

碧 瑤
BAGUIO



碧瑤綠色集團有限公司
Baguio Green Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : 1397



Sustainability
Development



2021

SUSTAINABILITY REPORT
可持續發展報告

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MESSAGE FROM CEO

Dear Stakeholders,

I am pleased to present Baguio's sustainability report ("ESG report") for the financial year of 2021 which was both challenging and rewarding. As our first stand-alone ESG report, this represents an important milestone in our ongoing efforts to accurately detail the Group's ESG performance. It also reaffirms our commitment to building a sustainable future through long-term value creation for our stakeholders, customers, and society.

SUSTAINABLE CORPORATE GOVERNANCE

In 2021, we enhanced our sustainability governance structure. By establishing the Sustainability Steering Committee ("the Committee") which complements our existing ESG Working Group ("the Working Group"), our business development — and how we evaluate risks and opportunities — is now firmly grounded in sustainability. This Committee, chaired by me, is responsible for creating a sustainability vision, overseeing the management of material topics, and delivering progress on the relevant performance. The Working Group, comprising representatives from different business units and departments, is tasked with implementing new policies and initiatives.

Throughout the year, we endeavoured to improve our sustainability performance by launching new policies to identify and mitigate any social, environmental, and ethical risks across our operations and supply chains. In particular, we established a Sustainability Procurement Policy to demonstrate our commitment to practicing sustainable procurement across all operations. We also developed a Supplier Code of Conduct during the year which defines our expectations and conveys our requirements to suppliers and sub-contractors regarding the environment, labour standards and practices, data privacy and security, confidentiality, and business ethics.

Nurturing talent is key to our operational success. To maintain and enhance Baguio's industry leadership position, we offered various training topics to help staff at all levels develop the skills and knowledge to further their careers within the company.

COMBATING CLIMATE CHANGE

Climate change is one of the world's most pressing challenges, and Hong Kong has announced its Climate Action Plan which seeks to achieve carbon neutrality by 2050. We believe that the Government will further tighten the regulations in different environmental areas. As an integrated environmental services provider, Baguio is committed to improving our ability to tackle climate change and manage its impact — which poses both risks and opportunities for our operations. Although the Group's operations do not involve carbon-intensive activities, this Climate Change Policy was established to prioritize low-carbon initiatives. In this ESG report, we have evaluated and disclosed for the first time, the climate risks our business faces, as well as the opportunities that may arise.

In response to climate-related risks and opportunities, we formed our new Task Force on Climate-Related Financial Disclosures (TCFD) analysis this year. With the support of the Board of Directors, the Committee, and the Working Group, we have developed strategies to monitor and measure the climate-related financial impacts, metrics, and targets.

As part of our commitment to sustainability, we have set targets to mitigate our environmental impact. We aim to reduce 30% carbon intensity and 30% energy intensity by 2030 compared to 2016. We have also set a target to recycle 60% of our non-hazardous waste by 2030. Meanwhile, we are proactively implementing green innovations including, but not limited to, procuring more electric vehicles, adopting clean energy and promoting water-saving initiatives. We intend to steadily move towards a low-carbon and energy-efficient business model.

MORE CARING DURING DIFFICULT TIMES

The health and safety of our employees are vital to Baguio. During the various COVID-19 outbreaks, our COVID-19 response team immediately acted to reduce the risk of infection among our staff by ensuring an adequate supply of PPE (Personal Protection Equipment) and regularly disinfecting our offices. We also put in place work-from-home arrangements, flexible working hours, temperature checks, and personal hygiene alerts and reminders. While Hong Kong has been through difficult times, our CSR committee has continued giving back to society by contributing 421.5 volunteer hours this year to provide care for the elderly, frontline environmental services workers, and green education to the next generation.

MESSAGE FROM CEO

LOOKING AHEAD

Going forward, Baguio remains committed to creating a clean and green environment for everyone and will continue delivering high-quality services that generate a positive impact for the community. On behalf of the Board, I want to express our gratitude to all our stakeholders for their support during the year. We look forward to growing the sustainability-focused services that Baguio provides — and to help building a cleaner, greener and more sustainable environment for everyone.

We believe that the Government will further tighten the regulations in different environmental areas. Baguio is committed to improving our ability to tackle climate change and manage its impact — which poses both risks and opportunities for our operations.

By Order of the Board

Phyllis Ng
Executive Director & Chief Executive Officer

Hong Kong, 30 March 2022

MESSAGE FROM BUSINESS REPRESENTATIVES



Mr. Jackson Chan, Chief Operation Manager — Cleaning

“Sustainable development is a collective thing, not something that can be handled by one unit. We have to coordinate with our clients to come up with solutions to achieve our goals. Because of the nature of the industry, we have to lead our frontline staff to achieve sustainability. We have to start with the process and give them clear and practical instructions to achieve the benefits.”

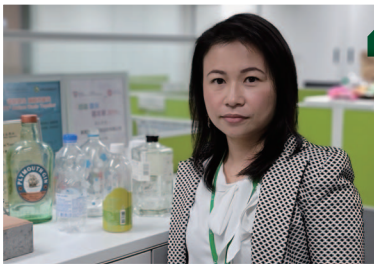
Dr. Raymond Wong, General Manager — Recycling

“The Group’s business is an environmental service provider that helps companies to achieve sustainable development and enhance their green corporate image. By developing the “iRecycle” solution, I hope to bring green technology element to traditional environmental services and open up an uncharted territory.”



Ms. Apple Ji, Assistant General Manager — Recycling

“The Group’s Sustainability Steering Committee and the ESG Working Group have been set up to enhance the sustainability performance of the Group’s frontline services, including providing appropriate advice and monitoring, so as to provide a better working environment for our staff.”



Ms. Judy Lui, Assistant General Manager — Landscaping

“This year, the HKSAR Government released the “Hong Kong Climate Action Blueprint 2050” and pledged to achieve the vision of carbon neutrality by 2050, which is conducive to the development of Baguio’s integrated environmental services, with a focus on the implementation of “Energy Saving Green Building” to boost the demand for horticulture business. The horticultural industry is booming and the market is eager for talent. The Group values the importance and sustainability of nurturing professional talents.”



Mr. Jeffrey Lin, Senior Operation Manager — Pest Management

“With over 20 years of experience in pest management, the market used to be price-driven and did not have high ESG requirements. As time progresses, customers’ expectations on ESG are rising. The Group has invested in enhancing our ESG performance, especially in training and business operations, so that we can keep up with the market requirements, which gives us a great advantage in tendering, especially when we are required to provide case studies for large service contracts.”



ABOUT BAGUIO GREEN GROUP

Baguio Green Group Limited (the “Company”, and together with its subsidiaries, the “Group” or “Baguio”) is one of the leading integrated environmental services providers in Hong Kong. The Group has spared no efforts to contribute to a cleaner and greener Hong Kong by providing environmental services solutions, from professional cleaning, recycling, waste management & collection, and horticulture & landscaping to integrated pest management.

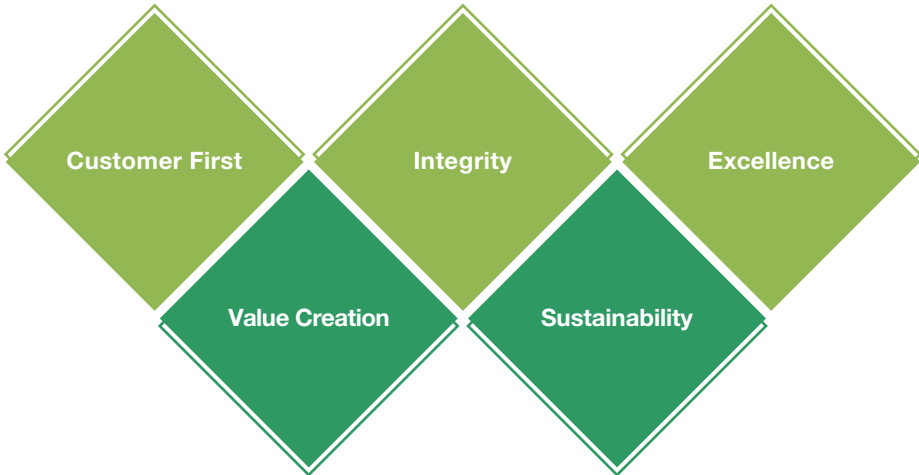
OUR VISION

To be the most comprehensive and reliable environmental services group in Hong Kong.

OUR MISSION

To create a cleaner, greener and more sustainable environment.

OUR CORE VALUE



ABOUT THE REPORT

Baguio has been disclosing the actions it has taken to integrate sustainable development into its operations since 2015. We are pleased to present our seventh Environmental, Social and Governance (“ESG”) report which highlights our ESG performance and demonstrates our commitment to propelling a sustainable environment. This report is prepared in compliance with ESG Reporting Guidelines set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This is the first stand-alone sustainability report of the Group presenting a review of the Group’s performance on ESG aspects, focusing especially on the aspects that have an important impact on the long-term development of the Group. To fully understand the overall performance of the Group, this Report should be read in conjunction with the Group’s 2021 Annual Report, which are available on our website (www.baguio.com.hk).

REPORTING PERIOD AND SCOPE

The report discloses the Group’s management approach to the material topics and the corresponding quantitative performance from 1 January to 31 December 2021 (“the reporting period”). The Board has reviewed and approved the report to ensure the integrity of the disclosures. To the best of its knowledge, this report addresses all material topics and fairly presents the ESG management approach and performance of the Group. The boundary of this ESG report covered the major business segments including cleaning, landscaping, pest management, and waste management and recycling under the operation of the Company’s subsidiaries listed in the section Particulars of Subsidiaries of Group’s 2021 Annual Report. In 2021 there were no major changes to the reporting scopes.

INDEPENDENT VERIFICATION

The British Standards Institution (“BSI”) has provided independent external assurance for the disclosures made in this report. Please refer to Independent Assurance Opinion Statement.

APPLYING THE REPORTING PRINCIPLES

The reporting principles of Materiality, Quantitative, Balance and Consistency were followed in the process of preparation of this report, as below:

- | | |
|---------------|---|
| Materiality: | Stakeholder engagement is undertaken annually to identify issues related to sustainability that are material to the group and these are adequately addressed in this report. |
| Quantitative: | Data in this report are checked and analysed to account for year-on-year changes and are presented in a way that allows for comparison with previous performance. Please refer to the Performance Data Summary of this report for standards used for calculation of environmental performance indicators. |
| Balance: | The report is prepared in a transparent manner and discloses information of both positive and negative impact in different material areas. |
| Consistency: | Comparability of information, unless otherwise stated, has been maintained and data and statistical information in this report are presented in a consistent manner, which allows for meaningful comparison over time. |

FEEDBACK

We value opinions of our stakeholders. Your comments and suggestions on the report and our sustainability performance are appreciated and will help us improve continuously.

Contacts

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2021 BAGUIO'S PERFORMANCE AT A GLANCE

ENVIRONMENT



- Collection volume of Baguio's recycling plants in 2021:
 - 9,559 tonnes of animal waste
 - 15,104 tonnes of glass containers
 - 19,722 tonnes of paper
 - 6,307 tonnes of plastic bottles
- Set up recycle corner at office to collect 14 types of recyclable
- Established environmental targets
- Set up Climate Change Policy, conducted and disclosed climate risk assessment



INNOVATION



- iRecycle App has 10,480 registered users and over 52 recyclable collection points, engaging 59 collaborative partners
- Provided 3,256 door-to-door collection services to enhance the recycling rate in 2021
- Number of collected container through iRecycle in 2021:
 - 84,270 glass containers
 - 509,031 plastic bottles



COMMUNITY INVESTMENT



- Hosted a total of 84 hours of recycling plant tours, seminars, and webinars for 13 organisations
- Participated in community services with a total of 421.5 volunteer hours



EMPLOYEE WELLBEING



- Organised Work Life Balance Month to promote equal prioritisation between personal life and career work
- Staff attended 23,050 hours of training
- Work-related accident rate reduced to 1.02 from 1.15 in 2021
- Traffic accident rate reduced to 0.046 from 0.06 in 2021



OPERATIONAL EXCELLENCE



- Established Sustainability Steering Committee and ESG Working Group to monitor and enhance sustainability performance
- Implemented Sustainable Procurement Policy and Supplier Code of Conduct
- More than 97% of the respondents rated our performance satisfactory or above on overall service quality



AWARDS & RECOGNITIONS

Baguio has received multiple awards and recognitions for its performance in environmental protection and fulfilling its social responsibilities. The following table lists our achievement in 2021.

Issuer of Award (By Alphabetical Order)	Award
Environmental Responsibility	
Bank of China (Hong Kong) & The Federation of Hong Kong Industries	Corporate Environmental Leadership Awards 2020 — EcoPartner + EcoPioneer (5 Years+)
China Railway — China Railway First Group — Zhen Hua Engineering Joint Venture	Best Environmental Subcontractor
Environmental Campaign Committee	2020 Hong Kong Green Innovations Awards — Certificate of Appreciation
Environmental Campaign Committee	Hong Kong Green Organisation Certification — Wastewi\$e Certificate — Excellence Level
Environmental Campaign Committee	Hong Kong Awards for Environmental Excellence — (Manufacturing and Industrial Services) — Certificate of Merit
Green Council	Hong Kong Green Day 2021 — Certificate of Appreciate Bronze Sponsor
Green Council	Hong Kong Green Awards 2021 — Corporate Green Governance Award — Management System
Green Council	Hong Kong Green Award 2020 — Sustained Performance 4 years+
Smart Goat International Limited	The Smartest Business Award 2021 — The Most Trusted Brand in Green and Recycling
World Green Organisation	Green Office Award Labelling Scheme (GOALS)
Socio-economic Contribution	
Caritas Elderly Centre — Ngau Tau Kok	Certificate of Appreciation
CityOne Shatin Committee	Certificate of Appreciation
Kwan Sang Catering Professional Employees Association	Certificate of Appreciation
Hong Kong Council of Social Service	10 years+ Caring Company 2020/21 — Baguio Cleaning Services Company Limited
Hong Kong Council of Social Service	10 years+ Caring Company 2020/21 — Baguio Landscaping Services Limited
Hong Kong Council of Social Service	5 years+ Caring Company 2020/21 — Baguio Green Group Limited
Hong Kong Council of Social Service	5 years+ Caring Company 2020/21 — Baguio Pest Management Limited
Hong Kong Council of Social Service	5 years+ Caring Company 2020/21 — Baguio Waste Management & Recycling Limited
Hong Kong Council of Social Service ISA Hong Kong Chapter	5 years+ Caring Company 2020/21 — Tak Tai Enviroscape Limited In appreciation for supporting as silver sponsor to Hong Kong Tree Climbing Championship 2021
Junior Chamber International Kowloon	Shelter Dreams 2021 — Green Avengers — Certificate of Appreciation
Junior Chamber International Harbour (Hong Kong) Limited	Certificate of Appreciation
Lions Clubs International District 303 — Hong Kong & Macao, China	Certificate of Appreciation
The Federation of Hong Kong Industries	Industry Cares 2021 — 5+ year award (Enterprise Group)
Others	
Alaya Consulting	Best ESG Report — Small Cap — Commendation
Hong Kong Economic Journal	Listed Company Award of Excellence 2021 (Main Board)

OUR SUSTAINABILITY APPROACH

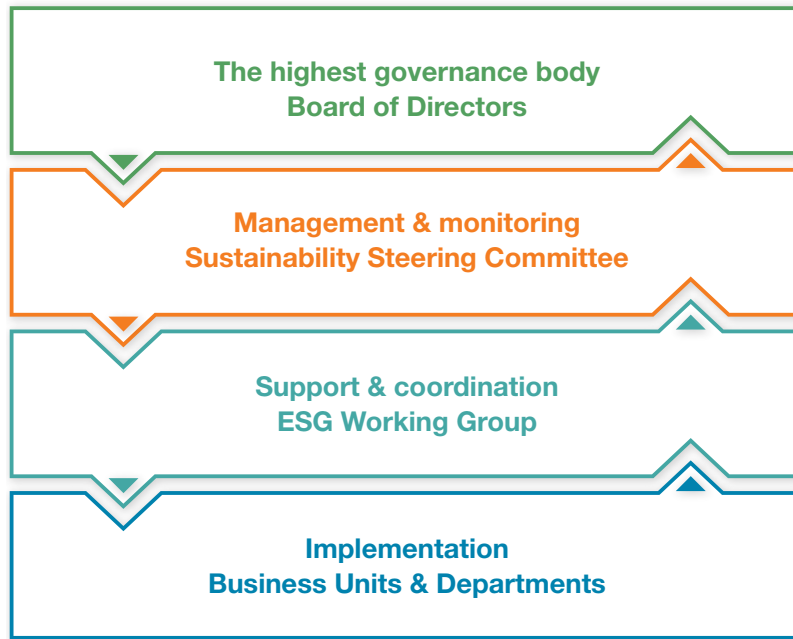
Sustainability drives every decision we make. We are committed to ensuring our business is a high-performing asset that strives towards sustainability in all dimensions.



