



CHINA SUPPLY CHAIN HOLDINGS LIMITED
中國供應鏈產業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 3708

**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT**
2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1. Reporting scope and period

China Supply Chain Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to present its Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) to all its stakeholders.

The reporting boundary and scope of this report is the same as prior year (“**FY2020**”), it covers the Group’s core operations involving provision of building maintenance and renovation services and head office in Hong Kong. It covers the ESG-related activities from 1 July 2020 to 30 June 2021 (the “**Reporting Year**” or “**FY2021**”).

1.2. Reporting standard

This ESG report was prepared in accordance with the ESG Reporting Guide (“**ESG Guide**”) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). This Report complies with the “comply or explain” provisions of the ESG Guide. Information regarding corporate governance is included in the section of corporate governance report in the annual report of the Company according to Appendix 14 of the Listing Rules.

The Group strictly adheres to the principles of materiality, quantitative, balance and consistency to report on the relevant measures and performances during the Reporting Year.

Principles	Definitions	The Group’s Response
Materiality	The issues covered in this ESG Report shall reflect the Group’s significant ESG impacts and report on the significance of such significant issues to investors or other stakeholders.	Materiality assessment was conducted to identify key issues that are significant to the Group’s long-term sustainability. Please refer to “Materiality Assessment” for more details.
Quantitative	This ESG Report shall adopt a measurable way to disclose the data or comparative data of the Group’s historical key performance indicators and calculate the relevant data.	The key environmental and social performance indicators are disclosed quantitatively where feasible in accordance with the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Principles	Definitions	The Group's Response
Balance	The ESG report should provide an unbiased picture of the Group's performance.	The overall ESG performance of this ESG Report has been presented in an objective and unbiased way to provide stakeholders with a balanced overview of the Group.
Consistency	The Group shall use consistent methodologies to allow meaningful comparisons with the reports of the upcoming years.	Unless otherwise stated, the reporting scope and calculation methodologies used in this ESG Report remain unchanged. For any changes in the scope of disclosure and calculation methodologies, proper disclosures and explanations will be provided.

1.3. Feedback

We welcome all stakeholders and the public to provide valuable comments and suggestions on our sustainability performance. If you have any questions, suggestions and recommendations to the Group, please send them to:

Address: 12th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong

Email: info@chsc.com.hk

1.4. Board Statement

The board of directors of the Company (the "**Board**") understands its responsibility and is committed to lead and steward the Group with the aim to achieve long-term returns and generate a positive impact on the society and the environment. The Board is committed to running its operations in a sustainable manner and conserving the environment. The Board has incorporated ESG issues into the Group's business strategy. The Board is responsible for providing direction and maintaining oversight of ESG-related risk and performance. The Board has a key responsibility to formulate and prioritize the ESG targets, policies and strategies for sustainable development according to the materiality assessment in identifying significant ESG issues towards the Group's business and relevant stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.5. Communication with stakeholders

Involving our stakeholders in sustainability efforts is a valuable process that helps us achieve our initiatives more successfully. Our key stakeholders include our customers, subcontractors, suppliers, employees, regulatory authorities, shareholders and community. We value all insights and feedback from our stakeholders, and through engagement we are able to formulate greater sustainability strategies as well as identify material ESG aspects we should focus on in our reporting process. The following table shows our key stakeholders together with the key communication channels and their expectations:

Stakeholders	Key communication channels	Expectations and concerns
Customers	<ul style="list-style-type: none"> • Site visits • Complaint and feedback channels • Continuous direct communication 	<ul style="list-style-type: none"> • Quality of work • Deliver our job on time • Reasonable prices • Labour protection and work safety
Subcontractors/ Suppliers	<ul style="list-style-type: none"> • Business meetings • Industrial channels' communications and activities • Continuous direct communication 	<ul style="list-style-type: none"> • Long term and sustainable business • Fair contract term
Employees	<ul style="list-style-type: none"> • Orientations, trainings, and meetings • Performance appraisals • Internal memos • Emails and other electronic communications 	<ul style="list-style-type: none"> • Workplace safety • Rights and benefits, employee compensation • Training and development • Work hours and work environment
Regulatory authorities	<ul style="list-style-type: none"> • Statutory filings and notification • Site visits • Ad-hoc enquiries 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Prevention of tax evasion
Shareholders and investors	<ul style="list-style-type: none"> • Corporate website • General meeting • Regular corporate publications including financial reports and results announcements 	<ul style="list-style-type: none"> • Corporate governance system • Business strategies and performance • Investment returns • Information disclosure
Community	<ul style="list-style-type: none"> • Corporate website • Regular corporate publications including financial reports and results announcements 	<ul style="list-style-type: none"> • Environmental responsibilities • Community development support

