveness of the systems at least twice a year. The management also regularly reports to the Board and the Audit Committee on the risks and changes that the Group faces, and establishes internal control measures to control risks.

III. Letter from the Board

Dear valued stakeholders,

2020 and 2021 were extraordinarily challenging years fraught with uncertainties. The outbreak of the COVID-19 Pandemic (the “Pandemic”) raging across the world and its ripple effects that are still continuing to impact the market have drastically altered the ways people live and work, as well as the businesses are operated. Facing the threat posed by the pandemic and gradually entering the post-pandemic era, how to adapt to the new norms and build resilience towards sustainability-related risks has become one of the priority topics to companies, and how to think and operate from the environmental, social and governance (“ESG”) pillars is increasingly crucial to the business sector that pursues a long-term success.

As an enterprise that has been focussing on the building and improvement of ESG mechanisms for years, the Group regards ESG system and its core elements not only as a means to minimise operational risks, but the prerequisites for maintaining the robustness of its businesses in the Construction and Engineering Services and Property Development and Investment, while generating positive impacts on our surrounding environment as well as the wellbeing of our communities that we rely on for organic growth.

Over all these years, the Group has built a sound relationship with its stakeholders, with whom the Group keeps consulting and engaging in making significant decisions and taking actions. Internally, the Group has formed a barrier-free communication channel where all employees and the management can share ideas and exchange views towards how to make the company better. To ensure the voices of external stakeholders can be heard, the Group values their participation in ESG surveys and in FY2020/2021, the Group performed a comprehensive stakeholder analysis that enabled its key stakeholders to express their concerns regarding the sustainability of the Group.

To address the potential ESG risks and grasp the golden opportunities for sustainable development, the Group believes that a stable and efficient governance framework is vital. The Board of the Group assumes the ultimate responsibility for overseeing the ESG affairs of the Group and supervising the execution of the Group’s policies in promoting sound ESG practices.

Nowadays, a growing number of stakeholders have recognised the socioeconomic risks posed by climate change over the past decades, as the potentially disruptive impacts of climate change on global supply chains start to become more apparent. While the climate-related consequences have exhibited significant potential risks to the Group’s operations and its supply chain, the Group has put efforts in analysing and addressing the loopholes in its working process and operations vulnerable to the climate-related risks that might obstruct its stable development.

Looking forward, the Group will work responsibly with its clients and its people to encourage sustainable practices and activities that can create shared prosperity for both the current and future generations.

Ms. Hou Lingling

Chairman

Hong Kong, 28 October 2021



IV. Stakeholder Engagement

Stakeholder’s opinions are always the continuous impetus to the transformation of the Group’s business. To ensure stakeholder’s needs and concerns are heard and met, the Group has been maintaining effective dialogues through a diverse group of communication channels with both its internal and external stakeholders as shown below, so as to response to their expectations with concrete actions.

Stakeholders	Expectations and Concerns	Communication Channels
Government and regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Prevention of tax evasion • Support local social and economic development • Construction safety • Anti-corruption 	<ul style="list-style-type: none"> • Supervision on the compliance • Routine reports and tax payments • On-site inspections by government bureaux
Shareholders and investors	<ul style="list-style-type: none"> • Investment returns • Business operational compliance • Information transparency and effective communication 	<ul style="list-style-type: none"> • Publication of financial reports, announcements and circulars • General meetings • Email, telephone communication and company website
Suppliers and business partners	<ul style="list-style-type: none"> • Protect the rights of partners through the implementation of agreements • Sustainable supply chain 	<ul style="list-style-type: none"> • Open tenders • Business meetings, supplier conferences, phone calls and on-site visits • Industry seminars and safety workshops • Email and circulars
Customers	<ul style="list-style-type: none"> • High-quality construction projects and services • Performance of contracts • Operation with integrity 	<ul style="list-style-type: none"> • Face-to-face communication with clients regularly • Perform contract assessment and progress control
Employees	<ul style="list-style-type: none"> • Employees’ compensation and benefits • Career development • Occupational health and safety 	<ul style="list-style-type: none"> • Training, workshops and team building activities • Regular performance reviews • Employee mailbox
Communities and the public	<ul style="list-style-type: none"> • Involvement in the communities • Business compliance • Environmental protection awareness • Transparency and reliability 	<ul style="list-style-type: none"> • Public welfare activities • Transparent disclosure in ESG Report and corporate website

Materiality Assessment

Sustainability is a broad arena with different parties holding various expectations and views based on their backgrounds and concerns. To this end, in FY2020/2021, the Group undertook an annual review initiated by third-party to understand and identify the material issues that are most relevant to the Group's business and its stakeholders. These processes have facilitated the Group to monitor risks and opportunities and articulate the impacts that matter most to its stakeholders.

Step 1: Stakeholder identification

Key stakeholders were identified based on the degree to which they were affected by the Group's activities, as well as by their ability to influence the Group's business objectives. Once the key stakeholder groups were identified, the Group chose the representatives or representative organisations from each stakeholder group.

Step 2: Internal impact assessment

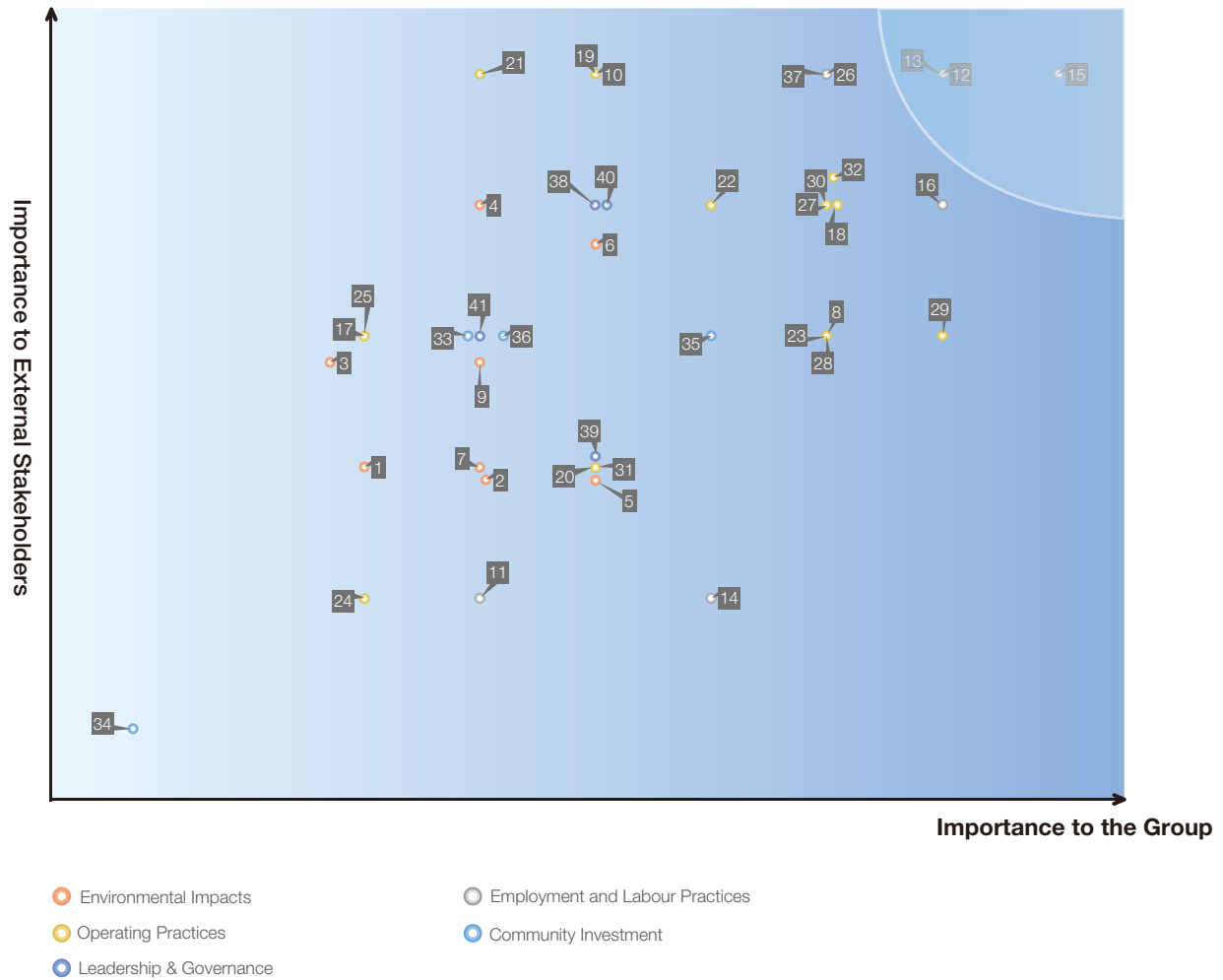
Through an internal desktop impact assessment, a list of 41 priority issues relevant to the Group's development strategy, industry development trend, regulatory market requirements, as well as social responsibility disclosures standards and other factors were developed.