OUR SUSTAINABILITY APPROACH

Sustainability Governance

In 2021, we established the Sustainability Steering Committee (“the Committee”). Reporting to the Board of Directors on Baguio’s sustainability performance and progress on a regular basis, the Committee is spearheaded by the Chief Executive Officer and the Chief Financial Officer. The Committee determines Baguio’s overall direction, formulates and implements the strategy for ESG. It provides leadership and guidance to the ESG Working Group for setting goals and objectives that align with the overall strategy. The Committee meets regularly to discuss pressing issues and incorporate sustainability considerations into the identification process of the Group’s potential risks and business development opportunities.



Sustainability Governance Structure

Striving for effective implementation of the sustainability strategy, the ESG Working Group (“Working Group”) is made up of representatives from several of our internal functions including five business units and various departments, to facilitate conveyance of commitment, drive ESG-related initiatives, and ensure ongoing performance improvement. The Working Group — tasked with annual ESG reporting including ESG data and information collection — reports to the Committee. The Working Group also serves as an information sharing platform to promote sustainability within the Group.

Moreover, we put in place the Sustainability Policy to minimise our impacts to the environment, safeguard the health and safety of our workforce, enhance operational excellence and resource utilisation while delivering professional integrated environmental services. We focus on creating long-term values through incorporating sustainability principles across all aspects of our business operations. We review the Sustainability Policy on a regular basis to ensure it is up-to-date with the current trend.

In terms of management approach, Baguio has put in place the ISO-certified Integrated Management System (IMS) covering ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System and ISO 45001:2018 Occupational Health and Safety Management System. The presence of IMS ensures the Group’s sustainability policy is implemented and ongoing improvements are made in quality management, environmental management and occupational health and safety management.

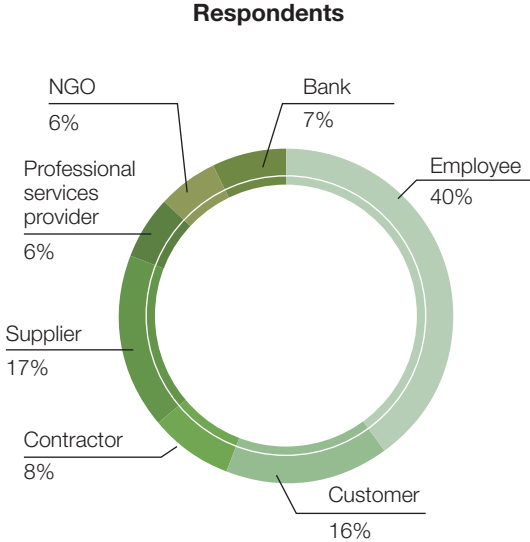


OUR SUSTAINABILITY APPROACH

HOW WE LISTEN TO STAKEHOLDERS

Stakeholder engagement is a process for us to communicate with relevant stakeholders to identify and evaluate risks and opportunities emerged in the process of addressing strategic sustainability issues. We review their responses and opinions to provide inputs for fine-tuning our sustainability priorities and improving sustainability performance.

We maintain consistent dialog with our internal and external stakeholders through a wide range of communication channels. During the year, we invited seven stakeholder groups to engage in the materiality assessment survey and online interviews, so as to provide insights on stakeholders’ perspectives and expectations on Baguio’s sustainability performance. We select stakeholders who have a significant impact on our business success or on whom our operation has a substantive impact. As shown in the table below, it concludes our stakeholder communication channels and the major concerns of Baguio’s stakeholders.



Stakeholder Groups	Communication Channels	Major Concerns
Investors, banks and shareholders	<ul style="list-style-type: none"> Investor conferences and roadshows Annual general meeting Financial reports and press releases ESG report 	<ul style="list-style-type: none"> Long-term shareholder value creation Corporate governance Risk management and internal control
Employees	<ul style="list-style-type: none"> Corporate activities and events Employee grievance mechanism Feedback from training workshops Education and support 	<ul style="list-style-type: none"> Training and development Remuneration Occupational health and safety
The government	<ul style="list-style-type: none"> Compliance with laws and regulations Active response to government policy Ongoing communication with relevant government departments 	<ul style="list-style-type: none"> Legal compliance and corporate governance Public’s environmental awareness Labour protection Business ethics
Customers	<ul style="list-style-type: none"> Monthly customer surveys Online questionnaires Face-to-face interviews Websites and social media platforms Feedback from front-line employees 	<ul style="list-style-type: none"> Service quality control Customer satisfaction Information security
Professional service providers, Suppliers and Subcontractors	<ul style="list-style-type: none"> Site visits and assessments Annual interviews and appraisals 	<ul style="list-style-type: none"> Occupational health and safety Responsible sourcing Green Procurement Energy Conservation and waste management
Community	<ul style="list-style-type: none"> Recycling education booths Recycling street stations Support charity organizations 	<ul style="list-style-type: none"> Recycling and waste management services Investment in the community Grassroots in need
NGOs	<ul style="list-style-type: none"> Participate in voluntary work Lead public environmental education Provide guided tours and seminars 	<ul style="list-style-type: none"> Recycling and waste management services Public environmental education Grassroots in need

OUR SUSTAINABILITY APPROACH

DETERMINING MATERIALITY

We conducted an annual materiality assessment to determine the material topics to the Group. An independent consultancy was commissioned to identify ESG related issues where Baguio contributes a significant impact to and that create substantive influence on its stakeholders. The four-step process consists of identification, prioritisation, validation, and review.

Identification

To keep pace with the current trend of sustainability related activities and efforts, Baguio examined a broad list of ESG topics based on the HKEX ESG Reporting Guide, the Sustainable Development Goals (SDGs) as well as opinions expressed by our stakeholders. In 2021, a total of 29 sustainability topics deemed relevant to Baguio were identified, of which one additional topic was added in response to the growing concern towards climate change.

Prioritisation

Senior management from Baguio and internal and external stakeholders were administered an online questionnaire to determine the importance of different sustainability related issues to the Group and to stakeholders. The survey results are applied to prioritise the sustainability topics based on two dimensions: significance to the Group and significance to stakeholders.

Validation and Review

Baguio identified five material topics through materiality assessment exercise during the year: Climate change, Occupational Health and Safety, Anti-corruption, Environmental Benefits Derived from Corporate Business and Customer Privacy Protection. The outcome of the materiality assessment has been validated and approved by the Group's management.



Climate change



Occupational Health and Safety



Anti-corruption

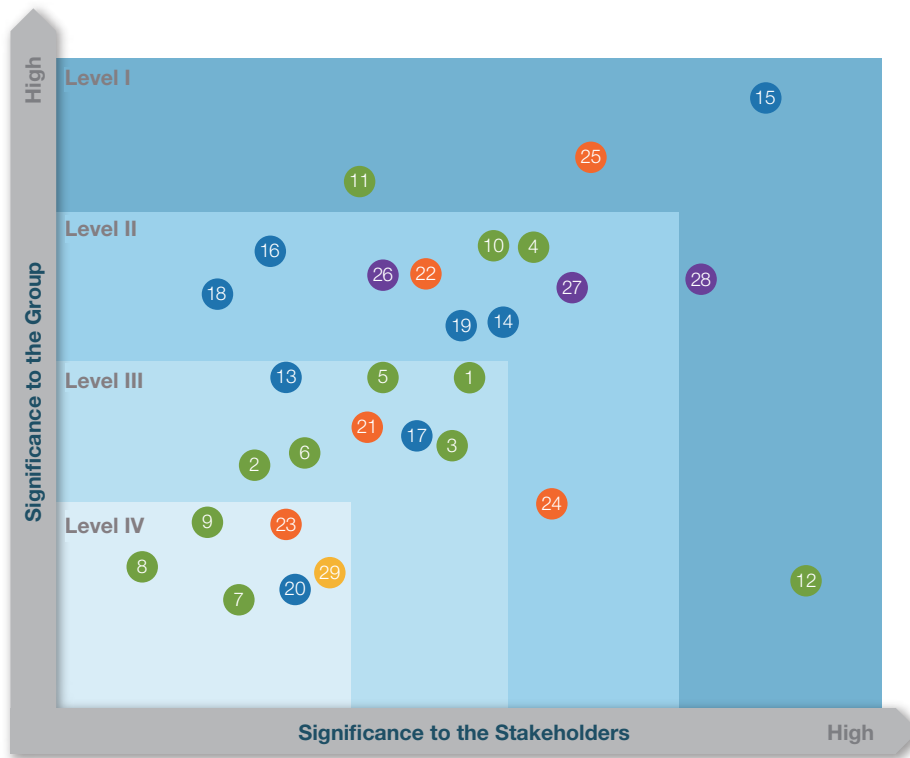


Customer Privacy Protection



Environmental Benefits Derived from Corporate Business

OUR SUSTAINABILITY APPROACH



Level I	Level II	Level III	Level IV
<ul style="list-style-type: none"> 11 Environmental benefits derived from corporate business * 12 Climate change 15 Occupational health and safety 25 Anti-corruption 28 Customer privacy protection 	<ul style="list-style-type: none"> 4 Hazardous waste management and reduction 10 Green procurement 14 Employee communication channels 16 Employee training and promotion 18 Employee diversity 19 Anti-discrimination 22 Emergency preparedness and response 24 Collaboration and partnership 26 Service quality control and complaint handling 27 Customer satisfaction 	<ul style="list-style-type: none"> 1 Air emissions management and reduction 2 Effluent discharges management and reduction 3 GHG emission management and reduction 5 General waste management and reduction 6 Energy management and conservation 13 Employee retention benefits 17 Precautionary measures of child/forced labour 21 Intellectual property rights protection 	<ul style="list-style-type: none"> 7 Water management and conservation 8 Packaging material consumption 9 Ecological conservation 20 Supply chain management 23 Innovation and advanced technology Community engagement and support

- Environment
- Employee Empowerment
- Operations
- Customer Services
- Community Engagement

* Newly identified sustainability topics in 2021

OUR SUSTAINABILITY APPROACH



As one of the largest integrated environmental service providers in Hong Kong, Baguio strives to shape a clean, green and sustainable environment for everyone in the community. Our five priorities — Green, Innovation, Employee Wellbeing, Operational Excellence and Community Engagement — form the foundation of Baguio’s sustainability strategy.

Developed by the United Nations, the SDGs are 17 overarching goals that addressing the urgent challenges in the world. After reviewing the SDGs, we have aligned seven SDGs that are most relevant to our business and sustainability priorities, and we believe our efforts can drive changes within our city. The table below shows material topics for Baguio as well as its efforts put in for responding to stakeholders’ concerns. For details, please refer to the corresponding sections in this report.

OUR SUSTAINABILITY APPROACH

Material Topics	Baguio's Efforts in 2021	Corresponding Section
11 Environmental benefits derived from corporate business	<ul style="list-style-type: none"> Set environmental targets to reduce carbon and energy intensity Collected 15,104 tonnes of glass containers, 6,307 tonnes of plastic bottles, 9,559 tonnes of animal waste, and 19,722 tonnes of paper for recycling 	GREEN AND INNOVATION
12 Climate Change	<ul style="list-style-type: none"> Established Climate Change Policy Conducted climate risks and opportunities assessment 	GREEN AND INNOVATION
15 Occupational Health and Safety	<ul style="list-style-type: none"> Recorded a total of 23,050 training hours included 15,597 hours of safety training, and 7,453 hours of professional skills and other industrial knowledge training Reduced work-related accident rate to 1.02 work injury per 100,000 man-hours 	EMPLOYEE WELLBEING
25 Anti-corruption	<ul style="list-style-type: none"> Invited ICAC to provide training to managerial level staffs and frontline operation workers 	OPERATIONAL EXCELLENCE
28 Customer privacy protection	<ul style="list-style-type: none"> Provided 145.5 hours training: <ul style="list-style-type: none"> IT security training "Introduction of the Personal Data (Privacy) Ordinance" Seminar to staffs 	OPERATIONAL EXCELLENCE



GREEN AND INNOVATION



Our traceable recycling system supports a circular economy and further strengthens our goals on “Local collection, Local recycling, Local use”.



ENVIRONMENTAL BENEFITS WE CREATE

Resource Recycling — Striving for a closed-loop economy

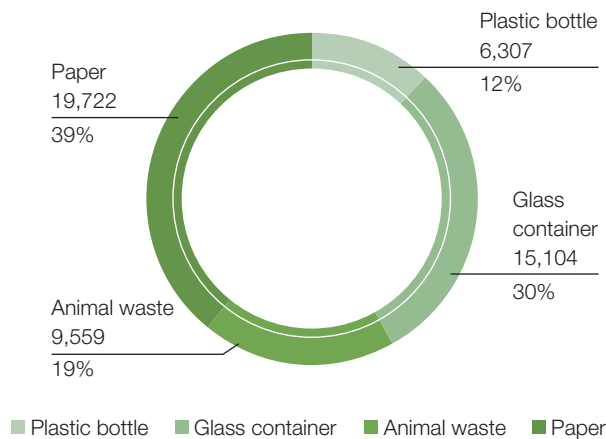
Baguio is committed to developing a greener and cleaner society and propelling Hong Kong towards a circular and zero-waste economy. With our philosophy of “Local collection, Local recycling, Local use”, we embarked our journey in 2014 by establishing a Waste Sorting and Recycling Centre in Fanling for waste processing and recycling services. Over the years, we made further contributions in the area of upstream, middle and downstream of the local recycling industry.

Local Collection

In order to facilitate resources circulation and moving towards circular economy, first and foremost, it is important to divert waste into the resource circulation loop. In order to bring waste to be recycled through local recycling facilities, the first step is to enhance public awareness and knowledge of resource recycling and reuse, educate public the way to do proper and clean recycling, and to expand the local recycling network in the community to facilitate public recycling behaviour.