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.6. Materiality Assessment

To understand the ESG issues that are important to our stakeholders and our business, we have conducted materiality assessment with online survey. The assessment process involves identification, prioritization and validation of issues. The procedures of the assessment process are shown as follows:

Step 1: Identification

A total of 22 ESG issues relevant to the Group were identified by reviewing daily operations. A pool of possible material issues was created.

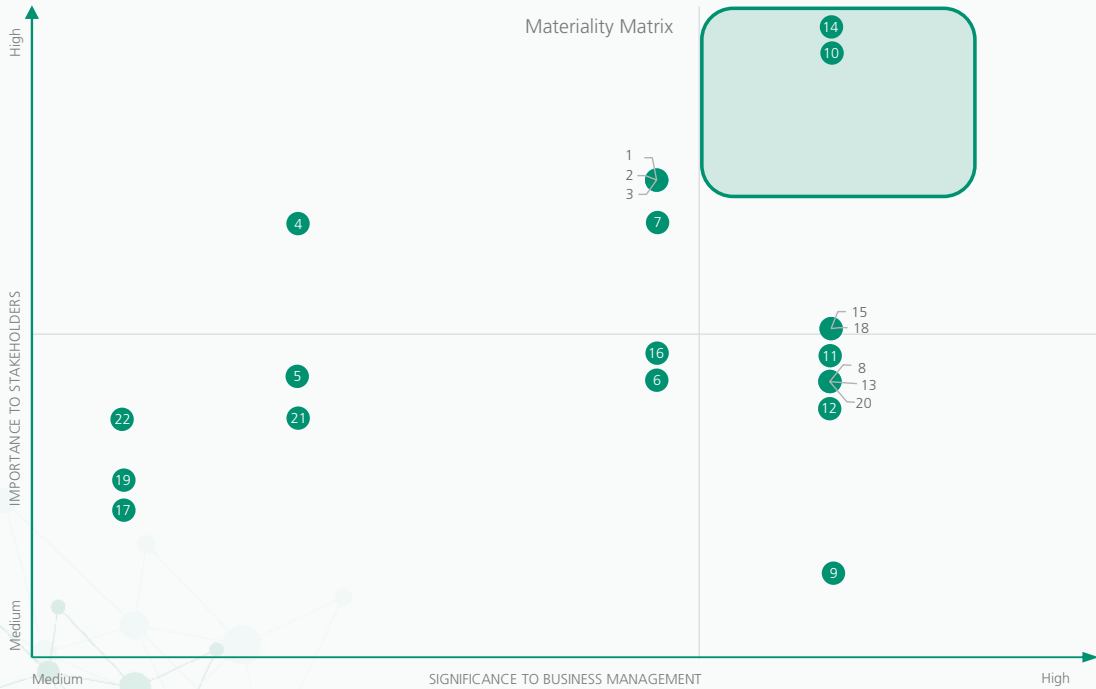
Step 2: Prioritization

Invite different stakeholder group to rank the materiality of various ESG issues through online survey and prioritized their feedback with internal management's view.

Step 3: Evaluation and validation

The management of the Group reviews and verifies the materiality of the issues and confirmed the 2 ESG issues as its material issues of 2021.