1	GHG Emissions	15	Preventing Child and Forced Labour	29	Product Design & Lifecycle Management
2	Air Pollution	16	Labour Practices	30	Access & Affordability
3	Energy Management	17	Green Procurement	31	Business Ethics & Anti-corruption
4	Water & Wastewater Management	18	Communication and Engagement with Suppliers	32	Internal Communication & Grievance Mechanism
5	Solid Waste Stewardship	19	Environmental Risk (e.g. pollution) Management of Supply Chain	33	Community Engagement
6	Materials Management	20	Social Risk (e.g. human rights or corruption) Management of Supply Chain	34	Participation in Philanthropy
7	Land Use, Ecosystem and Biodiversity	21	Supply Chain Materials Sourcing & Efficiency	35	Cultivation of Local Employment
8	Climate Change Mitigation & Adaptation	22	Health and Safety Relating to Products/Services	36	Local Environmental Protection
9	Packaging Material Management	23	Customers Welfare	37	Support of Local Economic Development
10	Renewable and Clean Energy	24	Marketing and Promotion	38	Business Model Adaptation and Resilience to Environmental, Social, Political and Economic Risks and Opportunities
11	Diversity & Equal Opportunity	25	Intellectual Property Rights	39	Management of the Legal & Regulatory Environment (regulation-compliance management)
12	Employee Remuneration and Benefits	26	Product Quality	40	Critical Incident Risk Responsiveness
13	Occupational Health and Safety	27	Customer Privacy and Data Security	41	Systemic Risk Management (e.g. Financial Crisis)
14	Employee Development and Training	28	Labelling Relating to Products/Services		

Step 3: Significance investigation and prioritisation

An online survey was distributed among and completed by the selected key internal and external stakeholders. The scores of the issues were analysed, prioritised and formulated into a final materiality matrix as shown below.

Stakeholder Engagement Materiality Matrix



Step 4: Validation and outcomes

According to the matrix above, the “Employee Remuneration and Benefits”, “Occupational Health and Safety” and “Preventing Child and Forced Labour” were pinpointed as the topics material and relevant to the Group’s business operations. The outcome of this materiality assessment was presented to the Board for deliberation, with suggestions and expectations classified, documented and validated. The final results will be used continuously to monitor and improve the Group’s progress in these areas and a regular review with updates will be performed in the ESG Report.

Supporting the SDGs

Sustainable Development Goals (SDGs) are a set of 17 goals set by the United Nations to be achieved by all agreeing countries to bring about a sustainable world by 2030. With emerging policies and societal changes reviewed in parallel with the UN SDGs, the Group is committed to being part of this development and ensuring its potential impacts are minimised to better prepare its business as well as the world for a sustainable future.

While the Group understands that all 17 SDGs are important with some topics such as human rights being a universal responsibility, it has taken a step further to identify the aspects where its contribution can be maximised. With reference to the SDG Compass, the Group identified the SDG that was most aligned with its strategy.

Safeguarding our people

3 GOOD HEALTH AND WELL-BEING

As a construction and engineering service provider in the Hong Kong property development industry, securing the health and safety of its employees is critical to the Group. In strict compliance with applicable laws and regulations, the Group has implemented effective measures including the Health & Safety Plan and safety training regularly to raise the awareness of site safety among workers. The Group respects and cares about the wellbeing of its staff. Apart from providing basic care such as insurance, cool resting place and adequate drinking water, the Group also pays lots of effort in maintaining decent working conditions and aims to achieve the safety goal of recording less than 17.5 work-related injury rate per 1000 workers. For instance, specific measures are in place to prevent industrial accidents, occupational diseases or communicable diseases. More detailed information can be found in the section **Health and Safety**.

V. Environmental Sustainability

With the environmental degradation becoming an increasingly serious concern for the world, the Group recognises the challenges of striking the balance between economic development and environmental protection. In pursuit of the harmonious coexistence of human beings as well as businesses with nature, the Group is committed to developing green operating practices and respecting the ecological red lines.

In FY2020/2021, the Group complied with the material applicable laws and regulations related to the environment. The Group will continue to integrate environmental considerations in its business decisions so as to minimise its environmental footprint and step up its efforts to overcome challenges in sustainable development, including climate change mitigation, air quality control, sustainable water and waste management.

A.1. Emissions

During the year under review, the Group abided by the relevant and material environmental laws and regulations in the operating regions, including but not limited to:

- Air Pollution Control Ordinance (Cap. 311 of the Laws of Hong Kong);
- Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong); and
- Environmental Impact Assessment Ordinance (Cap. 499 of the Laws of Hong Kong).

This section primarily discloses the Group's policies and practices on emissions, use of resources, the environment and natural resources in FY2020/2021. For more detail information about the quantitative data of different categories of emissions, please refer to the Tale E1 in the Appendix I – Performance Table.

Air Emissions

Given its business nature, the air emissions of the Group were mainly generated from the daily operations of onsite machinery and vehicles for business affairs and transportation in FY2020/2021. To effectively control and reduce emissions from the use of motor vehicles, the Group has enacted and implemented the following emission-reduction measures:

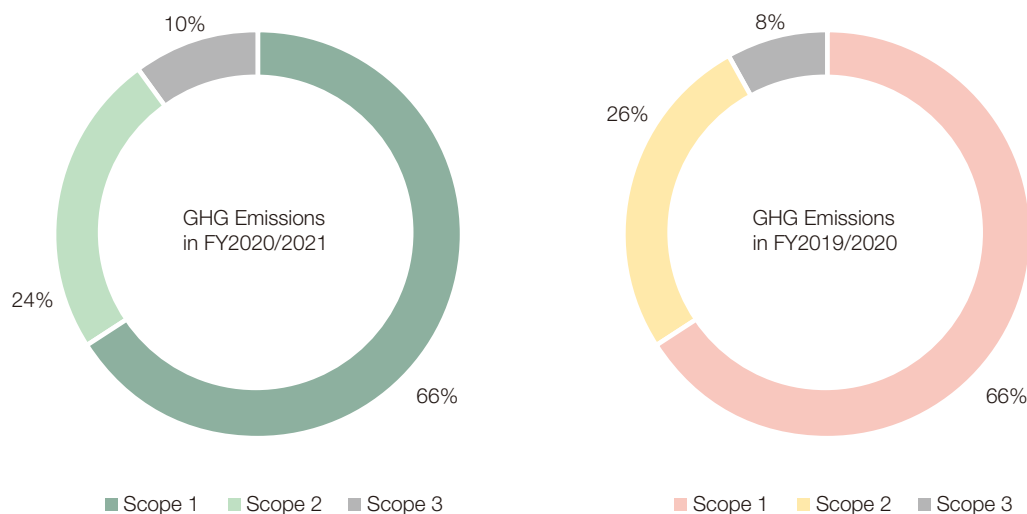
- Turn off idling vehicles to prevent excess air emissions from idling engines;
- Maintain and repair on-site vehicles on a regular basis if necessary; and
- Reduce unnecessary travelling by making use of the advanced online technologies for remote communication.

The Group has also been committed to enhancing its employee's awareness of air emission control through educational seminars and the implementation of internal policies.

GHG Emissions

As a building service provider in the construction industry, the Group’s daily operations are supported by the consumption of various types of fossil fuels and electricity. Despite a limited impact on the environment, the Group is aware of its crucial role in GHGs mitigation given its scope and influence.

In FY2020/2021, the Group’s GHG emissions pattern was similar with that in FY2019/2020, with Scope 1 (Direct Emissions) dominating around 66% of the corporate GHG profile. Meanwhile, the Scope 2 (Energy Indirect Emissions) and Scope 3 (Other Indirect Emissions) arose from the purchase of electricity, and the paper disposal at landfills and freshwater processing and sewage treatment by government departments respectively. The Group has proactively been committed to energy conservation and carbon emissions reduction through effective policies and actions, which are further described in the subsections headed under “Energy” below.