In order to strengthen public understanding on local recycling industry, Baguio organized 28 events including guided tours for visiting the Group’s recycling facilities and online and offline seminars for 29 groups during the year. We also launched 17 promotional activities and 200 public participation programmes to encourage the public to recycle waste in a proper and clean manner. In terms of expanding the local recycling network, as of the end of 2021, Baguio developed more than 5,000 local recycling points and provided 3,256 door-to-door collection services. The recycling fleet applied IT solution to collect recycling data and provided it to the Group and related customers for analysis and reporting. In view of the limited variety of recyclables in the market, a “Recycling Corner” was set up in the Group’s head office during the year to provide recycling service for 14 types of recyclables, including plastic from No. 1 to No. 7 (except No. 3), magazine paper, office paper, cardboard paper, beverage cartons, glass containers, coffee grounds and rechargeable batteries. It is convenient for employees of the Group to bring back more different types of recyclables for recycling in the office. As of the end of 2021, the Group has recovered a total of 50,713 tonnes of recyclables, reducing the burden on landfills.

Local Waste Recovered Volume by Baguio (tonnes)



Local Recycling

Over the years, we have constantly expanded collection of recyclables and promoted local sustainable development. As a result of our continuing efforts, we now operate a number of recycling yards, which include collection and processing of organic waste such as animal waste and yard waste, and waste materials including glass bottles, plastic bottles and paper.

Green Facilities



Waste Sorting and Recycling Centre, Fanling

- Established in 2014
- Plant area: 35,000 sq. ft.
- Sorts 20 tonnes of waste per day at maximum. It is important facility to separate the recyclables from waste for recycling.



Animal Waste Composting Plant, Ngau Tam Mei

- Operated in 2017
- Plant area: 66,900 sq. ft.
- Treats 40 tonnes of animal waste per day at maximum. The animal waste fixed with yard waste under the aerobic composting process becomes soil conditioner.



Waste Glass Bottle Recycling Plant, Lung Kwu Tan

- Established in 2018
- Plant area: 30,000 sq. ft.
- Treats 100 tonnes of waste glass containers per day at maximum. Glass containers turned into small glass cullet for recycling.



Waste Paper Recycling Centre, Sheung Shui

- Established in 2020
- Plant area: 35,000 sq. ft.
- Screens, sorts, and bales 100 tonnes of paper per day at maximum.



Plastic Sorting and Recycling Centre, Yuen Long

- Established in 2021
- Plant area: 50,000 sq. ft.
- Treats 20 tonnes of plastic per day at maximum. The plant is equipped with the NIR technology to sort plastic more efficiently and enhance the quality.



Waste Plastic Bottle Treatment Plant, EcoPark

- To be commenced in 2022
- Plant area: 65,000 sq. ft.
- Estimated to process and recycle 35,000 tonnes of post-consumer PET and HDPE plastic bottles annually into high-grade rPET and rHDPE.

Local Use

The close loop economy is more than just recycling the recyclables. Giving new life to recyclables is one of the critical steps to realizing the circular economy. We are not only turning the recyclables into raw materials, during the year, but Baguio has also applied the concept of “Upcycling” by adopting the recyclables into different functions and products locally. The upcycling of recyclables can conserve natural resources and prevent environmental and ecological damage caused by overexploitation of natural resources. The local use of recyclables can also reduce the carbon emission generated in oversea logistics. In 2021, a total of 22,603 tonnes of recyclables collected by Baguio were used locally.

UPCYCLING

Glass Container



Sand bag made by local waste glass container for property usage



Artwork development in iRecycle’s activities



Glass cullet mixed with the soil for planting in the CSR activities

Plastic bottle



Plastic bottle flowerpot for planting in the Baguio’s CSR activities

Horse Waste



Soil conditioner for local horticulture and agriculture use

Yard Waste



Mulching for local horticulture and agriculture use

Strengthening Environmental Protection Through Training

With an aim to raise environmental awareness, the Group offers regularly OSH training for operation staff. The training places emphasis on the proper way of handling sewage and chemicals, and educates operation staff not to discharge untreated sewage into the environment. The Group also provides a variety of training materials for staff, covering air pollution, noise management, handling chemical spills, water conservation, proper disposal of pesticide waste and resource recycling as well.

Environmental Sustainability

To enhance environmental performance and comply with applicable laws and regulations, the Group has established and implemented an Environmental Management System certified with international standard ISO 14001:2015 as part of the Integrated Management System (IMS). The Safety, Health, Environment and Quality (“SHEQ”) Department is assigned to manage and maintain implementation of the IMS.

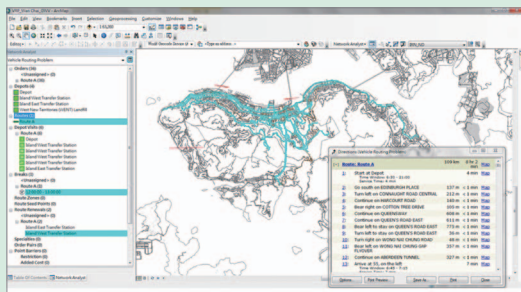
The IMS is applicable to diverse services within the Group, including cleaning services, hospital domestic and supporting services, pest management services, waste management and recycling services, and landscaping services. All employees are required to comply with the Integrated Management Policy in daily operations. In addition, we also conduct appropriate performance evaluation for continuous improvement.

Baguio is taking steps through the length and breadth of its business to reduce its environmental impacts and support Hong Kong’s transition to achieve carbon neutrality by 2050. In 2021, we established environmental targets to further motivate us to become more sustainable. With the lead of the Sustainability Steering Committee, the group has identified the major factor to our environmental targets. We will study and cooperate with government policy, supply and demand of the market, and our operation conditions to setup short, medium, and long-term strategies to manage and minimize our operation impact on the environment.

Environmental Target	Major factor	Action
Reduce 30% carbon intensity by 2030 (base year 2016)	Use of fuel by fleet due to a route-based business in Hong Kong	<p>Short term:</p> <ul style="list-style-type: none"> Transition our fleet to Euro 6 models (or the latest model) Route optimization by big data analysis in route planning
Reduce 30% energy intensity by 2030 (base year 2016)		<p>Medium to long term:</p> <ul style="list-style-type: none"> Adoption of electric commercial vehicles by considering the availability of the electric commercial vehicles, charging network, and maintenance service development in the market
Recycle 60% non-hazardous waste by 2030	General waste at office	<p>Short term:</p> <ul style="list-style-type: none"> Introduction of various green office initiatives including the increasing number of recycling bins, setting up a recycling corner, increasing collection types of recyclables <p>Medium to long term:</p> <ul style="list-style-type: none"> Increasing the green products procurement ratio Paperless workplace development by the adoption of ERP system, cloud-based system, and mobile APP. Green personal scheme development for staff to encourage the behavioral change

THE ACTION WE TAKE

GIS



Route optimization by big data analysis in route planning

Recycling Corner



Set up a recycling corner and increase the collection types of recyclables in office

With the coordination of ESG Working Group and the effort of the staff, we step forward to our environmental target.

Environmental Targets	Intensity at Base Year	Intensity/weight (non-hazardous) in 2021	Progress
Reduce 30% carbon intensity by 2030 (base year 2016)	6.70	3.83	Reduced 42.83%
Reduce 30% energy intensity by 2030 (base year 2016)	88.30	49.66	Reduced 43.75%
Recycle 60% non-hazardous waste by 2030	–	Total recyclables: 2,364.9kg Total waste: 10571.5kg	22.40%


During the year, we were not aware of any non-compliance of relevant laws and regulations¹ that could have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.

Climate Change

The Group understands the importance of combating climate change in response to the increasing concern over the topic. During the year, we have established Climate Change Policy which demonstrates our commitments on reducing carbon footprint and incorporate climate change considerations into our operation.

We take our efforts seriously by conducting the climate change assessment risk. Taking reference of the recommendations by the Task Force on Climate-related Financial Disclosures (“TCFD”), we voluntarily disclose the climate-related financial information in four areas, namely “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets”.

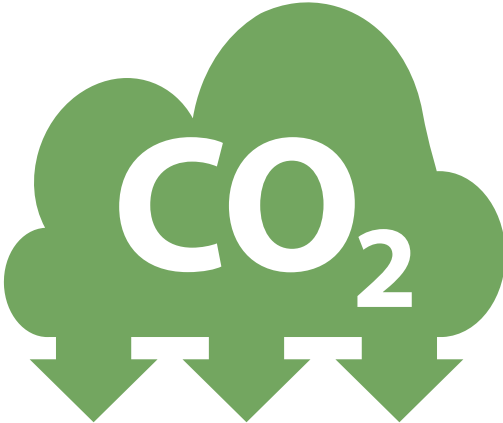
¹ Please refer to the section headed **Applicable Laws and Regulations** for environment-related laws and regulations.

Areas	Actions Taken
<p>Governance Governance measures to address climate-related risks and opportunities</p> <p>Strategy Impacts of climate-related risks and opportunities on the Group's businesses, strategies, and financial planning</p>	<p>Board's Oversight and Management Role</p> <ul style="list-style-type: none"> The climate-related issues are governed by the Board of Directors and the Sustainability Steering Committee ("the Committee"). The Board of Directors plays a central role in climate governance, and it is supported by the Committee which oversees the Group's management of climate issues and regularly reports to the Board. Under the Committee, the ESG Working Group ("Working Group") is established to provide support and coordination for ESG issues. The functions and responsibilities of the Committee and the Working Group are specified at the "Sustainability Governance" section. <p>Climate-related Risk and Opportunities</p> <ul style="list-style-type: none"> We are fully aware of potential physical risks, transition risks as well as the potential financial impacts in relation to climate-related risks. Climate change also brings us opportunities. Baguio may benefit from additional business opportunities. We keep exploring associated opportunities.
<p>Risk Management The process of identifying, assessing and managing relevant climate-related risks</p> <p>Metrics and Targets Metrics and targets in relation to climate-related risks and opportunities</p>	<div data-bbox="529 830 699 1024" style="border: 1px solid green; padding: 5px; margin-bottom: 10px;">  <p style="text-align: center; font-size: small;">Our Group's Policies</p> </div> <p>Green Policies We have implemented policies to switch towards low-carbon operation:</p> <ul style="list-style-type: none"> Climate Change Policy Sustainability Policy Sustainable Procurement Policy Integrated Management Policy <p>Building Climate Resilience</p> <ul style="list-style-type: none"> The Group has incorporated climate change and extreme weather events into business operation and continuity plans, establishing contingency measures. We take active measures towards climate-related issues and expand our services to transform into a low-carbon economy. <p>Climate Risk Assessment</p> <ul style="list-style-type: none"> This year, we evaluated climate-related risks of the Group including physical risks and transition risks following TCFD recommendations, which are described in the section headed "Risk Analysis On Climate Change". <p>Environmental Management</p> <ul style="list-style-type: none"> The Group has adopted the Integrated Management System certified with the ISO 14001 Standard to manage environmental performance. We continuously seek opportunities to improve energy efficiency. For example, we prefer purchasing energy efficient electrical appliances with Grade 1 energy label. In terms of fleet management, we are committed to upgrading our entire fleet to improved fuel efficient Euro 6 models. <p>Carbon Emission Reduction Targets</p> <ul style="list-style-type: none"> We have collected and analyzed data on energy consumption, water consumption, and waste production for 2021. This year, we also continuously disclose Scope 1 and Scope 2 GHG emission data. We have established the Group's environmental targets to achieve carbon reduction. For details, please refer to the section headed "Environmental Sustainability".

Risk Analysis On Climate Change

This is the first year that we have conducted risk analysis on climate change following TCFD recommendations. The Group aware that we are exposed to physical risks such as typhoons and floods, and the possible damage on supply chains, operations, employees and other assets. We also acknowledge the transition risks such as technology, market, law, and reputational risks, as well as the potential impacts during low carbon transformation. The table below shows risks caused by climate change and our corresponding measures.

Risk	Potential Business Impacts	Our Response	Corresponding Section	
Physical risks				
Acute	Increased occurrence of extreme weather events may damage our vehicles and facilities, affect material and supplies delivery, disrupt employees' commute and add workers' workload	<ul style="list-style-type: none"> Increased maintenance costs Increased material consumption Loss of revenue 	<ul style="list-style-type: none"> Established an Environmental and OSH emergency preparedness plan Embedded climate change and extreme weather events into business strategy 	Environmental Emergency Management
Chronic	Persistent high temperature and heatwaves may increase workers' health risks, increase the strain on air-conditioning systems, and affect machine performance and reliability	<ul style="list-style-type: none"> Increased costs for safety equipment and training, and for dealing with work-related injuries and accidents Increased operational costs 	<ul style="list-style-type: none"> Implemented Integrated Management System certified with ISO 14001 standard Established carbon emission reduction targets 	Environmental Sustainability
Transition risks				
Technology	Change in customers' demand will promote the adoption of new technologies and renewable energy	<ul style="list-style-type: none"> Increased costs for purchasing new electronic products and software, and for purchasing electric vehicles 	<ul style="list-style-type: none"> Procured an electric vehicle in 2020 Encouraged the use of low-carbon and energy-efficient products and materials 	Carbon Emissions



	Risk	Potential Business Impacts	Our Response	Corresponding Section
Market	Market demand for improvement of environmental service included higher sustainable standard in working procedures, recycling capacity, landscaping services, environmental data collection and introduction of new solutions	<ul style="list-style-type: none"> Increased costs for investment and development of new solutions, equipment, and green products 	<ul style="list-style-type: none"> Continuously expanded our integrated environmental service business, local recycling facilities, and IoT solutions Implemented Integrated Management System certified with ISO 14001 standard 	<p>Environmental Benefits We Create</p> <p>Environmental Sustainability</p>
Policy and legal	Implementation of more stringent environmental policies and regulations	<ul style="list-style-type: none"> Increased compliance costs 	<ul style="list-style-type: none"> Keep track of policy and regulatory trends 	<p>Environmental Sustainability</p>
Reputational	Investors and customers may attach more importance to corporate ESG performance in decision making	<ul style="list-style-type: none"> Loss of revenue 	<ul style="list-style-type: none"> Established the Sustainability Steering Committee to monitor and manage ESG issues 	<p>Sustainability Governance</p>

The Group is fully aware of potential risks related to climate change and stays vigilant to the potential financial impacts. In the meantime, we keep exploring and leveraging the opportunities of climate change.



Exploring Opportunities and Business Benefits

Climate change also creates additional business opportunities. The change can increase our income sources and revenue. It is expected that there will be an increase in demand for various products and services. For example, more cleaning and waste management services may be needed for restoration work after extreme weather events. The city may require more pest management due to higher pest infestation at higher temperature and more landscaping services with increasing awareness of low carbon emissions.

Enhancing Corporate Sustainability Image and Integrating Sustainability Elements into Services

The Group's increased focus on climate change and studying the impact of climate change on the environmental services industry and its customers has helped to integrate sustainability elements into our operation, identifying and embracing new business opportunities and differentiating itself from the traditional environmental services industry.