The Group has mapped out and prioritized the ESG issues with the following materiality matrix.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment		Economics and Society		
1. Air Emissions	6. Green Procurement	8. Employee Welfare	13. Social Risk in Supply Chain	18. Anti-Corruption
2. Treatment of Hazardous and Non-hazardous Waste	7. Environmental Risk in Supply Chain	9. Equal Opportunity, Diversification and Anti-Discrimination	14. Quality Control	19. Community Investment
3. Greenhouse Gas Emission and Energy Consumption		10. Occupational Health and Safety	15. Customer Services	20. Data Protection and Cyber Security
4. Use and Conservation of Water Resources		11. Staff Development and Training	16. Intellectual Property Rights Management	21. Economic Performance
5. Climate Change Risk Management		12. Employment Compliance	17. Marketing and Advertising	22. Business Expansion

2 issues shown at the upper right quadrant are considered as material for the Group's sustainable development, including quality control and occupational health and safety. Those material topics are further elaborated in the subsequent sections of this ESG Report.

The Group will maintain continuous engagement and communication with its stakeholders and strive for improvement in sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ENVIRONMENTAL PERFORMANCE

The Group's principal operating subsidiary is engaged in building maintenance, refurbishment and renovation service solutions. In response to the growing demand in environmental sustainability in the construction industry, the Group is committed to enforce its environmental management policy by using environmentally sustainable materials, energy efficient technologies and products in preventing pollution, reducing waste, and complying legal requirements. Our target is to reduce greenhouse gas emissions, increase energy use efficiency and reduce unnecessary waste disposal in our daily business operations.

2.1. Emissions Policies and Compliance

The Group acknowledges the impact of its business to the community and the environment. In order to mitigate the environmental impact produced by the Group's operations, the Group has adopted and implemented relevant environmental policies with reference to ISO 14001 Environmental Management System. The Group does not aware of significant non-compliance with the Environmental Protection Law of Hong Kong, include, but are not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), Water Pollution Control Ordinance (Chapter 358 of the Laws of Hong Kong) and Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong) for the Reporting Year.