Waste Management

Given the business nature, the Group did not generate any hazardous wastes in FY2020/2021. In strict compliance with the relevant laws and regulations in waste management, the Group has set up guidelines supervising and managing the disposal of all construction and domestic solid wastes and sewage in an environmentally friendly manner.

Solid waste

The Group’s building business would inevitably generate construction wastes in the course of operation. To properly handle the construction waste, a comprehensive Waste Management Plan is normally compiled before the commencement of any designated projects, which sets out the approach and procedures in the management of various types of waste from construction works, as well as the arrangements for storage and reduction of waste in accordance with the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong). A monthly waste audit is performed to monitor the amount of various waste produced and supervise the compliance of sub-contractors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

In accordance with the relevant laws and standards, the Group scientifically treated and disposed of the construction wastes in line with the recommended practices according to industry standards in the reporting year. The qualified waste collector normally transports the construction wastes (e.g. gravels) to designated landfills for disposal. Pursuant to the Construction Waste Disposal Charging Scheme established by the government, the Group has billing accounts with the Environmental Protection Department to pay for the disposal of construction waste.

Meanwhile, the solid waste generated from the Group's offices was mainly domestic and commercial waste in FY2020/2021. By implementing the following measures, the Group strives to achieve the target of lowering the total amount of solid waste generated at source:

- Embedding the "3R principle – Reduce, Reuse and Recycle" in operations, the Group encourages the reuse of office stationeries and the better classification of waste streams for recycling;
- The Group raises its employees' awareness of resource conservation and waste reduction through education;
- The Group maintains 100% recycling of used toner cartridges by collecting and returning all used ones to recycling agents; and
- The Group closely keeps up with the latest government's initiatives and policies in relation to waste management, waste reduction and recycling campaigns in order to allocate resources and formulate strategy in a timely manner.

Wastewater

In FY2020/2021, the building business of the Group mainly generated construction sewage. Although the Group did not consume or discharge a significant volume of water, the Group has still established a series of procedures to prevent pollution of the water table and public sewer. The Group has deployed wastewater treatment facilities on site to treat the sewage and ensures that it meets the requirements of the Water Pollution Control Ordinance (WPCO) license prior to the discharging process. In addition, the Group strictly forbids the storage of polluting sources such as chemicals, oils, solid wastes, etc. at the rainwater pipe network port, while separates the rainwater pipes from other sewage ones such that the rainwater can be directly discharged.

Furthermore, to better handle the on-site sewage, chemical wastes are stored in containers with undercover to prevent the ingress of rainwater and where liquids are involved. The areas for storage are protected with proper embankment of sufficient capacity to contain projected spill quantities. When trucks and heavy vehicles are in wet and muddy conditions, they are not allowed to leave the site unless effective wheel washing is carried out in the washing bay, which is maintained regularly. The silt is normally transported to the approved disposal sites periodically.

Besides, the domestic wastewater generated from the Group's offices was directly discharged into the building sewerage network, handled by the property management of the building and flushed through the municipal drainage systems. Licensed sanitary plumbers are also employed at all construction sites to manage the domestic sewage in order to meet the requirements of temporary sanitary and water supply. Since the amount of wastewater highly depends on the amount of water used, the Group has adopted specific measures, further described in the next subsection under "Water", to improve its water use efficiency.

Noise Management

Noise emissions from the Group mainly came from the operations of the machinery and equipment during the construction process in FY2020/2021. The Group was in strict compliance with the Noise Control Ordinance (Cap. 400 of the Laws of Hong Kong) and only used certain equipment within the permitted days and hours. The Group has installed myriads of noise-reducing facilities to mitigate the effect of noise on the surroundings. For instance, the construction noise barrier has been widely adopted in the construction site to reduce the noise effectively. Meanwhile, construction processes have also been optimised and improved to reduce unnecessary knocking and cutting works. Prior inspection and maintenance of all equipment is carried out to check if the noise is under the permitted noise level. Site staff and safety officers will implement immediate corrective actions to rectify the fault whenever any environmental non-compliance is identified on site.

Progress

In FY2020/2021, the absolute amount of air emissions increased slightly as compared to that of the previous year despite the significant reduction of energy resources consumption. This is primarily due to the detailed classification of engine model of vehicles in alignment with the latest reporting standards. Nevertheless, the Group will keep on strengthening its monitoring and management measures on the use of site machinery and equipment. In the meantime, the Group is pleased to see an overall decline in its Group carbon emissions, with Scope 1, Scope 2 and Scope 3 dropping by 35.21%, 39.56% and 20.63% respectively.

Meanwhile, the construction waste has surged by around 49.05% as compared to that of the previous year due to the increase in construction projects. The Group will continue to optimise and monitor its waste treatment procedures to minimise its environmental impacts, while strive to improve its resource efficiency so as to reduce its emissions at source.

During the year under review, the Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to climate change, air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

A.2. Use of Resources

During the operations, the Group mainly consumed electricity, diesel, petrol, water, paper and different types of construction raw materials in FY2020/2021. The Group did not consume packaging materials during the year under review. More detailed information about the Group's use of resources during the year under review can be found in Table E2 in Appendix I – Performance Table.

Energy

Improving energy efficiency plays a pivotal role in achieving a zero-carbon economy by reducing resource demand and energy-related emissions. To improve the performance in energy consumption, the Group has formulated and implemented the following practices during its operations:

Electricity

- Switch off all idling lights, computers, fans and other electric equipment;
- Opt for electric appliances and models with the Grade 1 energy efficiency label;
- Replace energy-intensive equipment with energy-efficient ones such as LED and energy-saving bulbs;
- Maintain indoor temperature at an energy-efficient level 24–26 degree Celsius; and
- Maintain and repair the facilities and machinery regularly to ensure the efficiency.

Other liquid fuels – Diesel & Petrol

- Encourage employees to take public transport instead of driving to work;
- Make use of the electronic device for e-meetings to avoid unnecessary travelling;
- Gradual replacement of the equipment with electric powered ones;
- Prioritise energy-efficient machinery onsite during procurement; and
- Stick to the requirements set out in relevant environmental regulations and standards released by the Environmental Protection Department, such as controls and requirements of the Non-Road Mobile Machinery (NRMM) Regulation.

Water

Fresh water is important for sustaining healthy communities and natural ecosystems. It is also an essential resource for the Group's business in the cleaning and suppression of dust in its construction sites. In FY2020/2021, the Group did not face any problem in sourcing water. To promote responsible water use, the Group has strongly incentivised its construction sites to reuse wastewater and implemented various measures to improve the overall water efficiency:

- Place "Saving Water Resource" posters in prominent places to encourage water conservation;
- Fix dripping taps immediately and avoid further leakage of the water supply system;
- Strengthen the inspection and maintenance on water taps, water pipelines and water storage tanks; and
- Prioritise water-efficient equipment with Water Efficiency Labels.

Paper

Paper is primarily used for administrative purpose in the Group's office in FY2020/2021. The Group has put great effort in implementing the following policies:

- Encourage employees to reduce paper usage through duplex printing and the reuse of waste paper;
- Embrace the concept of "paperless office" and adopt the use of electronic means for material sharing or internal administrative documents as much as possible;
- Set quota and password for printers to limit unnecessary printing or copying from staff;
- Promote the reuse of stationeries including envelopes; and
- Discourage the excessive use of paper towels.