Integrating sustainability into standard working procedure to enhance the competitiveness of professional cleaning services

Local cleaning services is a labour-intensive industry, and frontline cleaning service workers mainly follow the "standard working procedure" to provide services, without a deep understanding of sustainable development. This year, the Group set up the Sustainability Steering Committee and the ESG Working Group to lay the foundation for setting sustainable development targets. The Group has incorporated the element of sustainable development into the standard working procedure of cleaning services, including guidelines on occupational safety and health for staff, chemical waste handling procedures, waste separation and recycling guidelines, records of recyclables and waste quantities, as well as the application of environmentally friendly materials and cleaning agents. The introduction of simple and specific work guidelines to guide frontline staff to carry out "sustainable" work and raise the standard of cleaning services. It is also in line with the Group's diversified environmental services, so as the development recycling and reuse, which has given the Group an edge in competing for high-end service contracts that emphasise on "sustainability".

Safety and Environmental Awareness

Safety and Environmental Awareness



In the service quality survey conducted during the year, two questions on "safety awareness" and "environmental awareness" scored an average of 3.8 out of 5.

Injury Rate



During the year, accident rate per 100,000 hours worked reduced to 1.02.



A one-stop ‘sustainability’ solutions for businesses, providing data to demonstrate the effectiveness of ‘carbon neutrality’

Companies are increasingly focusing on the ESG elements, hoping to reduce waste generation by increasing the overall recycling rate. The passage of the Waste Disposal (Charging for Municipal Solid Waste) (Amendment) Bill 2018 has led to a demand for one-stop waste management services, including surveys on the types and quantities of waste in properties, recycling and disposal of different materials, as well as the destruction of goods and the recovery of related destroyed materials.

The Group’s existing waste recycling facilities and recycling packages provide customers with one-stop recycling and waste management services, including material destruction and waste sorting centres, plastic bottle, glass bottle and waste paper recycling facilities. At the same time, the Group also provides customers with recycling data to help them quantify their sustainability and development performance.

In addition, due to resource and experience constraints, most companies are unable to effectively encourage their staff to engage in “sustainable development” and demonstrate green performance to the public. The “iRecycle” programme provides a series of activities for enterprises, including recycling, environmental education and provision of environmentally friendly products, etc. By participating in these activities, enterprises are helping to promote the SDGs and can be accredited by SN iRecycle Chapter under the InnoESG Recognitions Series, whereas the InnoESG Recognitions Series are co-granted by SocietyNext Foundation and UNESCO Hong Kong Association Global Peace Centre. This year, a total of three enterprises were accredited by SN iRecycle Chapter through their participation in the “iRecycle” service programme.

WASTE REDUCTION ACTIONS

Waste Audit Service



Conducting a waste type and quantity survey will help businesses understand the amount and type of waste and recyclables they produce, so that they can develop effective waste reduction and recycling measures to cope with the upcoming MSW Bill.

SN iRecycle Chapter



iRecycle offers a range of activities to help companies implement sustainability, and participating companies can receive recognised certification for completing specific activities and tasks to demonstrate their sustainability.



Strong typhoon raises concerns over tree safety Carbon Neutral Initiative for more greening projects

Super typhoons become more common due to climate change. Facing natural disasters, the public is more concerned about the safety and maintenance of trees, resulting in increased demand for arboricultural services including tree risk assessment, proper maintenance and compensatory planting. There are opportunities to promote waste recycling generated from such arboricultural services. For instance, reuse of plant materials and soil, reuse of waste wood, production of soil conditioner (BG Soil) by sawdust and horse manure, mulching using shredded wood waste, selection of native plant species to enhance ecological habitat in greenery. The use of green materials in landscaping provides cost saving and enables customers to achieve the goal of sustainable development by reducing their carbon footprint. This is a win-win situation. To alleviate the climate change, more green infrastructures are built recently and the trend of green building is continuously emerging. More green roofs, sky gardens, green walls and urban parks are built. The large number of trees and planting works are required, which has led to an increased demand for landscaping works and horticultural maintenance.

GREEN PLANTING AND TREE MANAGEMENT

Reuse of Waste Glass Container



The use of glass grit made from recycled glass was recommended to the client as an alternative to natural river sand to reduce damage to the natural environment.

Tree Risk Assessment



The risk of tree collapse due to typhoon and inclement weather posing a threat to the lives and property. Risk assessment and proper tree management service before and after the typhoon season are important.



Climate change varies the life cycle of insects and increases demand for pest management services

Global warming has led to persistent high temperatures and low rainfall, increasing the chance of pest outbreaks. Winter is no longer the low season for pest management services and the demand for pest management services has increased, bringing about structural changes to the industry. Targeted measures and a range of integrated pest management measures, including monitoring, evaluating the effectiveness and making timely adjustments, are being implemented in response to the pest life cycle. Sustainability has also led to a greater focus on the impact of drugs and application methods on the environment and other organisms, with greater demand and transparency on the pesticides, working procedures and staff skills. In addition, competitive tendering contracts are more technically and ESG-oriented than in the past, resulting in greener service delivery and the need to provide evidence of a 'sustainable development' approach and documentation. The Group's Sustainability Steering Committee and the ESG Working Group, established this year, will provide more information and documentation support to enhance the Group's competitive edge in bidding for major service contracts.

DEMAND FOR PEST MANAGEMENT SERVICES

Red Imported Fire Ants

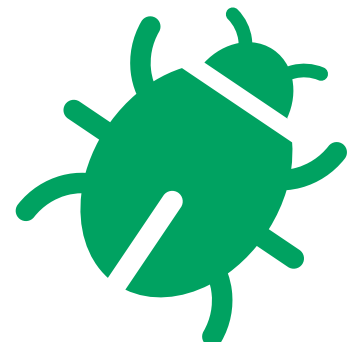


Red Imported Fire Ants (RIFA): Due to the low rainfall and hot weather, the number of RIFA nests on some of our clients' sites has increased significantly, and our clients' staff have been attacked (stung) by RIFA during their work, which has affected the progress of the project. At the same time, we also need to conduct a site inspection to understand the situation of RIFA on the whole site and then carry out the extermination work.

Phaуда Flamman



Phaуда flamman: Climate change has thrown nature out of balance in recent years. The outbreak of this native fauna in recent years resulted in a large spread of the infestation throughout the territory, mainly concentrated in the New Territories. Not only resulted in the poor health of over 2,500 banyan trees but also caused serious impact to some Old and Valuable Trees (OVTs) as they are adversely affected and severely defoliated.



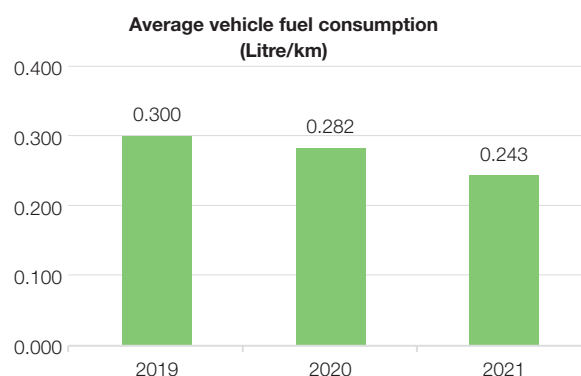
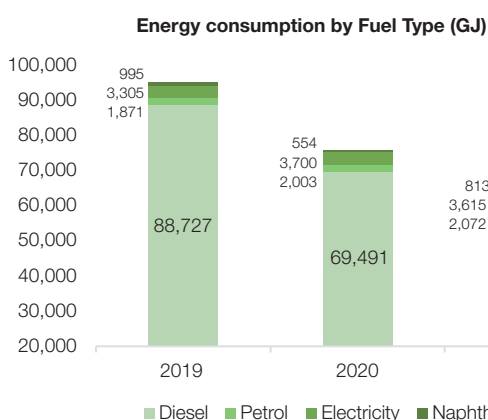
Resource Management

Under the Quality, Environment, Occupational Health & Safety policy (Integrated Management Policy), the group is committed to managing the quality of services, and protecting the environment of all relevant stakeholders. Through the environmental aspect identification and assessment, we identify potential materials, activities, products, wastes, and sources of greenhouse gases and hazardous substances, to appropriate control and measurements to efficient use of resources.

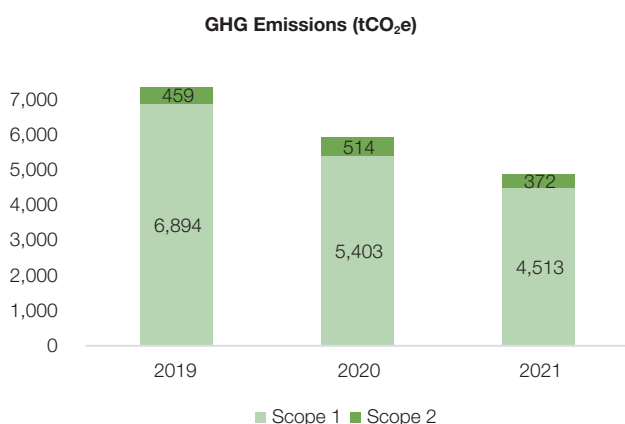


Energy Consumption

The Group's major energy consumption comes from the use of fuel. This was mostly consumed by our fleet due to a route-based business in Hong Kong. Through continuous effective route optimization and fleet upgrades, the average vehicle fuel consumption (Litre/km) is dropped from 0.282 to 0.243 in 2021. We managed to enhance the efficiency of fleet operations by 14%. We carry out regular maintenance on all vehicles, machines, equipment, and air-conditioners to ensure they operate in good conditions and are energy efficient. During the year, the Group's total energy consumption was approximately 63,258 GJ (17,572 kWh in '000s), with a decrease of 16% compared with 2020.



Carbon Emissions



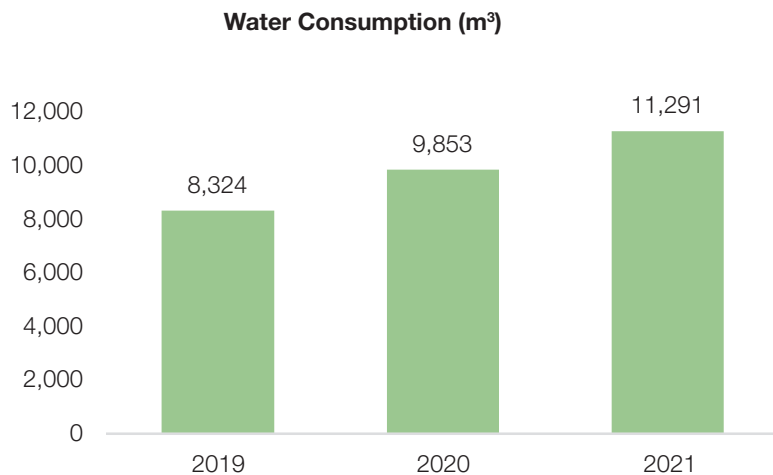
During the year, the total amount of greenhouse gas (“GHG”) emissions generated by the Group was approximately 4,885 tCO₂e, including 4,513 tCO₂e of direct emissions from fuel consumption (Scope 1) and 372 tCO₂e of indirect emissions from electricity consumption (Scope 2). There was a decline of 17% in total carbon emissions compared with 2020.

With Scope 1 emission contributing the majority of our carbon footprint, minimising fleet emission is our priority. We keep seeking opportunities to use renewable energy and transition our entire fleet to Euro 6 models in order to reduce carbon emissions. As at the end of 2021, over 85% of our 353 vehicles are of Euro 5 emission standard or above, while 20 Euro 4 vehicles were retired during the year. We procured an electric vehicle in 2020 and have been closely monitoring the feasibility of switching to more electric vehicles in our fleet. However, studies have found that limited driving range and availability of charging points in Hong Kong remain the major setback in large scale implementation.

GREEN AND INNOVATION

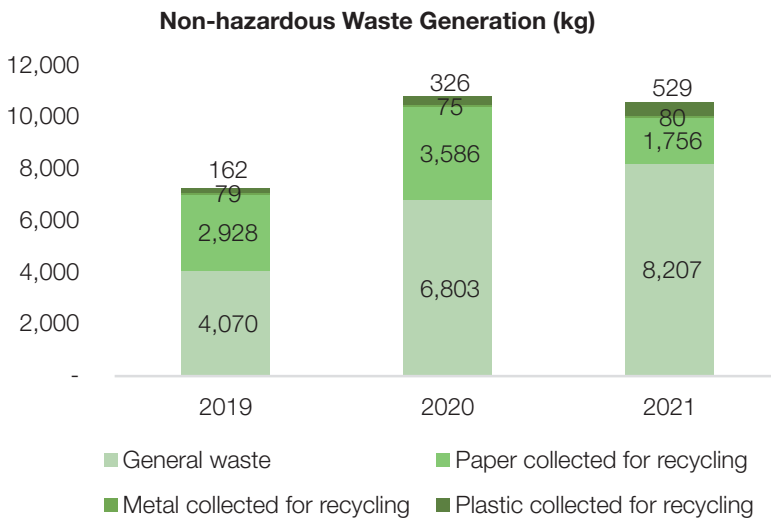
Water Consumption

The major part of our water usage was from offices and facilities. During the year, we consumed approximately 11,291 cubic meters of water. The Group did not have any issue in sourcing water that is fit for the purpose. The water we consumed mainly supplied by Water Supplies Department and most of the water consumption is managed by our clients. No water use target is set as it is not material to the Group's operations.



Under the Integrated Management Policy, we make every effort to conserve water through maximise the use of water resources in our plant by reusing wastewater for internal use such as irrigation. In addition, we carry out regular maintenance to prevent water leakage and arrange prompt repair to minimise water loss. Wastewater is discharged to the public sewerage system accordance with local regulations.

Waste Management



The Group generates both hazardous and non-hazardous waste in the course of its operations. During the year, 6,600 litres of hazardous waste and approximately 10,572 kg of non-hazardous waste were generated by the Group. The hazardous waste generated was securely transported and disposed of by licensed chemical waste collectors. A total of 2,364.9 kg of recyclables were sorted from the non-hazardous waste (general waste) and all sent to our recycling plants for recycling. The rest of the non-hazardous waste was disposed of at landfills.

To minimise waste generation and to align with our environmental targets, we introduced various green office initiatives, including making more recycling bins easily accessible, emphasising on clean recycling to avoid contamination, and informing staff of the downstream recycling process. We also made known the group environmental targets to our employees to call for a collective effort in waste reduction.

In 2021, Baguio's office collected 529 kg of plastic for recycling, increased 62% compared with 2020. In addition, around 22% of non-hazardous waste was recycled, including paper, metals and plastics. We strive to reduce the amount of waste generated by avoiding unnecessary consumption, fully utilising materials, and increasing recycling rate. For hazardous waste, looking ahead, we are targeted to reduce the spent lube oil used in fleet maintenance in 2022 compared with 2021 by reducing mileage through route optimization, with the application of big data analysis and ArcGIS software in route planning.

Environmental Emergency Management

Ensuring environmental and occupational safety is crucial for the Group. To prevent potential environmental or safety hazards and address possible emergencies in a timely manner, we have developed an Environmental and OSH emergency preparedness plan. This plan lays out effective response measures for employees to deal with specific situations, including extreme weather events such as typhoons, work-related accidents, accidental leakage of chemicals or dangerous goods and animals' dead bodies handling.

Promoting Local Recycling via Mobile Recycling Platform

Baguio launched the first mobile one-stop recycling platform "iRecycle" in 2020 to encourage the public to separate at source and recycle through reward redemption. As of the end of 2021, the iRecycle app has over 10,480 registered users and 52 collection points. Users can earn iDollars by recycling Type 1 (PET) and Type 2 (HDPE) plastic bottles, as well as Type 5 (PP) plastic containers and glass containers to redeem discount coupons.