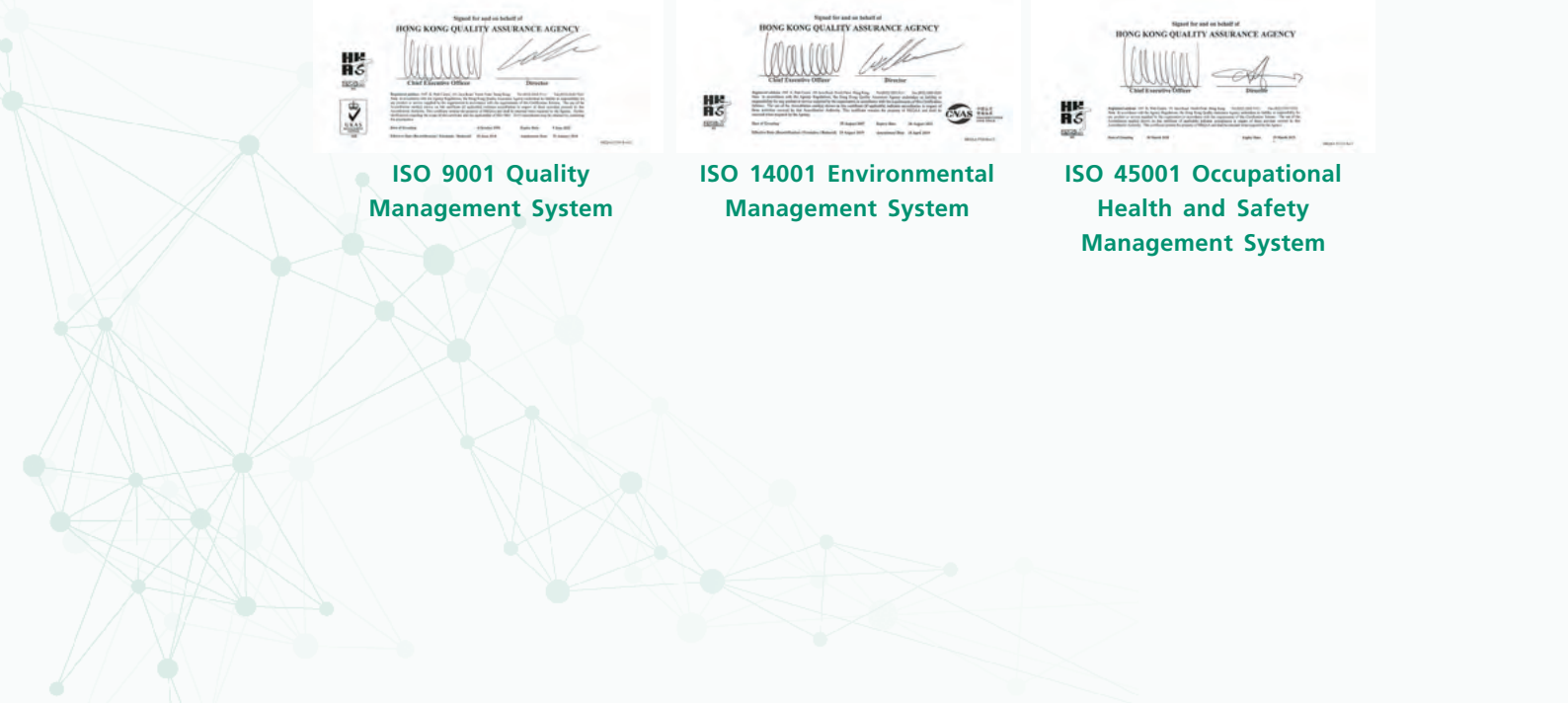
ISO 9001 Quality Management System



ISO 14001 Environmental Management System



ISO 45001 Occupational Health and Safety Management System



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.2. Carbon Footprint – Greenhouse Gas Emissions

The Group has made great efforts in controlling its emissions as well as its consumption of resources. The Group has been upholding the concept of green office and encourages our employees to save water and electricity in their daily office activities to improve the efficiency of resource usage. Its energy conservation practices included deploying energy saving lightings, switching off idle lightings, computers and electrical appliances and equipment, monitoring water consumption, using digital technology and recycled paper, encouraging the use of public transport and using telephone or video conferencing as an alternative to business travel.

The following table highlights the carbon footprint and its intensity of the Group:

Scope	Sources of GHG Emissions	2021	2020	2021	2020
		GHG Emissions (tCO ₂ -e)		Intensity ¹ (tCO ₂ -e/m ²)	
1	Mobile Combustion – Unleaded Petrol	40.45	29.58	0.158	0.058
2	Purchased Electricity	12.34	24.75	0.048	0.049
3	Disposal of Paper Waste	12.03	15.74	0.048	0.031
	Freshwater Processing	0.04	0.01	Negligible	Negligible
	Sewage Processing	0.02	0.01	Negligible	Negligible
	Total GHG Emissions²	64.88	70.09	0.254	0.138

2.3. Air Emission

Performed construction works must comply with the Air Pollution Control Ordinance and its subsidiary regulations, particularly the Air Pollution Control (Construction Dust) Regulation. During renovation and demolition processes, dust generated from various activities could make a significant contribution to local air pollution. High levels of dust, combined with other outdoor air pollutants, can cause respiratory diseases to the employees at work and the general public.

In addition, the Group's projects are mainly conducted indoor, noxious odor and volatile organic compound ("VOC") are the major molecules emitted or vaporized from the organic materials (e.g.: solvent, paint or other organic materials) that are used for construction related works; thus, the indoor air quality and the health of the employees on-site are being adversely affected.

The Group is committed to meet the requirements for indoor air quality of the construction site and premises. Stated in the Group's environmental management policy, the project manager is responsible for effective implementation and monitoring of preventive measures, including the provision of personal protection equipment ("PPE") to employees, using sprinklers for dust suppression, and the adoption of pollution mitigation procedures to control dust and potential VOC sources, in the project sites to minimize the negative impact aroused by air pollutants.

1 GHG emission is divided by the office gross floor area of the major subsidiary to calculate the intensity of GHG emission.

2 The GHG emission is calculated according to the "How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong Limited.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Another source of air emission was the use of unleaded petrol-powered motor vehicles for employee transportation. Combustion of unleaded petrol produces a high temperature environment which favors the oxidation of atmospheric nitrogen into nitrogen oxides. The incomplete combustion of unleaded petrol also generates carbon monoxide and soot particles. Since vehicles emit a considerable amount of air pollutants into the environment, the Group will continue to encourage its employees to take public transportation when possible.