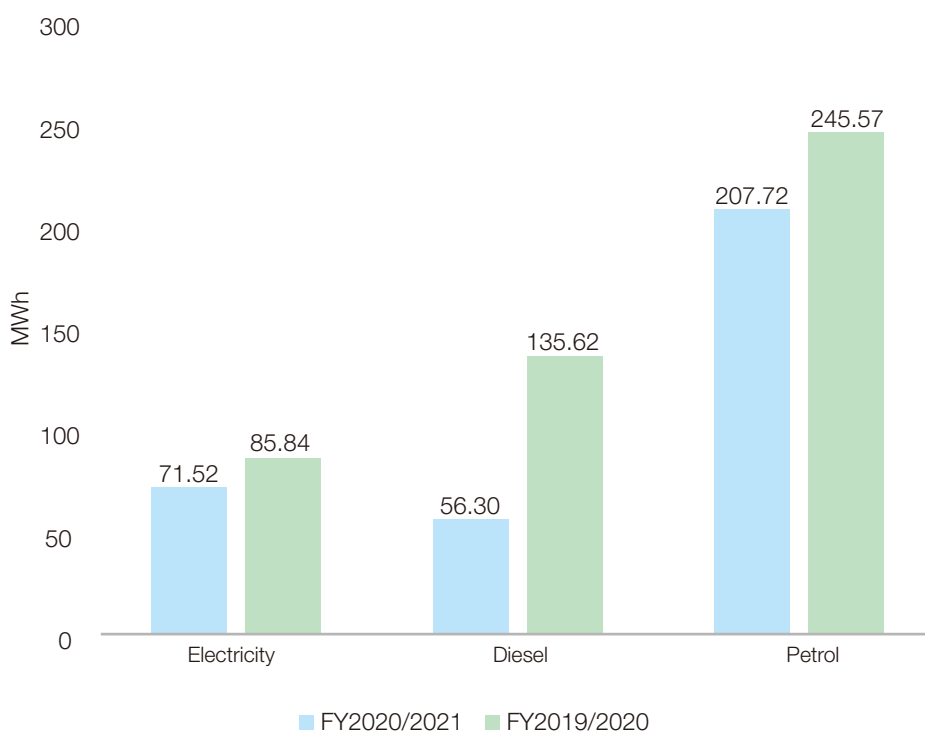
Construction raw materials

The consumption of construction raw materials is inevitable for the Group's business while the amount of consumption also highly depends on the scale of the project and the preference of its clients. Nonetheless, the Group still actively manages its materials use and improves its operational efficiency of the construction process. Meanwhile, the Group is also dedicated to researching and introducing alternative materials that are more environmentally friendly as well as scaling up its efforts in persuading its clients to prioritise green materials.

Progress

In FY2020/2021, the Group paid particular attention to energy efficiency and resources conservation. As compared with the data from FY2019/2020, the total energy consumption of the Group fell by approximately 28.16%, with electricity, diesel and petrol consumption declining by 16.68%, 58.49% and 15.42% respectively, due partly to the unwavering efforts of the Group's employees in controlling the use of energy resources.

Year-over-year Energy Resources Consumption Comparison



Meanwhile, the Group enhanced its transparency by disclosing the amount of water and construction raw materials that it consumed during the reporting year. It is a significant step forward for the Group in improving its data collection coverage and expanding its disclosure scope. The Group endeavours to keep improving its data collection and management process, by unifying the units of materials for disclosure in the near future.

A.3. The Environment and Natural Resources

As a service provider in the building industry, by nature, the Group strives to minimise and eliminate its potentially adverse environmental impacts. In line with local environmental requirements, the Group has carefully evaluated its impacts on the environmental and natural resources, and is pleased to report its continuous excellence in environmental compliance in FY2020/2021.

Based on the analysis above, the most significant impacts of the Group's operations have been considered as the generation and discharge of construction waste, wastewater and noise emissions, and the use of raw materials. To further mitigate its potential impacts on the environment, the Group has applied innovative and effective environmental measures in daily operations.

To drive continuous improvements in the Group's environmental performance and ensure the stable availability of natural resources, the Group has established appropriate environmental management systems (EMS) at its operating sites with reference to the recommendations of the ISO 14001:2015, with which the Group has been certified since 2016.

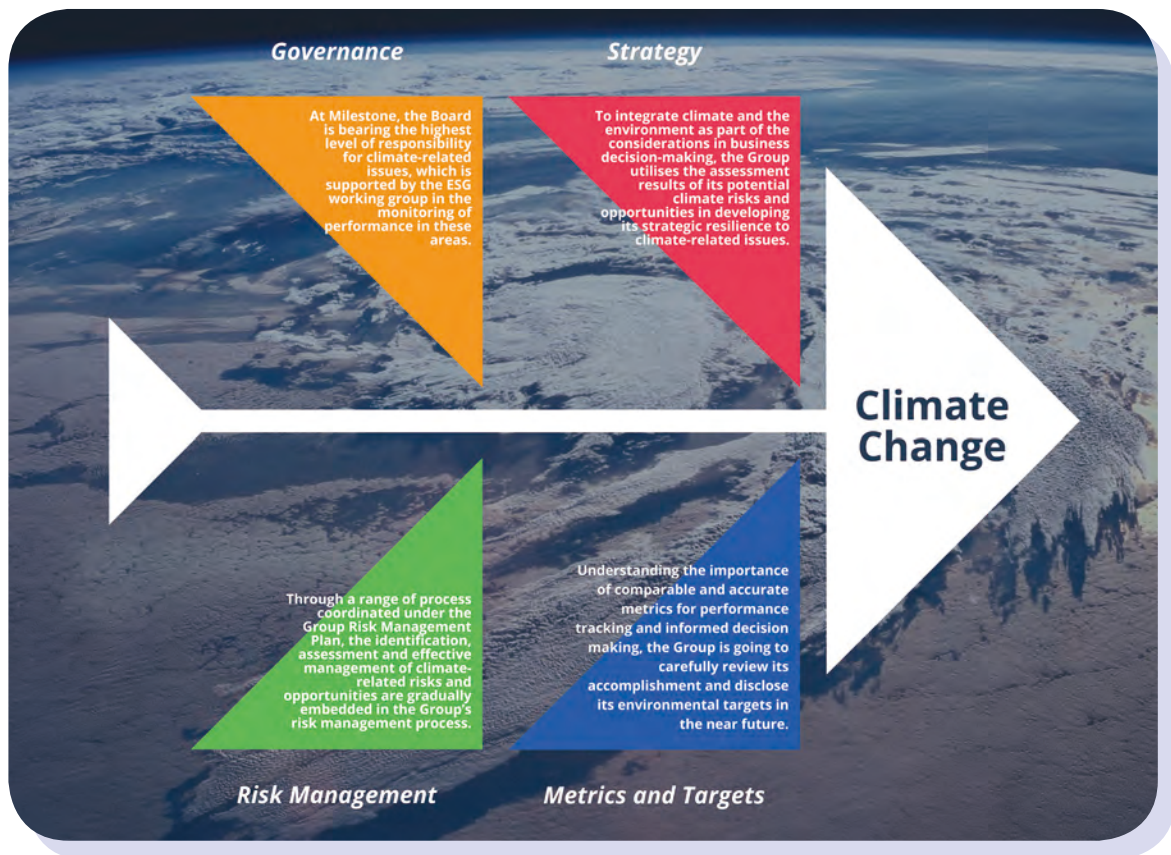


Under the global transitioning to a net-zero society, the Group recognises its responsibility to act. While the Group's operations do not cause intensive GHG emissions, the indirect carbon emissions from the exploration and consumption of building materials such as cement is still a concern. By investing in people and partnerships with its business partners, the Group strives to further reduce its carbon emissions and drive changes in its value chain. To support the Government's Climate Action Plan 2030+, the Group has already been planning its development of specific and time-bound environmental targets, with clear course for sustainability to be charted.

A.4. Climate Change

In FY2020/2021, the Group identified both acute and chronic physical risks to be the climate factors impacting the Group’s operations. In particular, acute extreme weather events such as typhoon, storms or urban flooding impose potential threats to the stable operations in the construction sites and the safety of all workers at the sites. Meanwhile, the chronic risks caused by sea-level rise and global warming will also be a risk to maintaining the stable supply of raw materials and induce the risk of delay of the Group’s project, which in turn may harm the Group’s reputation, weaken clients’ confidence and cause deterioration in its financial performance.

As the global concern around climate change continues to gain momentum, businesses need to take appropriate actions and be transparent about the actions taken. As a supporter of the Hong Kong government’s Climate Action Plan and the Task Force on Climate-related Financial Disclosures (“TCFD”) framework, the Group is committed to building climate resilience and systematically demonstrating how it is addressing the climate crisis ahead.



VI. Social Sustainability

Employment and Labour Practices

The Group regards employees as its most valuable assets, thereby giving priority to both the virtue and the capability of candidates during recruitment, as well as committing itself to developing an inclusive, warm and positive platform that embraces diversity and belonging, so as to ensure all staff feel respected and supported.

B.1. Employment

The Human Resources Department of the Group is responsible for reviewing and updating the relevant company policies on a regular basis in accordance with the latest laws and regulations. In FY2020/2021, the Group was in compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

Law Compliance

The management is responsible for supervising and ensuring that all human resources management practices, including the employee's recruitment and dismissal, are in compliance with applicable laws and regulations in all material aspects, including but not limited to:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);
- Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong); and
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong).