Baguio has collaborated with more than 59 partner merchants from different sectors including restaurants, retailers, entertainment and healthcare services, to offer incentives for the public to participate in recycling. Besides bringing recyclables to the designated collection points, users can opt for free door-to-door collection service when used bottles are picked up at their doorstep. With such convenience and attractive incentives, 509,031 plastic containers and 84,270 glass containers were collected via iRecycle in 2021.

In the future, we will continue to advance the "iRecycle" app and expand to collect more items including wastepaper and aluminium cans, so as to provide a more convenient and efficient way of recycling for the public.

Advocate behaviour changes through "iRecycle"

Leveraging on the success of "iRecycle" app, we have started educating the community on clean recycling by setting up booths in exhibitions and shopping malls in 2021. We have also introduced giveaway programmes to raise awareness and encourage the use of "iRecycle" app and door-to-door collection for recycling.

Furthermore, we have launched the SN iRecycle Chapter, aiming to help organisations to enhance their environmental sustainability performance. Focusing on four key SDG targets, a series of quantifiable environmental protection programmes have been formulated for enterprises to choose from, covering environmental education and waste reduction and recycling initiatives. Organisations that successfully complete the designated programme will receive the recognition from SN iRecycle Chapter to recognise their efforts in waste reduction and environmental conservation.

JOINT PROMOTION TO PROMOTE RECYCLING

iRecycle x foodpanda



The increased demand of food delivery during the pandemic has resulted in a huge amount of plastic waste. This year, we partnered with online food delivery giant foodpanda to provide free door-to-door collection service for used plastic food packaging. Within Baguio's iRecycle app, foodpanda users are able to schedule an appointment when collectors pick up glass bottles, plastic bottles, and plastic food containers from their address. In return, Foodpanda vouchers are presented to the top five users of the service every month.

Collaborating with foodpanda, we have established an effective approach to motivate the public to reduce waste as a result of food delivery. The application of iRecycle app creates a green connection between waste generators and business owners.

EMPLOYEE WELLBEING



People are our most valuable asset. It is vital that we listen to and respond to their needs and desires, improve their well-being and allow them to achieve their career goals.



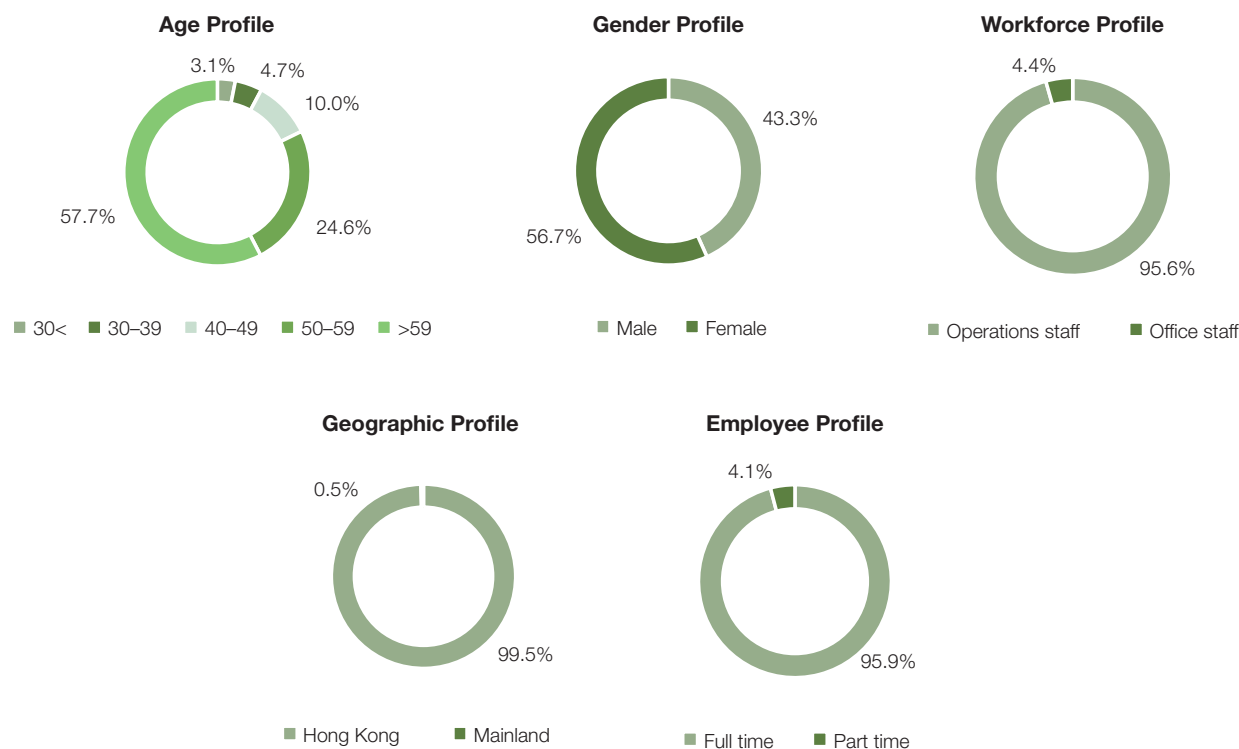
OUR EMPLOYEES

The Group ensures equal opportunities are available to all when recruiting employees, independent of employees' race, gender, colour, marital and family status, pregnancy, or impairments, in accordance with the values of "Fairness, Openness, and Impartiality". To ensure no child or forced labour occurs, including all direct contract or sub-contractors, we have the policies of Prevention of Forced Labour and Prevention of Child Labour in place which request all confirmed candidates to present their ID cards for age verification. Immediate termination of employment of child or forced labour is mandated when an occurrence is discovered. The Group complies with local laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and the provision of other benefits and welfare. The Group provides resources and opportunities for our employees to unleash their potential and support their ongoing learning and development; Human Resources Department set out a structural staff development framework and program to build a sustainable talent pipeline to the Group. The information is written in the employee handbook and reviewed regularly.

To ensure fairness and equality in workplace, employees are encouraged to voice their thoughts and difficulties under the Group's speak-up policy, which is regulated by the Group's Complaint and Appeals Committee. We seek to promote a work environment that is free of inequality, discrimination, and harassment through this channel, as well as training on pertinent themes.

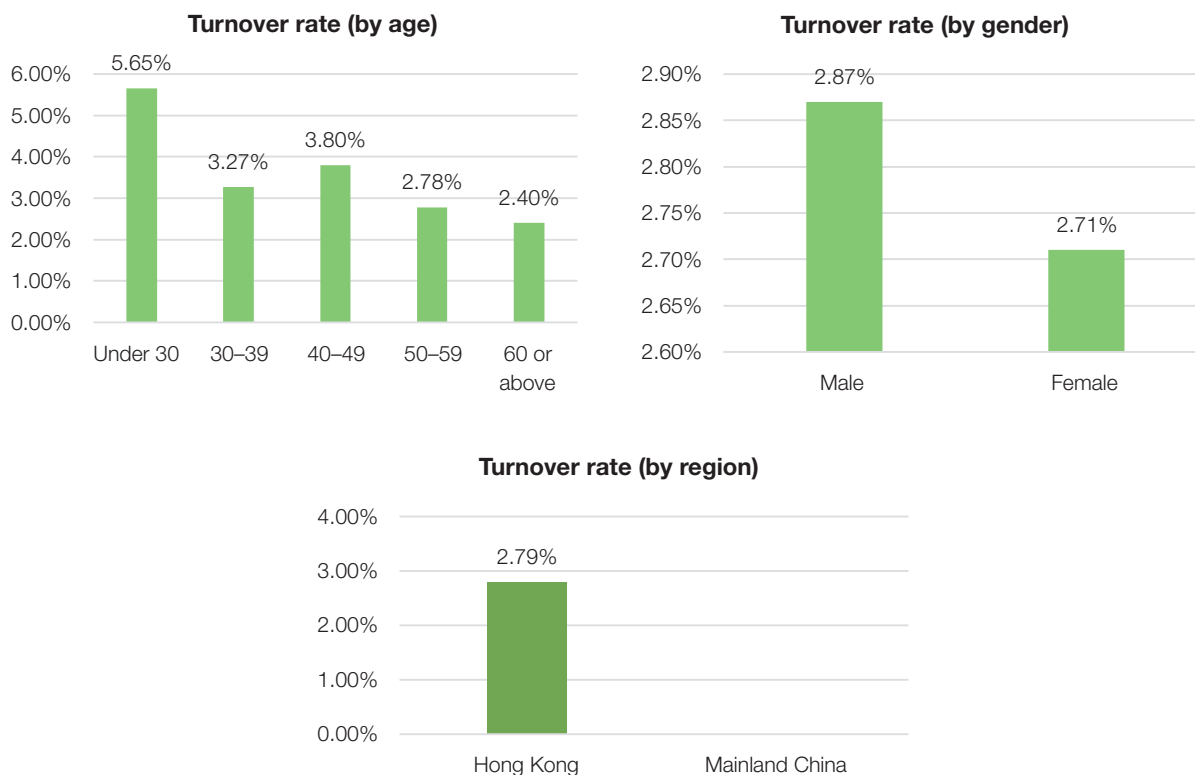
Safeguarding the health and safety of its employees is Baguio's foremost priority. The Group provides employees with training on work skills, use of tools and occupational safety and health, and regularly provides safety work guidelines and accident sharing to remind employees of work safety and prevent accidents. In the unfortunate event of an accident, the Human Resources Department's Claim and Care Team will assist the affected staff in dealing with treatment, rehabilitation and claims. After rehabilitation, the Group will also arrange suitable job positions according to the conditions of employees.

As of the end of 2021, the Group had 5,621 employees, located in Hong Kong (5,593 employees) and Mainland China (28 employees). The following charts demonstrate employees' profile by age, gender, workforce, geographic and employee type. We make every effort to provide resources and opportunities for engaged employees to collaborate with one another. To ensure compliance with laws regarding employment, compensation, benefits, dismissals, working hours and rest periods, our Employee Handbook articulates policies that strictly follow Hong Kong labour legislations, including but not limited to the Employment Ordinance and Minimum Wage Ordinance.



EMPLOYEE WELLBEING

During the year, the overall employee turnover rate is 2.78%. Distributions of employee turnover rate by gender, age and geographical region are shown in the graphs below:



During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations² that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and preventing child or forced labour.

Employee Welfare and Benefits

The Group offers competitive salaries and welfare packages to its staff in order to motivate and retain high-calibre employees. Employees are entitled to a wide range of perks, including medical insurance and training subsidy. We evaluate our benefit package on an annual basis to ensure that it is market competitive.

We introduced several employee wellbeing initiatives to promote a healthy work-life balance such as Movie Night for Staff, Yoga Class, and Thai Boxing Class. Other notable employee care events include Chinese medicine consultation, interest workshops, and year-round festive celebrations. During the year, we began subsidising staff's expenses on sports activities, gifting staff shopping coupons to celebrate birthdays, as well as presenting a gift to employees who had welcomed a newborn baby. We hope that our staff are happy and proud of working with Baguio.

² Please refer to the section headed **Applicable Laws and Regulations** for labour-related laws and regulations.

EMPLOYEE WELLBEING INITIATIVE

Work Life Balance Month 2021

The Work Life Balance Month 2021 initiative was created to foster a healthy working environment for our employees. We seek to raise physical health awareness among our staff by providing exercise classes such as Thai boxing and Yoga. We engaged our employees in team building games such as mini basketball shooting game during the month to enhance communication among the employees. Out of this special month, disease and mental health educational seminars are also arranged regularly.



Mid-Autumn Festival



Handmade Incense Workshop



Mother's Day



Father's Day



EMPLOYEE WELLBEING

Talent Management

Baguio aspires to assist its people in honing their abilities to support business growth and sustain a high standard of service delivery. We understand the importance of attracting and maintaining exceptional employees and are committed to investing significant resources in training and career development programmes for our operation staff, office staff and the management. We assess our performance appraisal system on a regular basis to maintain its fairness and efficacy.

We strive to support the expansion of employees' personal traits and to look for chances to boost career prospects for long-term staff development. During the year, we increased the frequency and variety of training and boosted training hours of the Group. A wide range of training opportunities are provided to the workforce in order to equip employees with appropriate operational and managerial traits in response to market needs and developments. We also provided training for efficient use of specific software and special duties (e.g. Project Management Workshop, Microsoft Excel & Word Training, etc). We expect our employees to gain professional knowledge and skill sets that can help them advance in their careers and take responsibility of their respective roles in the future.

SOFT SKILLS TRAINING

Service First Workshop



To improve the service quality of the Group, the Human Resources Department has launched an internal course “Service First Workshop”, which aims to strengthen the awareness of internal and external services of all colleagues of the Group and master the way of hospitality at work. The workshop made use of group discussions, case studies, and class activities to engage participants. During the year, 135 colleagues completed the workshop. To maximize the benefits, we plan to expand the training to 200 additional employees in 2022.

Excluding safety related training, a total of 7,453 training hours were recorded during the year, of which 26% was attended by managerial staff and 74% by general staff.

Training Topics	Total Training Hours
Professional development	2,312.8
Legislative training	1,331.3
Orientation training	388.5
Industry knowledge training	1,840.0
Information technology training	967.8
Sustainability and ESG development	44.5
Other trainings	568.0
Total	7,453



47.5% increase in non-safety related training hours compared to 2020

During the reporting period, we also revisited our performance evaluation mechanism. We introduced Key Performance Indicators (“KPI”) assessment for managerial staff and updated the competence indicators of the staff performance appraisal. It is intended to increase our employees’ performance and career development even further.

PROFESSIONAL QUALIFICATIONS ACCREDITATION

Recognition of Prior Learning Mechanism (RPL)



This year, the Group continued to aid its employees through the Recognition of Prior Learning (“RPL”) Mechanism, which is part of the Education Bureau’s Qualifications Framework (“QF”). Five colleagues from the landscaping unit were selected and successfully attained the QF Management of Gardening Work (Level 4) accreditation. We encourage our employees to gain professional knowledge and skill sets that will help them advance in their careers and take responsibility of their respective roles in the future.

Occupational Health and Safety

Considering that the positions of integrated environmental services mostly involve manual labour and outdoor work, the Group is committed to protecting the safety of employees and communities and preventing accidents. The Group’s Safety, Health, Environment and Quality Department (“SHEQ Department”) handles and implements all Group safety matters in compliance with the ISO 45001:2018 standard and Integrated Management Policy. Our SHEQ Department manages and assesses the Group’s safety management system on a regular basis to guarantee compliance with all applicable labour and safety regulations³. The SHEQ Department conducts risk assessment on manual and outdoor work, and provides employees with appropriate tools and personal protective equipment.



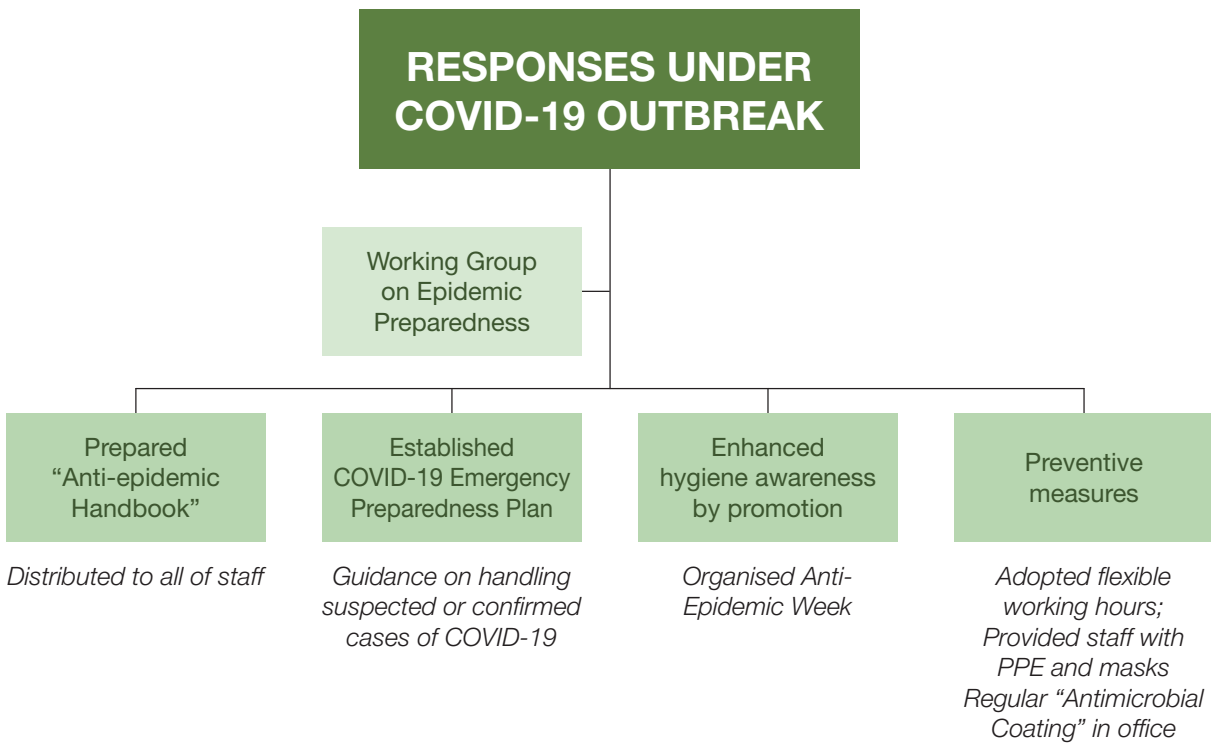
Our Group’s Policies

³ Please refer to the section headed **Applicable Laws and Regulations** for labour and safety-related laws and regulations.

Responding to COVID-19

Faced with the continued epidemic situation, the Group’s “COVID-19 Response Team” maintained a sense of care and security for its employees by deploying a well-structured set of preventive measures. Personal protective equipment is essential to safeguard the personal safety of frontline workers. Since the outbreak of the severe acute respiratory syndrome coronavirus (SARS) in 2003 and the outbreak of COVID-19 in 2019, the Group has been well prepared for ordering and storing personal protective equipment and sanitising items, including increasing the number of suppliers, increasing the purchase volume, ordering in advance, and strictly monitoring the quality of personal protective equipment (e.g. requiring suppliers to provide specifications and quality certificates). This ensures that frontline workers have adequate and qualified personal protective equipment to work safely, reducing the risk of infection.

To enhance communication during the pandemic, the Group flagged up safety alerts for incident sharing across different operational teams by SMS, instant messages and QR codes.



RESPONDING TO COVID-19

Special Training to the Operation Staff Under High Risk Infection



In 2021, Baguio has become a government designated quarantine hotel disinfection and cleaning contractor. To ensure that the work procedures meet the requirements of the Department of Health and protect occupants from infection, the Group provides work training for special hotel disinfection and cleaning teams and also informs employees of the risks of work and how to implement relevant protective measures. We also provide adequate personal protective equipment, tools and disinfection supplies that meet safety standards to ensure that employees have adequate protection.

Workplace Safety and Occupational Health

To ensure occupational health and safety (“OHS”), training is provided to employees in accordance with the Occupational Health and Safety and Environmental Guidelines. Quadrilingual management guidelines are prepared for the racially diversified workforce, mitigating risks inherent in daily operational duties which include machinery operation, chemical handling, use of electrical appliances and working at height.

We continued to run the “Train-the-Trainer” programme with an aim to cascade OHS knowledge to each employee effectively. This year, 35 staff members attended the training class and became qualified trainers of Baguio. We recorded a total of 15,597 hours of safety-related training by the end of the reporting period.

We will continue to work throughout the year to make Baguio a safe and healthy place to work. There was a total of 5,583 lost person-days due to work injuries or accidents. We are pleased that our workplace accident rate per 100,000 man-hours declined from 1.15 in 2020 to 1.02 in 2021, with no workplace fatalities reported. We have also met the safety target of an injury rate of less than 1.25 work injury case per 100,000 work hours per annum.

Performance on Work Safety

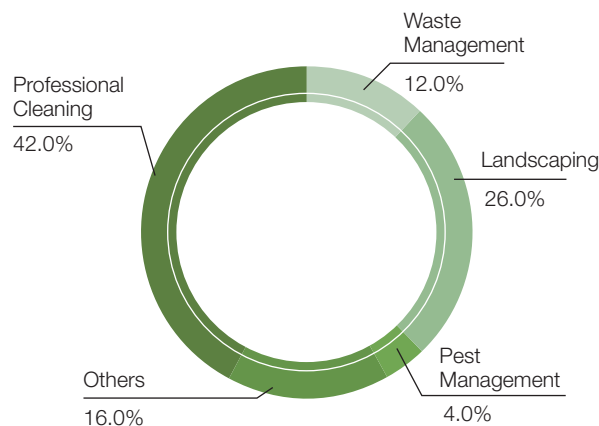
	2021	2020	2019
Lost Days due to work injuries	5,583	6,939	12,387
Accident Rate	1.02	1.15	1.33
Work-Related Fatalities	0	0	0

To keep improving our occupational health monitoring on a continuous basis to protect our employees’ health, routine safety inspection has been established to make sure safety measures are well implemented in the workplace. As there was an increasing number of accidents related to lifting platforms this year, we conducted specific safety inspections on related processes in response. We hope to assist the staffs who suffered from an occupational injury. Under our rehabilitation management, the Group keeps in touch with injured employees regularly and provides rehabilitation services for them. Steps are taken to prevent such events from occurring in the future.

Safety Communication

Baguio strives to engage with its employees and get feedback from them. Over the year, the Group has implemented different measures to enhance safety communication at the workplace. A meeting of the SHEQ committee is organised at service sites for effective communication between the frontline staffs and management. The Group also facilitates safety information sharing with workers and subcontractors through SMS and WhatsApp, sharing reminders about adverse weather, recent industrial work injury cases, as well as work safety instructions. Throughout the year, the Group revised the registration procedure and safety regulations to improve the registration requirement for subcontractors.

Total Number of Qualified Trainers: 115



OPERATIONAL EXCELLENCE



Baguio has maintained top quality services that satisfy its stakeholders' expectations. Our ISO-certified Integrated Management System enables us to optimise our performance to create sustainable values and drive efficient business execution.



Upholding Anti-corruption Practices

Maintaining the highest ethical and moral standards, operating with integrity, honesty and a professional attitude are integral to Baguio's culture. We have zero-tolerance on any form of unethical behaviours including corruption, bribery, extortion, fraud and money laundering.

The Group's Business Code of Conduct sets out principles that all employees are required to follow to ensure all conduct is in accordance with relevant laws and regulations. Any breaches of the Business Code of Conduct are reported and further legal actions are taken where necessary. Our back-office staff is required to sign the ethical policy and make an annual conflict of interest declaration. In case of any potential conflict of interest, employees are required to submit a Conflict of Interest Declaration Form and report to their corresponding department. All employees are also required to strictly follow the Employee Handbook which outlines guidance on conducting ethical business.

During the year, we collaborated with Independent Commission Against Corruption ("ICAC") to organise two anti-corruption seminars. A total of 127 staffs in managerial level and 140 staffs in general level from frontline and back-office attended the training.

The Group was not involved in any corruption cases during the year and complied with all relevant laws and regulations⁴ relating to bribery, extortion, fraud and money laundering.

Reporting and Monitoring

We are committed to achieving and maintaining the highest standards of openness, probity and accountability. Employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. It is in all interest of our employees to ensure that any inappropriate behaviour or malpractice that compromise the interest of the shareholders, investors, customers and the wider public does not occur. We have devised a Whistleblowing Policy for our employees and relevant third parties to raise concerns, in confidence, about misconduct, malpractice or irregularities in any matters related to the Group. We also ensure that proper arrangements are in place for the fair and independent investigation of such matters and for appropriate follow-up action.

Maintaining Quality Services

The Group is committed to providing our customers with a safe, reliable and professional integrated environmental service. The Group has adopted an Integrated Management System (IMS) comprising Quality, Environmental and Occupational Safety systems in compliance with ISO 9001, ISO 14001 and ISO 45001 standards respectively. The Integrated Management Policy is implemented in all service segments under the Group. Every employee shall cooperate with and support the Group to implement this policy. All employees, sub-contractors, and suppliers shall observe all applicable statutory requirements, house rules, work instructions, safety and health and environmental guidelines to assure service quality, prevent environmental pollution, prevent injuries, ill-health and accidents. To safeguard the best interests of our customers and ensure compliance with relevant laws and regulations, a "kick-off" meeting will be hosted and an action plan will be provided to the client to clarify the service requirement and schedule before service commencement. We carry out regular audits and service evaluations to ensure the quality of our services.



⁴ Please refer to the section headed **Applicable Laws and Regulations** for anti-corruption-related laws and regulations.

OPERATIONAL EXCELLENCE

Enhancing Customer Satisfaction

Customer satisfaction are the main tenet of our business, and it is our responsibility to deliver dependable services that exceed their expectations. We continuously improve our operations and services by engaging with customers in a professional manner.

To ensure high quality customer experience and evaluate our service quality, we conduct monthly customer surveys which examine our service in three areas namely service performance, managerial staff performance and operational staff performance. Feedback is collected and reviewed from five business units on a half-yearly basis. In 2021, more than 97% of the respondents rated our performance satisfactory or above on overall quality of the service, while more than 96% of respondents rated satisfactory or above in all of the three areas. In addition to customer survey, we invited customers to share their feedback and opinions through face-to-face interviews for an in-depth understanding about their concerns.

Customer satisfaction is the central value of our group around which all other values develop. The Group has an internal procedure to handle customer complaints and redress the problem. In case when a customer complaint is received, Administration Department will inform the Operation Department to communicate with the customer and start the investigation immediately. After the investigation is completed, the contract manager will have an evaluation by call or meeting with the customer and provide the mutual agreed solution. The case is recorded in our customer complaint handling system to ensure that any complaints made by our customers are resolved in a timely manner. All reported cases are managed on intranet logs for swift handling and follow-up. A formal reply letter or email to be provided after the investigation is completed. Regular meetings are also conducted to review complaints received with senior management to report the handling progress, result, and feedback from the customers. During the year, 17 cases of customer complaints were received, and all cases were successfully resolved.

Supply Chain Management

In 2021, we put in place a Supplier Code of Conduct which requires suppliers and sub-contractors to follow responsible business practices that align with our core values. This Supplier Code of Conduct embodies our sustainability commitment that we prefer doing business with suppliers whose operations and business practices exceed the requirements of the Code covering labour standards and practices, fair dealing and competition laws, anti-corruption, environmental compliance, intellectual property rights, confidentiality, as well as data privacy and security.

During the year, the Group maintained a total of 227 suppliers of which 222 are located in Hong Kong. We engage with suppliers and sub-contractors through different communication channels like annual interviews and appraisals, encouraging suppliers to establish management systems and to obtain certification for relevant ISO standards. We review the list of approved sub-contractors and suppliers to ensure they adhere to high standards and their businesses are conducted responsibly annually. The Group has informed the latest update of the Sustainable Procurement Policy and Supplier Code of Conduct to all the sub-contractors and suppliers. In 2021, we completed the annual appraisal with 15 key sub-contractors and suppliers in the approved contractor list.

OPERATIONAL EXCELLENCE

Sustainable Procurement

As the founding member of the Sustainable Procurement Charter, the Group spares no efforts to implement sustainable procurement with reference to ISO 20400 Sustainable Procurement Standard. During the year, the Group has put in place a Sustainable Procurement Policy to make known our commitments to guide sustainable procurement practices across different operations. We intend to make our operations more sustainable by endorsing economic, social, ethical, and environmental practices. In response to our Sustainability Policy and Integrated Management Policy, we provide sustainable solutions and eco-friendly products suggestion for our customer’s consideration. We procure products that cause a smaller impact on the environment, for example, we purchased 36% eco-friendly pesticides during the year. Our suppliers and sub-contractors are requested to provide the laboratory reports, labelling, and certificates from the accreditation body to prove the quality and ingredients fulfil the service requirements and standards. For the products from the Group, we will provide the certificate and qualified laboratory reports from the local accreditation body to the customers.



The Group was not aware of any non-compliance of laws and regulations⁵ that could have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redressal.

BUILDING SUSTAINABLE PROCUREMENT CAPACITY

ISO 20400 Sustainable Guidance Workshop

To build capacity in sustainable procurement, our procurement and sustainability staff attended the ISO 20400 Sustainable Guidance workshop conducted by Green Council. Various topics were discussed:

- Why and how procurement should consider economic, social and environmental criteria
- Why and how procurement plays a central role in ensuring sustainability along the entire supply chain
- Outsourcing risks posed by the complex and multi-tier supply chain



Protecting Intellectual Property Rights

Our employees, suppliers, and contractors must respect and comply with all applicable laws and regulations related to intellectual property rights, including trademarks, copyrights, designs, and patents. Our contractors, subcontractors, and suppliers shall follow the Group’s Supplier Code of Conduct is provided and shall not engage in any activities that may infringe upon the Group’s intellectual property rights of any kind or tarnish the Group’s reputation. The Group’s Corporate Development Department is responsible for checking the Group’s publication materials do not violate any local laws and regulations.

⁵ Please refer to the section headed Applicable Laws and Regulations for product responsibility-related laws and regulations.

OPERATIONAL EXCELLENCE

Safeguarding Confidential Matters

We understand the importance of protecting data privacy and information security. We collect and handle personal information in compliance with the Personal Data (Privacy) Ordinance. The practice and regulation of protection and prevention of confidential information leakage are managed and monitored by the Group's Risk Management Team. The storage and access of confidential and sensitive information should be restricted by authorization via predefined duties and access rights. When it is necessary to dispose of printed confidential documents, all the printed confidential documents are collected and follow the confidential documents destruction procedures to destroy properly under the European Security Standard. Employees should report to the Group's Risk Management Team immediately if any confirmed or suspected information leakage cases are found.

Every employee should follow the code of conduct in Employee Handbook on handling customer privacy and confidential information. Employees are not allowed to disclose any confidential information, as they can only use the information in line with the method and scope specified. We request relevant employees who have regular access to sensitive information to sign a Declaration of Confidentiality. The Group provides training to strengthen employees' awareness of data privacy protection. All employees receive IT security training during orientation. Data protection principles including the collection, use, disclosure, and retention of personal data, are introduced to office staff when they are newly hired.

During the year, the Group did not encounter any cases of infringement of laws and regulations⁶ related to data privacy and security as well as intellectual property rights.

Fleet Management

Our fleet comprises of 353 vehicles that are of different types to provide comprehensive environmental services to 18 districts across Hong Kong. To maintain an efficient fleet of vehicles to meet our operation needs, we continue to apply two essential tracking tools for management. 99% of our vehicles are installed with the iButton electronic key system to identify authorised drivers, while geographical information system (GIS) platform is adopted to optimise route arrangement of the fleet.