All newcomers are provided the Staff Handbook, which lists all information and entitlement regarding probation period, remuneration, welfare, rest days and public holidays, rules and conditions on leave application, termination and dismissal as well as business ethics. The Group enters into the labour contracts with each of its employees in accordance with the applicable labour laws of Hong Kong.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Recruitment and Promotion

To attract, motivate and retain talents, the Group provides a sound remuneration package covering salary, discretionary bonuses, other cash allowances or subsidies and Mandatory Provident Fund (MPF). In general, the Group determines its employees' salaries based on their qualification, position and seniority. Besides, internal promotion opportunities are offered to its existing staff with due consideration by the Group, which designs and provides adequate on-the-job and professional training to employees seeking career development for senior positions. The remuneration policy of the Group is periodically reviewed with reference to the prevailing market levels.

Compensation and Dismissal

Any appointment, promotion or termination of recruitment contract should be based on reasonable, lawful grounds and the Group's internal policies, as listed in the Staff Handbook and labour contracts. The Group strictly prohibits any kind of unfair or illegitimate dismissals. For those whose working performance is not satisfactory or who constantly make mistakes, the Group would warn verbally before issuing a warning letter. For those who remain untamed despite making the same mistakes repeatedly, the Group would dismiss the person according to relevant laws in Hong Kong. During the year under review, the turnover rate of the Group was approximately 36.46%. More information can be found in Table S4 in the Appendix I – Performance Table.

Working Hours and Rest Periods

The Group has formulated its policy based on local employment laws for determining proper working hours and rest time for its employees. In particular, the Group keeps monitoring its employee's working hours and compensates those who work overtime with additional days off after the approval of their supervisors, although overtime working is generally not encouraged. In addition to the basic paid annual leave and statutory holidays, employees are also entitled to additional leave benefits such as marriage leave, maternity leave and compassionate leave.

Equal Opportunity and Anti-discrimination

The Group strives to provide a harmonious and inclusive workplace for employees and has zero tolerance to any kinds of discrimination behaviour. In compliance with the Equal Opportunities Commission's Code of Practice and relevant law and regulations, all training and promotion opportunities, dismissals and retirement policies are all based on factors irrespective of the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related elements.

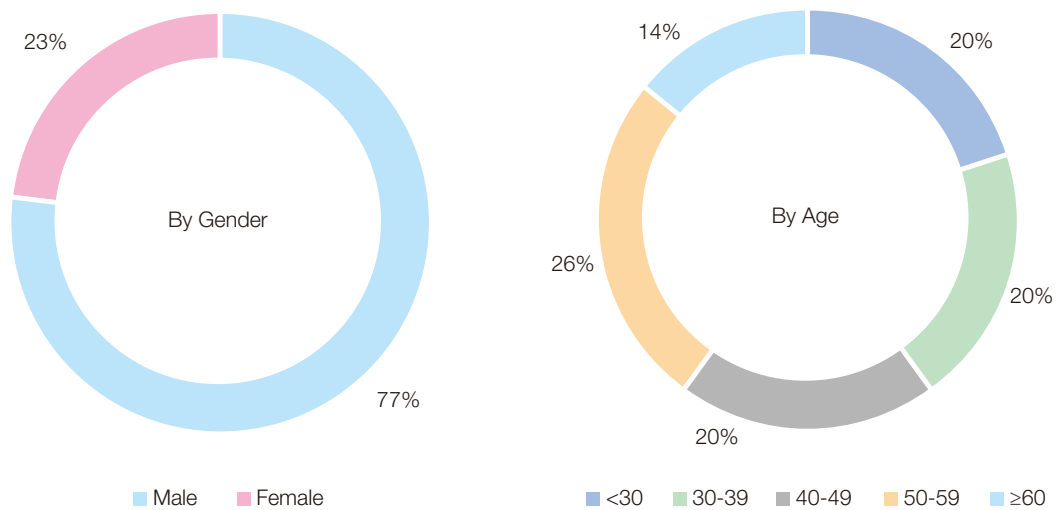
Other Benefits and Welfare

In addition to the MPF, injury insurance and medical benefits, the Group also provides other welfare packages to its employees, in order to enhance their sense of belonging as well as boost the team spirit. Annual dinners, regular gatherings and festival parties are organised by the Group that allow its employees to relax from the intense work and socialise with each other including the suppliers and subcontractors that have received invitations. Yet, in FY2020/2021, due to the social distancing rules amid the pandemic, the Group was not able to hold any entertaining group-level activities.

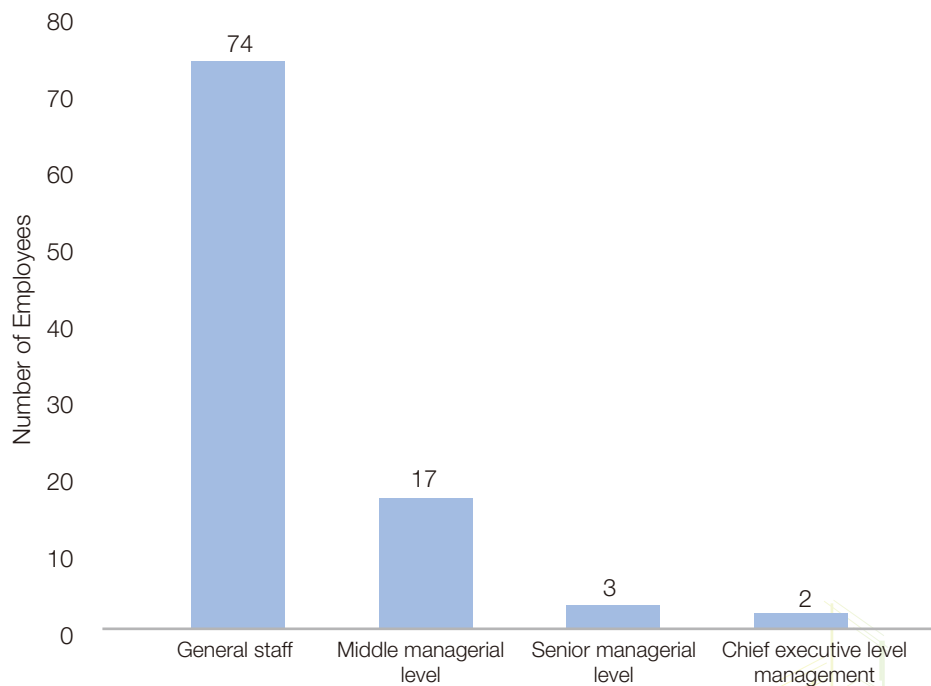
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

The Group has set up various channels for employees to voice their worries, concerns and opinions to the Group's management directly, or by filling in and send the "Staff Opinion Form" to the Administrative Department.

As of 31 March 2021, there were a total of 96 full-time employees working for the Group with a gender ratio of Male 77% to Female 23%. More information about the employees' age distribution and position type can be found in Table S3 in the Appendix I – Performance Table.



By Function



B.2. Health and Safety

As building construction industry is one of many sectors prone to potential safety-related risks and hazards, health and safety is of paramount importance to the Group. The Group is committed to integrating the principle of safety and wellness into operations, and moving towards its ambition of zero harm. To this end, the Group has formulated a series of occupational health and safety policies that provide guidance on the prevention of work-related hazards and associated risks in both offices and construction sites.

Law Compliance

To provide and maintain a safe, clean and environmentally-friendly working condition for all employees, the Group has established strict health and safety procedures, as listed in the “Health and Safety Plan”, which are in line with relevant laws and regulations, including but not limited to:

- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);
- Buildings Ordinance (Cap. 123 of the Laws of Hong Kong);
- Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong); and
- Employees’ Compensation Ordinance (Cap 282 of the Laws of Hong Kong).

In FY2020/2021, the Group was in compliance with the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Safety Policies

To effectively protect all workers in the offices and construction sites, the Group has implemented the occupational health and safety management system according to the requirements of ISO 45001:2018, and has been certified since 2016.



Appropriate and adequate personal protective equipment (“PPE”) (including safety helmets, goggles, safety shoes, ear plugs, dusk masks) are provided to all on-site workers. All PPE are checked and ensured to be up to standard as stated in the “Health and Safety Plan”. Safety officers are responsible for overseeing and managing the safety matters of the construction sites, supervising the observance of the safety standards by on-site workers (including the Group’s and the subcontractors’ employees), and promoting the implementation of safe operating procedures in the construction sites. On-site safety meetings of each individual construction project are held regularly where the project team reviews and monitors the execution of policies and the compliance with the safety standards in the workplace. To incentivise employees to follow the Group’s safety principles, discretionary bonus is awarded to on-site staff and workers if no summons are issued from government authorities for any breach of laws, rules and regulation in relation to safety in the construction project.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Besides, to prevent infectious diseases, especially those transmitted by mosquitoes, mice or insects, posters and banners are posted at prominent places in all construction sites to remind workers of proper working procedures and maintaining a hygienic workplace.