Throughout the year, we continued to provide internal driver training to our drivers. 93% of the training rate were achieved in 2021. To further improve road safety and enhance driving standards, we have implemented an internal driving offence points system since mid-2019. A driver who commits a traffic offence or causes a traffic accident due to personal fault will be subjected to internal demerit points, in addition to their responsibilities under the existing laws and regulations. When the deduced points reach a specified number, the driver is required to pass a technical driving assessment before continuing driving duties. Serious offenders may even be disqualified from driving or face termination of employment. Compared with 2020, we successfully reduced the traffic accident rate by 23% in 2021.



99% of vehicles are installed electronic key system (iButton)



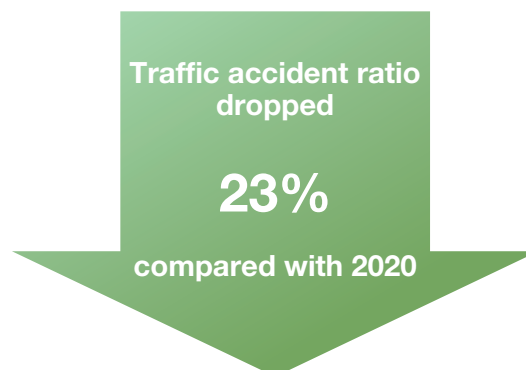
Implementation of internal driving offence points system



Adoption of Geographical Information System (GIS) platform to optimise route arrangement



Regular maintenance



⁶ Please refer to the section headed **Applicable Laws and Regulations** for data-privacy-related laws and regulations.

COMMUNITY ENGAGEMENT



We are making a difference in our community by supporting various underprivileged groups. With a commitment to sustainability, we never forget to promote waste reduction and green environment at the same time when we serve the community.



COMMUNITY ENGAGEMENT

Giving Back to Society



With a focus on creating a sustainable environment, Baguio aims to contribute the society by providing a “Clean and Green” environment through our professional knowledge, collaboration, and employee volunteerism. With the leadership of the CEO, a CSR committee has been formed since 2011. Baguio is committed to creating a positive impact in the area of promoting green awareness, enhancing proper and clean recycling, raising public and personal hygiene standards, and helping people in need.

Promoting Employee Volunteerism

Baguio drives positive changes through a wide range of activities including environmental education, outreach, employee volunteering, donation, and in-kind contributions. By partnering with organisations from different sectors, we look for ways to create a positive impact in our communities. Our CSR committee arranges at least 4 volunteer activities each year and encourages our staff to engage in the volunteering team to serve the community, enabling them to give back to society. During the year, we recorded a total of 421.5 volunteering hours and made HK\$200,500 donations and in-kind sponsorships along with materials and recyclables collection services.

Environmental Protection

As an integrated environmental service provider, we spare no efforts in engaging in activities related to environmental protection. To reduce waste and to advocate recycling in daily life, we setup a recycling corner in the office to collect 14 types of recyclables and send to corresponding downstream recyclers and facilities including metal, paper (beverage carton, office paper, carton and magazine paper), plastic from no. 1 to no. 7 (except no. 3), glass container, coffee capsule and battery. We also organised collection programmes in our office during festive seasons such as Chinese New Year and Mid-Autumn Festival. We collect used red packets, excess mooncakes, mooncake boxes, and polyfoam fruit nets for further reuse, transfer, or recycling. Despite the response from the collection was encouraging, we still remind our colleagues to avoid unnecessary consumption to reduce waste at source. In addition, we hosted a total 84 hours of recycling plant tours, seminars, and webinars for 13 organizations to promote recycling among the public. To reduce the waste at source and encourage “reuse” behaviours, we collected the brand new outdated uniform (without company logo) from our warehouse and used household items from colleagues and donated to the charity.

CSR GREEN ACTIVITIES – RECYCLE AND REUSE

Collection Programmes during Festive Seasons



Recycling Corner @ Office



Utilization of the Used Materials in CSR Activities



COMMUNITY ENGAGEMENT

Caring and Support the Community under COVID-19

Despite the social restriction from COVID-19, we showed our care to the disadvantaged groups in the community. Caring for the elderly is one of our highlights in our social engagement. During the year, our CSR committee organized 3 workshops for elderly and their caretakers in the Chinese New Year. We also prepared 500 gift bags with healthcare products and daily necessities to the frontline cleaning and recycling workers. In addition, we encourage our staffs to take parts in blood donation during the office hours under the low blood inventory situation.

2021 Highlight in Community Investment

Greeting Cards Drawing for Elderly

Despite the prolonged social distance restriction from COVID-19, we showed our care to the elderlies living in the old folks' homes by designing greeting cards for them during Chinese New Year. More than 100 elderlies received our CNY greeting cards designed by our volunteers in the times of the pandemic.

Reuse of old materials in CSR activities

To reduce the waste at source and encourage "reuse" behaviors, we applied the "reuse" concept in our CSR activities this year. We collected around 300 reusable bags from our colleagues to pack the gift bags for the frontline cleaning and recycling workers. We also collected the outdated uniform (brand new without company logo) from our warehouse and used household items from colleague and donated to the charities. We utilized the used plastic bottles, glass cullet, and soil conditioner made by organic waste to teach the elderly how to use recyclables items to planting in the workshop.

SERVING PEOPLE IN NEED

Donation of 500 Gift Bags to Cleaning and Recycling Workers



Green Workshops for Elderly



SUMMARY OF COMMUNITY ACTIVITIES IN 2021

Partner Organisation	Volunteering Activities	Volunteering Hours
Education and Development		
Tin Shui Wai Methodist College	Baguio — Hong Kong Recycling Development Seminar	4
Ecobus	Baguio — Hong Kong Recycling Development Webinar	16
Hong Kong Organic Resource Centre	Baguio — Hong Kong Recycling Development Webinar	4
Hong Kong Institute of Vocational Education (Sha Tin Campus) — Environmental Science	Baguio — Hong Kong Recycling Development Webinar	4
Green@Tai Po	Baguio Waste Sorting & Recycling Centre Visit	4
The Green Earth	Baguio Waste Sorting & Recycling Centre Visit	6
KwanSang Catering Professional Employees Association	Baguio Glass Bottle Recycling Plant Visit	6
Hong Kong Playground Association	Recycling Workshop	4
Agency for Volunteer Service	Baguio Waste Sorting & Recycling Centre Visit	6
JCI Kowloon	Baguio Glass Bottle Recycling Plant Visit	6
Hok Yau Club	Baguio Waste Sorting & Recycling Centre Visit	6
Green@Tai Po	Baguio Glass Bottle Recycling Plant Visit	4
Madam Lau Kam Lung Secondary School of Miu Fat Buddhist Monastery	Seminar — Baguio's Recycling Services	4
Environmental and Public Health Management Postgraduate Programme, Hong Kong Baptist University	Baguio Waste Sorting & Recycling Centre Visit	4
Hong Kong Organic Resource Centre	Baguio Glass Bottle Recycling Plant Visit	6
Environmental Protection		
Greeners Action	Red Packet Reuse & Recycle Programme	6
Food Angel	Collection of mooncake, mooncake boxes, and fruit nets	4
Mil Mill		
Missing Link — Polyfoam Recycling Scheme	Collection of mooncake, mooncake boxes, and fruit nets	
Green Council	Green Run 2021	62
Missing Link — Polyfoam Recycling Scheme	Visit to polyfoam recycling facility	78
Community Wellbeing		
Hong Kong Playground Association	CNY Greeting Card Drawing for Elderly	42
Caritas Elderly Centre — Ngau Tau Kok	Elderly Workshop — Eco Bag Painting	20
Caritas Elderly Centre — Ngau Tau Kok	Elderly Workshop — Pastel Drawing	22.5
Caritas Elderly Centre — Ngau Tau Kok	Elderly Workshop — Planting	35
Shepherd Community Centre	Lucky Bags for Respected Frontline Cleaning and Recycling Workers	67
Total		421.5

APPLICABLE LAWS AND REGULATIONS

Aspect	Applicable Hong Kong Laws and Regulations	Section
Environment	<ul style="list-style-type: none"> • Air Pollution Control Ordinance; • Dangerous Goods Regulations; • Environmental Impact Assessment Ordinance; • Factories and Industrial Undertakings Ordinance; • Hazardous Chemicals Control Ordinance; • Motor Vehicle Idling (Fixed Penalty) Ordinance; • Noise Control Ordinance; • Ozone Layer Protection Ordinance; • Pesticides Ordinance; • Product Eco-responsibility Ordinance; • Road Traffic Ordinance; • Waste Disposal Ordinance; • Water Pollution Control Ordinance 	GREEN AND INNOVATION
Employment	<ul style="list-style-type: none"> • Disability Discrimination Ordinance; • Employment Ordinance; • Family Status Discrimination Ordinance; • Minimum Wage Ordinance; • Race Discrimination Ordinance; • Sex Discrimination Ordinance 	EMPLOYEE WELLBEING
Labour standards	<ul style="list-style-type: none"> • Employment of Children Regulations; • Employment of Young Persons (Industry) Regulations 	EMPLOYEE WELLBEING
Occupational health and safety	<ul style="list-style-type: none"> • Dangerous Goods Regulations; • Employees' Compensation Ordinance; • Factories and Industrial Undertakings Ordinance; • Fire Safety (Buildings) Ordinance; • Occupational Health and Safety Ordinance; • Road Traffic Ordinance; • Smoking (Public Health) Ordinance 	EMPLOYEE WELLBEING
Product responsibility	<ul style="list-style-type: none"> • Personal Data (Privacy) Ordinance; • The Trade Descriptions Ordinance; 	OPERATIONAL EXCELLENCE
Anti-corruption	<ul style="list-style-type: none"> • Prevention of Bribery Ordinance; • The Competition Ordinance 	OPERATIONAL EXCELLENCE

MEMBERSHIPS & CHARTERS

As we continue our journey on achieving sustainability, our involvement in these organisations provides us with opportunities to share best practices with the industry, enabling us to pursue continuous improvement along our sustainability journey.

Membership:

- Business Environment Council
- Environmental Contractors Management Association
- Federation of Hong Kong Industries
- Hong Kong Environmental Industry Association
- Hong Kong General Chamber of Commerce
- Hong Kong Greening Contractors Association
- Hong Kong Pest Management Association
- Hong Kong Waste Disposal Industry Association
- Hong Kong Waste Management Association
- National Pest Management Association
- Occupational Safety & Health Council — Green Cross Group
- Pest Control Personnel Association of Hong Kong
- The Chamber of Hong Kong Listed Companies

Charter:

- Environmental Protection Department — Green Event Pledge
- Green Council — Sustainable Procurement Charter
- Labour Department — Good Employer Charter
- Occupational Safety & Health Council and Department of Health — Joyful@Healthy Workplace Charter
- Proper Operation of Refuse Collection Vehicles Steering Committee — The Charter on Proper Operation of Refuse Collection Vehicles
- The Labour and Welfare Bureau, The Rehabilitation Advisory Committee, and The Hong Kong Joint Council for People with Disability — Talent-Wise Employment Charter
- World Green Organisation — Paper Towel Saving Charter

PERFORMANCE DATA SUMMARY

		2021	2020	2019	2018
Employment	Group-wide (Person)	5,621	5,255	7,457	8,715
	By Business segment				
	Cleaning (Person)	4,237	–	–	–
	Landscaping (Person)	405	–	–	–
	Pest Management (Person)	628	–	–	–
	Waste Management & Recycling (Person)	351	–	–	–
	By Region				
	Hong Kong (Person)	5,593	–	–	–
	Mainland China (Person)	28	–	–	–
	By Employment type				
	Full-time (Person)	5,388	5,011	7,135	8,389
	Part-time (Person)	233	244	322	326
	By Workforce				
	Office Staff (Person)	247	225	218	208
	Operations Staff (Person)	5,374	5,030	7,239	8,507
	By Age group				
	Under 30 (Person)	172	179	238	247
	30–39 (Person)	264	306	341	380
	40–49 (Person)	561	503	676	845
	50–59 (Person)	1,381	1,292	1,687	2,043
	60 or above (Person)	3,243	2,975	4,515	5,200
	By Gender				
	Male (Person)	2,435	2,282	3,389	3,897
	Female (Person)	3,186	2,973	4,068	4,818
	Group-wide turnover rate (%)	2.78	2.71	3.72	3.53
	By Age group turnover rate				
	Under 30 (%)	5.65	–	–	–
	30–39 (%)	3.27	–	–	–
	40–49 (%)	3.80	–	–	–
	50–59 (%)	2.78	–	–	–
	60 or above (%)	2.40	–	–	–
	By Gender turnover rate				
	Male (%)	2.87	–	–	–
	Female (%)	2.71	–	–	–
	By Region turnover rate				
	Hong Kong (%)	2.79	–	–	–
	Mainland China (%)	0	–	–	–

PERFORMANCE DATA SUMMARY

		2021	2020	2019	2018
Training and Development	Total training hour (Hour)	23,050	16,255	20,168	13,191
	Non safety related training (Hour)	7,453	5,052	9,539	5,090
	Safety related training (Hour)	15,597	11,203	10,629	8,101
	By Workforce Profile				
	Managerial staff (Hour)	1,963	1,156	2,181	2,147
	General staff (Hour)	21,087	15,099	17,987	11,044
	By Gender				
	(excluding safety related training)				
	Male (Hour)	3,772	2,928	–	–
	Female (Hour)	3,681	2,124	–	–
	The average training hour (Hour)	4.1	3.1	2.7	1.5
	The average training hours completed by Workforce Profile				
	Managerial staff (Hour)	12.9	–	–	–
	General staff (Hour)	3.8	–	–	–
Health & Safety	Days lost due to work injury (Day)	5,583	6,939	12,387	17,766
	Work-related accidents (Number)	121	135	237	317
	(cases of over 3 lost days)				
	Work-related accident rate	1.02	1.15	1.33	1.59
	(Cases per 100,000 working hours)				
	Confirmed work-related fatalities (Number)	0	0	0	1
Safety Training hours (Hour)	15,597	11,203	10,629	8,101	
Environment	Total Resource Consumption				
	Electricity (kWh)	1,004,156	1,027,755	917,926 [^]	822,948
	Diesel (Litre)	1,585,207	1,940,805	2,478,070*	2,487,467
	Petrol (Litre)	65,019	62,856	58,962*	46,897
	Naphtha (Litre)	23,760	16,182	29,088*	–
	Water (m ³)	11,291[#]	9,853	8,324	8,418
	Water intensity (m ³ /million HK\$ revenue)	8.8	8.71	5.96	5.89
	Paper (Total) (Ream)	3,855	3,924	4,687	4,942
	Paper with recycled content (Ream)	3,785	3,775	4,480	3,925
	Non-degradable plastic bags (Bag)	430,850	345,700	607,100	446,500
	Degradable plastic bags (Bag)	6,799,048	5,548,929	10,568,661	14,948,620
	Average vehicular fuel consumption (Litre/km)	0.243	0.282	0.300	0.303
	Energy intensity (GJ/million HKD revenue)	49.66	66.93	67.91	65.42
	Energy intensity	13.79	18.59	18.86	–
(kWh in '000s/million HKD revenue)					

[#] Water consumption data is estimated for two sites in the fourth quarter as we did not receive water bills from Water Supplies Department.

[^] The data boundary has been expanded to include Glass Bottle Recycling Plant.

^{*} The data boundary have been expanded to include the stationary fuel consumption.

PERFORMANCE DATA SUMMARY

	2021	2020	2019	2018
Greenhouse Gas Emission				
Scope I (tCO ₂ e)	4,513.05	5,402.94	6,893.68	6,739.43
Scope II (tCO ₂ e)	371.73	513.88	458.96	419.70
Total Emissions (tCO ₂ e)	4,884.78	5,916.82	7,352.64	7,159.13
Carbon intensity (tCO ₂ e/million HK\$ revenue)	3.83	5.23	5.26	5.01
Air Emissions				
Sulphur oxides (tonnes)	0.03	0.03	0.04	0.04
Nitrogen oxides (tonnes)	18.51	20.90	25.99	26.28
Particulate matter (tonnes)	1.58	1.72	2.05	2.06
Hazardous waste				
Engine oil disposed (spent lube oil) (Litre)	6,600	3,600	2,000	4,000
Chemical disposed (kg)	0	0	0	0
Pesticide disposed (kg)	0	0	0	0
Hazardous waste intensity (Litre/million HKD revenue)	5.18	3.18	1.43	2.80
Non-hazardous waste				
Office — genera waste (kg)	8,206.6	6,802.7	4,069.7	3,147.0
Office — paper collected for recycling (kg)	1,756	3,585.5	2,928.0	3,724.4
Office — metal collected for recycling (kg)	79.9	74.8	79.5	81.7
Office — plastic collected for recycling (kg)	529.0	326.0	162.4	105.7
Non-hazardous waste intensity (kg/million HKD revenue)	8.30	9.53	5.18	4.94
Community				
Donations (HKD)	200,500	13,880.0	78,511.8	—
Volunteer hours (Hour)	421.5	309	377.5	600

Notes:

This document follows the best practice prevalent in corporate reporting in compliance with guidelines of HKEX. Computation of the GHG footprint is based on the Corporate Accounting and Reporting Standard (revised edition) for scope 1 and 2.

Calculation standards and methodologies for carbon emissions:

- “Guidelines to Account for and Report on Greenhouses Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong” published by the Environmental Protection Department (EPD) of Hong Kong Government

The sources of published emission factors for the reporting of carbon emissions are:

- Sustainability reports of China Light and Power (CLP) 2020

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Governance Structure		
General disclosure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses. 	MESSAGE FROM CEO (p.2)
Reporting Principles		
General disclosure	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <ul style="list-style-type: none"> (a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer's stakeholder engagement. (b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. (c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. 	ABOUT THE REPORT (p.6)
Reporting Boundary		
General disclosure	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	ABOUT THE REPORT (p.6)

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1	Emissions	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<p>OUR SUSTAINABILITY APPROACH Sustainability Governance; (p.10) GREEN AND INNOVATION Environmental Sustainability; (p.20) Climate Change; (p.21–28) Resource Management (p.29)</p> <p>Policy: http://www.baguio.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach</p> <p>During the year, the Group was not aware of any non-compliance of applicable laws and regulations and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p>
KPI A1.1	The types of emissions and respective emissions data.	GREEN AND INNOVATION – Carbon Emissions; (p.29) PERFORMANCE DATA SUMMARY (p.53)
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).	GREEN AND INNOVATION – Carbon Emissions; (p.29) PERFORMANCE DATA SUMMARY (p.53)
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GREEN AND INNOVATION – Waste Management; (p.30) PERFORMANCE DATA SUMMARY (p.53)
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	GREEN AND INNOVATION – Waste Management; (p.30) PERFORMANCE DATA SUMMARY(p.53)
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	GREEN AND INNOVATION – Environmental Sustainability; (p.20–21) Carbon Emissions (p.29)
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.	GREEN AND INNOVATION – Environmental Sustainability; (p.20–21) Waste Management (p.30)

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect A2	Use of resources	
General disclosure	Policies on efficient use of resources including energy, water and other raw materials.	<p>2021 BAGUIO'S PERFORMANCE AT A GLANCE; (p.7)</p> <p>GREEN AND INNOVATION –</p> <p>Local Use; (p.19)</p> <p>Environmental Sustainability; (p.20)</p> <p>Resource Management (p.29)</p> <p>OPERATIONAL EXCELLENCE –</p> <p>Sustainable Procurement (p.43)</p> <p>Policy: http://www.baguio.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach</p>
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)	<p>GREEN AND INNOVATION –</p> <p>Environmental Sustainability; (p.20–21)</p> <p>Energy Consumption; (p.29)</p> <p>PERFORMANCE DATA SUMMARY (p.52)</p>
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	<p>GREEN AND INNOVATION –</p> <p>Water Consumption; (p.30)</p> <p>PERFORMANCE DATA SUMMARY (p.52)</p>
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	<p>GREEN AND INNOVATION –</p> <p>Environmental Sustainability; (p.20–21)</p> <p>Energy Consumption; (p.29)</p> <p>Carbon Emissions (p.29)</p>
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.	<p>GREEN AND INNOVATION –</p> <p>Water Consumption (p.30)</p> <p>The Group sources water solely from municipal water supplies, having no issue in sourcing water that is fit for purpose.</p> <p>No water efficiency target is set, as it is not material to us. Most of the water consumption is managed by our clients.</p>
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	<p>The Group's operations do not involve the use of packaging materials.</p>

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect A3	The environment and natural resources	
General disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	<p>GREEN AND INNOVATION – Environmental Benefits We Create; (p.17)</p> <p>Strengthening Environmental Protection Through Training; (p.19)</p> <p>Environmental Sustainability; (p.20)</p> <p>Resource Management; (p.29)</p> <p>Environmental Emergency Management (p.31)</p> <p>Policy: http://www.baguio.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach</p>
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	<p>2021 BAGUIO'S PERFORMANCE AT A GLANCE; (p.7)</p> <p>GREEN AND INNOVATION – Environmental Benefits We Create; (p.17–19)</p> <p>Environmental Emergency Management; (p.31)</p> <p>Promoting Local Recycling via Mobile Recycling Platform (P.31)</p>
Aspect A4	Climate Change	
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	<p>OUR SUSTAINABILITY APPROACH – Sustainability Governance; (p.10)</p> <p>GREEN AND INNOVATION – Climate Change (p.21–28)</p>
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.	<p>GREEN AND INNOVATION – Climate Change (p.21–28)</p>
B. Social		
Aspect B1	Employment	
General disclosure	Information on: <ul style="list-style-type: none"> (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.	<p>EMPLOYEE WELLBEING – Our Employees (p.33)</p> <p>During the year, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p>
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	<p>EMPLOYEE WELLBEING – Our Employees; (p.33)</p> <p>PERFORMANCE DATA SUMMARY (p.51)</p>
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	<p>EMPLOYEE WELLBEING – Our Employees; (p.34)</p> <p>PERFORMANCE DATA SUMMARY (p.51–52)</p>



KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B2	Health and safety	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	EMPLOYEE WELLBEING Occupational Health and Safety (p.37) Policy: http://www.baguio.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach During the year, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	EMPLOYEE WELLBEING – Workplace Safety and Occupational Health; (p.39) PERFORMANCE DATA SUMMARY (p.52)
KPI B2.2	Lost days due to work injury.	EMPLOYEE WELLBEING – Workplace Safety and Occupational Health; (p.39) PERFORMANCE DATA SUMMARY (p.52)
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	EMPLOYEE WELLBEING – Occupational Health and Safety (p.37–39)
Aspect B3	Development and training	
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	EMPLOYEE WELLBEING – Talent Management (p.36–37)
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	EMPLOYEE WELLBEING – Talent Management; (p.36) PERFORMANCE DATA SUMMARY (p.52) Providing training is our foremost priority and fundamental requirement. We are upgrading the system and enhancing the training data collection and records.
KPI B3.2	The average training hours completed per employee by gender and employee category.	PERFORMANCE DATA SUMMARY (p.52) Providing training is our foremost priority and fundamental requirement. We are upgrading the system and enhancing the training data collection and records.

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B4	Labour standards	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	EMPLOYEE WELLBEING – Our Employees (p.33–34) During the year, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	EMPLOYEE WELLBEING – Our Employees (p.33)
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	EMPLOYEE WELLBEING – Our Employees (p.33)
Aspect B5	Supply chain management	
General disclosure	Policies on managing environmental and social risks of the supply chain	OPERATIONAL EXCELLENCE – Supply Chain Management; (p.42) Sustainable Procurement (p.43)
KPI B5.1	Number of suppliers by geographical region.	OPERATIONAL EXCELLENCE – Supply Chain Management; (p.42)
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.	OPERATIONAL EXCELLENCE – Supply Chain Management; (p.42) Sustainable Procurement (p.43)
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	EMPLOYEE WELLBEING Responding to COVID-19; (p.38) OPERATIONAL EXCELLENCE – Supply Chain Management; (p.42) Sustainable Procurement (p.43)
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	GREEN AND INNOVATION – Local Use; (p.19) OPERATIONAL EXCELLENCE – Supply Chain Management; (p.42) Sustainable Procurement (p.43) Policy: http://www.baguo.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B6	Product responsibility	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	<p>EMPLOYEE WELLBEING – Occupational Health and Safety; (p.37)</p> <p>OPERATIONAL EXCELLENCE Maintaining Quality Services; (p.41) Enhancing Customer Satisfaction; (p.42) Sustainable Procurement; (p.43) Safeguarding Confidential Matters (p.44)</p> <p>Policy: http://www.baguio.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach</p> <p>During the year, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p>
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group renders integrated environmental services and does not encounter product recall due to health and safety reasons.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	OPERATIONAL EXCELLENCE – Enhancing Customer Satisfaction (p.42)
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	<p>OPERATIONAL EXCELLENCE – Protecting Intellectual Property Rights (p.43)</p> <p>Policy: http://www.baguio.com.hk/en-US/sustainabledevelopment/Our-Sustainability-Approach</p>
KPI B6.4	Description of quality assurance process and recall procedures.	<p>OPERATIONAL EXCELLENCE – Maintaining Quality Services; (p.41) Enhancing Customer Satisfaction (p.42)</p> <p>The Group renders integrated environmental services and does not encounter product recalls.</p>
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Safeguarding Confidential Matters (p.44)

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B7	Anti-corruption	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	OPERATIONAL EXCELLENCE – Upholding Anti-corruption Practices (p.41) During the year, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
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.	OPERATIONAL EXCELLENCE – Upholding Anti-corruption Practices (p.41)
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	OPERATIONAL EXCELLENCE – Upholding Anti-corruption Practices; (p.41) Reporting and Monitoring (p.41)
KPI B7.3	Description of anti-corruption training provided to directors and staff.	EMPLOYEE WELLBEING – Talent Management; (p.36) OPERATIONAL EXCELLENCE – Upholding Anti-corruption Practices (p.41)
Aspect B8	Community investment	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	COMMUNITY ENGAGEMENT (p.46–49)
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	COMMUNITY ENGAGEMENT (p.46)
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	2021 BAGUIO'S PERFORMANCE AT A GLANCE; (p.7) COMMUNITY ENGAGEMENT; (p.46, 48) PERFORMANCE DATA SUMMARY (p.53)



Statement No.: **SRA-HK 768808**

BAGUIO GREEN GROUP LIMITED 2021 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The British Standards Institution is independent of Baguio Green Group Limited, and its subsidiaries (hereafter referred to as “Baguio” collectively in this statement), and has no financial interest in the operation of Baguio other than for the assessment and assurance of Baguio’s 2021 Environmental, Social and Governance Report (the “Report”).

This independent assurance opinion statement has been prepared for Baguio solely for the purposes of assuring its statements relating to the Report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or towards any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of Baguio.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of the information presented to it by Baguio. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Baguio only.

Scope

The scope of engagement agreed upon with Baguio includes the following:

1. The assurance covers environmental, social and governance (“ESG”) information in the Report, and focuses on systems and activities of Baguio in Hong Kong, which include cleaning, horticulture & landscaping, integrated pest management, waste management & collection, and recycling, during the period from 1st January 2021 to 31st December 2021. The Report is prepared in accordance with The Stock Exchange of Hong Kong Limited’s (“HKEX”) Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”).
2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 (“AA1000AS v3”) evaluates the nature and extent of Baguio’s adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. The reliability of specified sustainability performance information/data disclosed in the Report has been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of Baguio’s sustainability performance in the reporting year. We believe that the environmental and social general disclosures and key performance indicators are fairly represented in the Report, in which Baguio’s efforts to pursue sustainable development are widely recognized by its stakeholders.

INDEPENDENT ASSURANCE OPINION STATEMENT

Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Baguio has provided sufficient evidence that Baguio's self-declaration of compliance with the ESG Reporting Guide were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Baguio's policies to provide a check on the appropriateness of statements made in the Report;
- Discussion with senior executives on Baguio's approach to stakeholder engagement. We had no direct contact with external stakeholders;
- Interview with staff involved in sustainability management, report preparation and provision of report information;
- Review of key organizational developments;
- Review of supporting evidence for claims made in the Report; and
- An assessment of the Baguio's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

A detailed review against the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness and Impact and the ESG Reporting Guide is set out below:

Inclusivity

The Report has reflected the fact that Baguio is seeking the engagement of its stakeholders through numerous channels such as investor conferences and roadshows; annual general meeting; financial reports and press releases; ESG report; corporate activities and events; employee grievance mechanism; feedback from training workshops; education and support; compliance with laws and regulations; active response to government policy; ongoing communication with relevant government departments; monthly customer surveys; online questionnaire; face-to-face interviews; websites and social media platforms; feedback from front-line employees; site visits and assessments; annual interviews and appraisals; recycling education booths; recycling street stations; supporting charity organizations; voluntary work; public environmental education; guided tour and seminars; and more.

Baguio's operation involves various methods of engaging its stakeholders. The Report covers environmental and social aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, Baguio adheres to the principle of Inclusivity. Our view of areas for enhancement of the Report was adopted to Baguio before the issue of this opinion statement.

Materiality

Baguio publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies Baguio's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement of the Report were adopted to Baguio before the issue of this opinion statement.

INDEPENDENT ASSURANCE OPINION STATEMENT

Responsiveness

Baguio has implemented practices that respond to the expectations and perceptions of its stakeholders. It includes various surveys and feedback mechanisms to both internal and external stakeholders. In our professional opinion, Baguio adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted to Baguio before the issue of this opinion statement.

Impact

Baguio has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable Baguio to assess its impact and disclose them in the Report. In our professional opinion, Baguio adheres to the principle of Impact. Areas for enhancement of the Report were adopted by Baguio before the issue of this opinion statement.

HKEX ESG Reporting Guide

Based on our verification review, we are able to confirm that social responsibility and sustainable development related key performance indicators and general disclosures in two ESG subject areas (Environmental and Social) are reported on basis of the ESG Reporting Guide.

In our professional opinion, the Report covers Baguio's social responsibility and sustainability issues. Areas for enhancement of the Report were communicated to Baguio before the issue of this opinion statement.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibility

It is the responsibility of Baguio's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditors, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX ESG Reporting Guide, UNGC's Ten Principles, ISO20121, ISO14064, ISO 14001, OHSAS 18001, ISO 45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Stephen Yu

Chief Operating Officer – Hong Kong
China Operational Resilience Director

Hong Kong
20th April 2022



AA1000
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碧瑤綠色集團有限公司
Baguio Green Group Limited