In compliance with the Factories and Industrial Undertakings (Safety Management) Regulations (Chapter 59AF of the Laws of Hong Kong), the Group has engaged an external expert to perform an external safety audit and perform an inspection of required project sites semi-annually. The safety audit evaluates the effectiveness, efficiency and reliability of its safety management system, and aims to identify the strengths and weaknesses of the existing system, thereby providing recommendations for improvement.

In order to ensure that subcontractors comply with the contractual requirements and the relevant laws and regulations, the Group requires its subcontractors to follow all internal control measures in relation to quality control, safety and environmental compliance. A safety committee has been established and works with the project team in performing regular on-site inspections and meetings to facilitate the compliance of the Group's own workers as well as its subcontractors with relevant quality, safety and environmental requirements.

Occupational Health and Safety Training



To further safeguard the site workers, safety induction training is provided to all construction workers prior to commencement of work on site. Seminars which focus on safety for specific works types are organised and conducted on a regular basis to enhance the safety awareness amongst employees.



Safety Targets

During the past three years including the reporting year, the Group has put tremendous efforts in protecting its workers and has achieved zero work-related fatalities for three consecutive years. There was one staff suffering from work-related injuries with six lost days being recorded during the year under review, resulting an injury rate of 10.42 per thousand employees, which fulfilled the Group's safety goal of keeping the injury rate lower than 17.5 per thousand employees.

Respond to the Pandemic

In response to the pandemic, the Group has taken immediate measures to support its employees and safeguarding the public health from the beginning of the crisis. Specific precautionary measures have also been implemented at the Group's construction sites to ensure a cleaner and secure working environment for all.

- Face masks are mandatory in all working sites to reduce the risks of aerosol transmission;
- Thermal screening is performed at all entrances with body temperatures of visitors being registered;
- Alcoholic sanitisers and cleaning facilities are in place at construction sites;
- Disinfect the construction sites regularly; and
- Follow the government's Compulsory Testing Direction and perform nucleic acid testing regularly.



B.3. Development and Training

The echelon of talents is the core driving power for the long-term success of business. The Group is committed to fostering a culture of continuous development for its staff so as to attract and retain the best talents in the competitive job market.

The Group provides various kinds of internal training courses for its employees including occupational health and safety programmes. The training courses held by external parties such as the Construction Industry Council and the Occupational Safety and Health Council are also arranged for its staff. Besides, employees are encouraged to attend external training courses to develop their skills, while eligible staff are granted for examination leave and training fee subsidies.

During the reporting year, the Group provided a total of 1,297 hours of training to 78 employees, covering 81.25% of the total workforce. More information about the employees trained and training hours can be found in Table S5 and S6 in the Appendix I – Performance Table.

B.4. Labour Standards

It is one of the Group's top priorities to care for the labours rights of all workers in such a labour-intensive industry. The Group strictly adheres to the requirements of the Employment Ordinance (Cap. 57 of the Laws of Hong Kong) in all respects of employment.

To prohibit forced, compulsory and child labour in all forms including modern slavery, the Group's Human Resources Department requires all job applicants to provide valid identity documents including Hong Kong Identity Card and Construction Industry Safety Training Certificate (Green Card) to ensure that they are lawfully employable prior to the confirmation of any employment. The employment contracts and records with relevant details of the employees' eligibility (including age) are maintained properly for verification by relevant statutory body upon request.

Meanwhile, the Group does not use unlawful or unfair means to restrict the employment relationship between the employees and the Group. Employees are free to terminate their employment with the Group by giving prior notice as stipulated in their employment contracts.

In FY2020/2021, the Group found no cases of forced or compulsory labour and no employees under legal age working at any location under the Group's business, and was in compliance with relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

Operating Practices

B.5. Supply Chain Management

To seek responsible business practices, the Group is committed to working and strengthening communication with multiple partners, including its suppliers and subcontractors, based on transparent and solid partnerships.

In the selection of suppliers and subcontractors, the Group carefully evaluates their performance based on a wide range of aspects and standards, including but not limited to the professional qualification, services/products quality, financial status and integrity. The Group has also laid emphasis on the legal compliance of their operations on top of cost consideration. The Group specifies the standards and expectations in respect of environmental protect and labour practices to suppliers and sub-contractors, who are required to uphold the law as well as the Group's standards. The Group maintains the partnership with a list of approved subcontractors and suppliers. The list is updated according to their performance assessment outcome on a continuous basis.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

To facilitate the smooth collaboration with its suppliers and subcontractors, the Group frequently communicates with its suppliers through telephone calls, WhatsApp messages and emails to collect their opinions and share thoughts. In FY2020/2021, the Group did not face any delays or issues regarding the timely supplies of construction materials or services, with 100% of its suppliers and subcontractors being stably engaged with the Group.

Prioritising local procurement which helps contribute to the local economy while lessening the environmental impacts during transportation, the Group had a total of 216 materials suppliers and 142 subcontractors, with 2 located in Mainland China and 356 located in Hong Kong in the reporting year. To further minimise its environmental footprint during operations, the Group has been actively practising the concept of green procurement, searching for alternative materials produced in more environmentally friendly way and persuading its clients to adopt “greener” materials. During the year under review, approximately 1.9% of the Group’s suppliers were covered by the Group’s green procurement consideration.

B.6. Product Responsibility

Law Compliance

In FY2020/2021, the Group was in compliance with the material and relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products and services that have a significant impact on the Group, including but not limited to:

- Buildings Ordinance (Cap. 123 of the laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the laws of Hong Kong)
- Construction Workers Registration Ordinance (Cap. 583 of the laws of Hong Kong)

Due to the Group’s business nature and under the principle of Materiality, issues regarding advertising, labelling and intellectual properties are considered not material or applicable to the Group’s operation, and therefore will not be discussed in the ESG Report.

Quality Management and Control of Projects

The Group is liable for all the work carried out by itself and its subcontractors. Striving for the timely completion and delivery of projects in accordance with the specifications set out from the outset of the project, the project managers are responsible for monitoring the progress of each project closely to ensure that the Group's services (i) meet customer's requirements; (ii) are completed within the time stipulated in the contract and the budget allocated for the project; and (iii) are complied in strict compliance with all relevant rules and regulations. Project managers are also responsible for overseeing the on-site inspections and supervision regularly with reference to the requirements of the Quality Management Systems Standard (ISO 9001:2015), which the Group has been certified since 2014.



In the meantime, the Group has established efficient communication channels with its clients and their representatives. For middle to large size projects, the architects representing the clients will be engaged in regular meetings at early stages so as to ensure that the quality of the Group's services and products meets their requirements.

Once any complaint is received, the Group will immediately launch the investigation and assess the complaint nature and associated issues. Follow-up actions will be taken accordingly once the complaint is substantiated. The Group will take the feedback or any complaint as a reference for its future improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Materials and Consumables

The Group has set up strict procedures in monitoring the quality of incoming materials and consumables that are used in various projects. The procurement staff ensures that all construction materials are sourced from the list of approved suppliers. According to the contract, the list of materials is submitted to project architects for approval. The Group's on-site supervisors are responsible for performing inspections and sampling tests, which ensure that the right quantities, types, grades and sizes of materials (as the case may be) can be received and the defects can be identified timely if any.

To enhance the traceability of its supply chain, the Group keeps a clear record of the origins of materials and the areas where materials will be used specifically. In cases where the supplied materials or finished products are not up to standards, the traceable records enable the Group to better identify the root causes thereby making corresponding moves.

In FY2020/2021, the Group was in compliance with relevant laws and regulations in all material aspects, and did not receive any fines or penalties that had a significance and adverse impact on its business operations with regard to product responsibility.

Privacy Protection

The Group lays great emphasis on the protection of its customers' privacy and ensures that all customers' rights are protected in accordance with the Personal Data (Privacy) Ordinance (Cap. 486 of The Laws of Hong Kong) and other local regulations in terms of the protection of consumer data.

Internal measures such as the Confidentiality Guideline are in place to manage the output, dissemination, use and handling of sensitive or identifiable personal information so as to effectively safeguard the privacy of the Group's clients, internal employees, external business partners and suppliers. The sensitive and personal information should only be used for its original business purposes and not be revealed to any third parties without prior authorisation. Any violation of the Confidentiality Guideline could result in disciplinary punishment, up to and including termination of employment.

During the year under review, the Group did not receive any substantial complaints regarding data leakage or personal privacy breaches.

B.7. Anti-corruption

Maintaining good business conduct and ethical business behaviour are crucial to the Group. The Group has set up its internal policies on anti-corruption management which are clearly stated in the Staff Handbook. The Group regulates that all staff members are expected to understand and comply with its internal anti-corruption policies. In FY2020/2021, the Group abided by the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance (Cap 615 of the laws of Hong Kong).

Operating with integrity

The Group is committed in achieving and promoting integrity in business with zero tolerance to any forms of corruption, bribery, extortion, money-laundering or other fraudulent activities in the tendering process, procurement and sub-contracting of any construction project. To ensure that all employees are aware of the importance of upholding the values and delivering service with honesty, the “Notice of Prevention of Bribery” has been set up and incorporated into the Staff Handbook. Reminders will be sent to all workers by the Human Resources Department regularly on how to deal with conflict of interests, treats of parties and gifts during festivals.

The Group forbids its employees from soliciting or accepting any advantage, including money, gifts, loans, commissions, offices, contracts, services or favours, in connection with their duties, without the Group’s permission. In order to deter corruption, employees are highly encouraged to report to the management if they have received any gifts from customers, suppliers or any parties conducting business with the Group.

Under no circumstances should the Group’s staff offer bribes or similar advantages to any person or company in order to obtain or retain business, or to acquire confidential business information, or to seek for any other return of personal advantages. The Group’s anti-corruption mechanism also covers parties along its supply chain with clear requirements for its major business partners.

Whistle-blowing policy

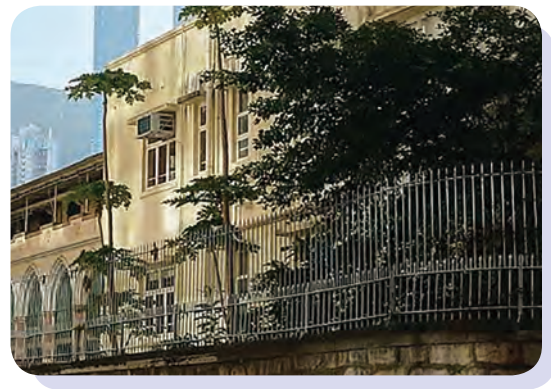
At Milestone, the robust internal control mechanism has been in place to fight against all forms of corruption and illegal practices. Employees, clients and sub-contractors are allowed to express any good faith concerns, and report inappropriate or illegal behaviour to the Administrative Department or the Management of the Group. To prevent any retaliation or reprisals, all reports will be handled discreetly and in confidential with appropriate actions taken based on investigation findings. Any suspected violation of the Group’s policy, laws and regulations is regarded a serious matter. The suspected workers will be required to take unpaid suspension during investigation, while disciplinary procedures will be invoked in the case of the substantiated breach of the Group’s policies or any rule of law. Specifically, any employee that is charged for breaching the law will face at most 14 days of unpaid suspension, and the Group will terminate the corresponding employment contract with the employee for his/her criminal practice.

During the year under review, there was zero concluded legal cases filed against the Group or its staff members regarding bribery, extortion, fraud and money laundering.

Community

B.8. Community Investment

As a corporate citizen, the Group upholds the philosophy of making the world a better place, and is unwaveringly dedicated to fulfilling its social responsibilities. To exert its social influence, the Group has been the signatory of the “Organ Donation Promotion Charter” for years to support the promotional activities on organ donation.



As a company engaging in the building and construction sector, the Group has been playing an instrumental role in cultural preservation and continues to protect historical value for the society. With one of its business segments specifically focusing on the repairing and restoration of historic buildings, the Group has leveraged its professional expertise and played an active role in heritage conservation in Hong Kong including the St. Paul’s Primary Catholic School. The Group has put efforts including time and resources for complying with all requirements imposed by the Government Departments, while working along with social groups including conservation consultants to provide all necessary support for the protection of heritages.

VII. Appendix I – Performance Table

 Table E1. The Group's Total Emissions by Category in FY2020/2021 and FY2019/2020¹⁰

Emission Category	Key Performance Indicator (KPI)	Unit	FY2020/2021		FY2019/2020		Variation
			Amount	Intensity ¹ (Unit/ HK\$ million)	Amount ²	Intensity ² (Unit/ HK\$ million)	
Air Emissions³	SO _x	Kg	0.40	3.25 x 10 ⁻³	0.46	–	↓
	NO _x	Kg	68.55	0.56	62.99	–	↑
	PM	Kg	6.34	0.05	5.47	–	↑
GHG Emissions	Scope 1 (Direct Emissions) ⁴	Tonnes of CO ₂ e	70.88	–	109.40	–	↓
	Scope 2 (Energy Indirect Emissions) ⁵	Tonnes of CO ₂ e	26.46	–	43.78	–	↓
	Scope 3 (Other Indirect Emissions) ⁶	Tonnes of CO ₂ e	10.89	–	13.72	–	↓
	Total (Scope 1, 2 & 3)	Tonnes of CO ₂ e	108.23	0.88	166.90	0.64	↓
Non-hazardous Waste	Domestic & Commercial Waste ⁷	Tonnes	1,215.91	9.90	–	–	–
	Construction Wastes ⁸	Tonnes	6,025.80	49.05	2,796.40	–	↑
	Wastewater ⁹	m ³	164.00	1.33	–	–	–

¹ Intensity for FY2020/2021 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of HK\$122.85 million in FY2020/2021;

² The amount and intensity in FY2019/2020 were extracted from the data in the ESG Report FY2019/2020 of the Group;

³ The Group's air emissions only included the air pollutants from fuel consumption of motor vehicles;

⁴ The Group's Scope 1 (Direct Emissions) included only the consumption of liquid fuels in motor vehicles during operations;

⁵ The Group's Scope 2 (Energy Indirect Emissions) included only electricity consumption;

⁶ The Group's Scope 3 (Other Indirect Emissions) included other indirect emissions from paper waste disposed at landfills, electricity used for processing fresh water and sewage by government departments;

⁷ The amount of domestic and commercial waste for FY2020/2021 was recorded, measured and estimated in a more comprehensive way that incorporated all office operations of the Group in Hong Kong;

⁸ The construction wastes included all solid waste from all construction sites of the Group's projects in Hong Kong during the year under review;

⁹ The total amount of wastewater generated by the Group was primarily based on the direct measurement as well as appropriate estimations assuming 100% of the fresh water consumed by the Group will enter the sewage system in areas where an accurate recording of the amount of wastewater was hard to obtain. Meanwhile, since the water consumption and wastewater from the construction sites of the Group was mainly handled by external parties without clear record, the amount of sewage of the Group in FY2020/2021 only covered office operations; and

¹⁰ The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, The GHG Protocol Corporate Accounting and Reporting Standard and the 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Table E2. Total Resource Consumption in FY2020/2021 and FY2019/2020⁵

Use of Resources	Key Performance Indicator (KPI)	Unit	FY2020/2021		FY2019/2020		Variation
			Amount	Intensity ¹ (Unit/ HK\$ million)	Amount ²	Intensity ² (Unit/ HK\$ million)	
Energy	Electricity	MWh	71.52	0.58	85.84	-	↓
	Diesel	MWh	56.30	0.46	135.62	-	↓
	Petrol	MWh	207.72	1.69	245.57	-	↓
	Total	MWh	335.53	2.73	467.03	1.79	↓
Water³		m ³	164.00	1.33	-	-	-
Paper		Kg	2,247.50	18.29	2,835.00	-	↓
Construction materials⁴	Plastic	HK\$	2,281.25	-	-	-	-
	Wood	HK\$	77,060.00	-	-	-	-
	Steel	HK\$	504,549.34	-	-	-	-
	Stainless steel	HK\$	177,290.81	-	-	-	-
	Lead	HK\$	3,663.97	-	-	-	-
	Concrete	m ³	457.88	-	-	-	-

¹ Intensity for FY2020/2021 was calculated by dividing the amount of resources that the Group consumed in FY2020/2021 by the Group's revenue of HK\$122.85 million in FY2020/2021;

² The amount and intensity in FY2019/2020 were extracted from the data in the ESG Report FY2019/2020 of the Group;

³ The water consumption from the construction sites of the Group was mainly handled by external parties without clear record, as such the amount of water usage of the Group in FY2020/2021 only covered office operations;

⁴ The amount of construction materials consumed in FY2020/2021 was mainly consolidated in terms of monetary unit due to their diversified nature; and

⁵ The environmental data disclosed included the operations of offices and construction sites in Hong Kong unless otherwise specified.

Table S3. Number of Employees by Age Group, Gender, Employment Type, Position Type, Geographical Locations of The Group in FY2020/2021¹

Unit: Number of employees						
Gender	Age group					Total
	Aged below 30	Aged between 30 and 39	Aged between 40 and 49	Aged between 50 and 59	Aged 60 or above	
Male	17	12	13	20	12	74
Female	2	7	6	5	2	22
Total	19	19	19	25	14	96

Unit: Number of employees					
Gender	Position type				Total
	General staff	Middle managerial level	Senior managerial level	Chief executive level management	
Male	61	9	2	2	74
Female	13	8	1	0	22
Total	74	17	3	2	96

Employment type		
Full time	Part time	Total
96	0	96

Geographical location	
Location	Number of employees
Hong Kong	96
Total	96

New Hires:

Gender	Region	Position type	Age group					Total
			Aged below 30	Aged between 30 and 39	Aged between 40 and 49	Aged between 50 and 59	Aged 60 or above	
Male	Hong Kong	General staff	1	1	0	2	0	4

¹ The employment data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. The data covered employees engaged in a direct employment relationship with the Group according to relevant local laws and workers whose work and/or workplace was controlled by the Group. The methodology adopted for reporting on employment data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S4. Employee Turnover Rate by Age Group, Gender and Geographical Locations in FY2020/2021¹

Unit: Number of employees		Age group					
Gender	Aged below 30	Aged between 30 to 39	Aged between 40 and 49	Aged between 50 and 59	Aged 60 or above	Total	
Male	6	5	3	3	5	22	
Employee turnover rate (%)	35.29	41.67	23.08	15.00	41.67	29.73	
Female	2	2	2	4	3	13	
Employee turnover rate (%)	100.00	28.57	33.33	80.00	150.00	59.09	
Total	8	7	5	7	8	35	
Total employee turnover rate (%)	42.11	36.84	26.32	28.00	57.14	36.46	

Location	Geographical locations Employee turnover	Employee turnover rate
Hong Kong	35	36.46%

¹ The turnover data in headcount was obtained from the Group's Human Resources Department based on the employment contracts entered into between the Group and its employees. Turnover rate was calculated by dividing the number of employees who resigned in FY2020/2021 by the number of employees in FY2020/2021. The methodology adopted for reporting on turnover data set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S5. Number and Percentage of Employees Trained in the Group by Gender and Position Type in FY2020/2021¹

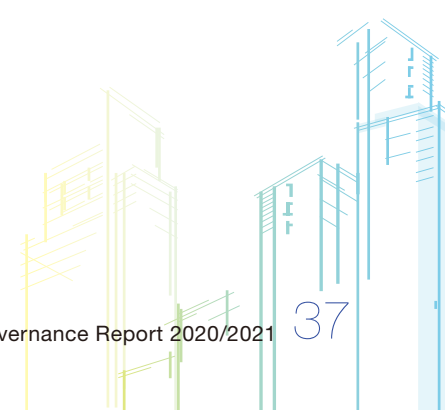
Unit: Number of employees		Position type			
Gender	General staff	Middle managerial level	Senior managerial level	Chief executive level management	Total
Male	60	8	2	1	71
% of employees trained	76.92	10.26	2.56	1.28	91.03
Female	4	3	0	0	7
% of employees trained	5.13	3.85	0.00	0.00	8.97
Total	64	11	2	1	78
% of employees trained	82.05	14.11	2.56	1.28	81.25

¹ The training information was obtained from the Group's Human Resources Department. Training refers to the vocational training that the Group's employees attended in FY2020/2021. The methodology adopted for reporting on the number and percentage of employees trained set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.

Table S6. Training Hours Received by the Employees of the Group by Gender and Position Type in FY2020/2021¹

Unit: Training Hours	Gender	Employee Category			Total	
		General staff	Middle managerial level	Senior managerial level		Chief executive level management
Male		1,134	64	16	8	1,222
Average training hours		18.59	7.11	8.00	4.00	16.51
Female		51	24	0	0	75
Average training hours		3.92	3.00	0.00	0.00	3.41
Total		1,185	88	16	8	1,297
Average training hours		16.01	5.18	5.33	4.00	13.51

¹ The training information was obtained from the Group's Human Resources Department. The methodology adopted for reporting training hours set out above was based on "How to Prepare an ESG Report – Appendix 3: Reporting Guidance on Social KPIs" issued by the Stock Exchange.



VIII. Appendix II – HKEX ESG Reporting Guide Index

HKEx ESG Reporting Guide Index

Aspects	ESG Indicators	Description	Section	Page
A. Environmental				
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. Note: Air emissions include NO _x , SO _x and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.	Environmental Sustainability – Emissions	10
	KPI A1.1	The types of emissions and respective emissions data.	Appendix I – Performance Table	33
	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).	Appendix I – Performance Table	33
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Sustainability – Emissions – Waste Management	11
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix I – Performance Table	33

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Aspects	ESG Indicators	Description	Section	Page
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Sustainability – Emissions – Air Emission and GHG Emissions (Partial Disclosure)	10
	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.	Environmental Sustainability – Emissions – Waste Management (Partial Disclosure)	11
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, electronic equipment, etc.	Environmental Sustainability – Use of Resources	14
	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).	Appendix I – Performance Table	34
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix I – Performance Table	34
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Sustainability – Use of Resources – Energy (Partial Disclosure)	14



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Aspects	ESG Indicators	Description	Section	Page
	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.	Environmental Sustainability – Use of Resources – Water (Partial Disclosure)	14
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Sustainability – Use of Resources	14
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Environmental Sustainability – The Environment and Natural Resources	17
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Sustainability – The Environment and Natural Resources	17
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.	Environmental Sustainability – Climate Change (Partial Disclosure)	18
	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.	Environmental Sustainability – Climate Change (Partial Disclosure)	18

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Aspects	ESG Indicators	Description	Section	Page
B. Social				
Employment and Labour Practices				
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.	Social Sustainability – Employment	19
	KPI B1.1	Total workforce by gender, employment type (for example, full or parttime), age group and geographical region.	Appendix I – Performance Table	35
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I – Performance Table	36
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.	Social Sustainability – Health and Safety	22
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Social Sustainability – Health and Safety – Safety Targets	25
	KPI B2.2	Lost days due to work injury.	Social Sustainability – Health and Safety – Safety Targets	25
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Social Sustainability – Health and Safety	22

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Aspects	ESG Indicators	Description	Section	Page
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Social Sustainability – Health and Safety	26
		Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I – Performance Table	36
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix I – Performance Table	37
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.	Social Sustainability – Labour Standards	27
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Social Sustainability – Labour Standards	27
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Social Sustainability – Labour Standards	27
Operating Practices				
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Social Sustainability – Supply Chain Management	27
	KPI B5.1	Number of suppliers by geographical region.	Social Sustainability – Supply Chain Management	28
	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.	Social Sustainability – Supply Chain Management (Partial Disclosure)	27

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Aspects	ESG Indicators	Description	Section	Page
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Social Sustainability – Supply Chain Management (Partial Disclosure)	27
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Social Sustainability – Supply Chain Management (Partial Disclosure)	28
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.	Social Sustainability – Product Responsibility	28
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group did not encounter any product recall in the reporting year.	–
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Social Sustainability – Product Responsibility – Quality Management and Control of Projects	29
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Not Applicable	–
	KPI B6.4	Description of quality assurance process and recall procedures	Social Sustainability – Product Responsibility – Quality Management and Control of Projects	29
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Social Sustainability – Product Responsibility – Privacy Protection	30

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (Continued)

Aspects	ESG Indicators	Description	Section	Page
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.	Social Sustainability – Anti-corruption	31
	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	Social Sustainability – Anti-corruption	31
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Social Sustainability – Anti-corruption	31
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Not Applicable	–
Community				
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.	Social Sustainability – Community Investment	32
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Sustainability – Community Investment	32
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Not Applicable	–



Milestone Builder Holdings Limited

進階發展集團有限公司