The following table depicts the air emission of the Group:

Types of Air Pollutants	Unit	2021	2020
Nitrogen Oxides (NO _x)	kg	7.98	21.34
Sulphur Oxides (SO _x)	kg	0.22	0.16
Particulate Matter (PM)	kg	0.59	1.57

2.4. Hazardous and Non-hazardous Waste Disposal

The environmental impact from the waste generated by construction and demolition is the most significant issue throughout the Group's operations. Waste including packaging materials of raw materials, flooring (vinyl or wood), drywall such as wall board, gypsum or plastic board, concrete waste and carpeting materials are difficult to be recycled as they are generally collected without source separation and eventually being disposed of at landfill. However, the Group would seek for a more sustainable waste management plan to control, record and monitor the overall waste generation and disposal. The Group also encourages the subcontractors to reuse scrap steel and wood to reduce the waste disposal. The non-hazardous construction waste would be transferred to the government waste disposal facilities. The following tables summarize the quantity and destination of the waste:

Reuse & Recycling of Construction Waste ³	Unit	2021
Reuse	tonnes	43.80
Recycling	tonnes	165.50

³ Comparative figure for FY2020 is not disclosed as the Group did not collect the data of reuse and recycling of construction waste in FY2020. Such information has been collected and disclosed since FY2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Government waste disposal facilities	Types of construction waste	Unit	2021	2020
Landfills	Containing not more than 50% by weight of inert construction waste ⁴	tonnes	472.60	614.20
Sorting facilities	Containing more than 50% by weight of inert construction waste ⁴	tonnes	— ⁵	4.60
Public fill reception facilities	Containing entirely of inert construction waste ⁴	tonnes	1,879.40	3,064.70
	Total	tonnes	2,352.00	3,683.50

For the hazardous waste of waste paint, it would be transported by the licensed chemical waste collectors, treated and reprocessed at designated facilities. Paper and printed matters were another non-hazardous waste generated from office administration. Paper waste and toner cartridge from the office were collected by the property management for recycling and disposal.

The following table concludes the production amount and intensity of the non-hazardous and hazardous waste:

Waste Production	Unit	2021	2020
Construction waste	tonnes	2,561.30	3,683.50 ⁶
Paper	tonnes	2.51	3.28
Total non-hazardous waste	tonnes	2,563.81	3,686.78
Non-hazardous waste intensity	tonnes/m ²	10.04	7.25
Total hazardous waste (i.e.: waste paint)	kg	40.00	—
Hazardous waste intensity	kg/m ²	0.16	—

4 Inert construction waste refers to rock, rubble, boulder, earth, soil, sand, concrete, asphalt, brick, tile, masonry or used bentonite.

5 No construction waste is disposed for FY2021 at sorting facilities for sorting inert and non-inert construction waste, as Hong Kong Housing Authority (HKHA) requires a better waste sorting at source before disposal.

6 Production of construction waste was assumed to be equal to the disposal.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.5. Use of Resources

During the Reporting Year, the primary resources consumed by the Group were unleaded petrol, electricity, water and paper, no packaging materials of finished products were used or needed for its business. The following table illustrates the consumption of different resources and their intensity.

Energy and Resources		Unit	2021	2020
Energy	Unleaded Petrol	kWh	138,494.84	99,470.60
	Electricity	kWh	31,631.96	49,503.89
	Total	kWh	170,126.80	148,974.49
Energy Consumption Intensity ⁷		kWh/m ²	665.90	292.94
Paper		kg	2,507.74	3,279.94
Water		m ³	88.35	27.00
Water Consumption Intensity ⁸		m ³ /m ²	0.35	0.05

It is noteworthy that the overall electricity and water consumption of the Group cannot represent its total carbon footprint, as the electricity and water supply in project sites were provided by the property owners, thus, they were not available for energy and water consumption, and GHG emission calculation. Instead, the available office data controlled by the Group was included in the calculation.

Fossil Fuel Consumption – Unleaded Petrol

The air emission of motor vehicles may affect the health of the general public and neighboring communities through its environmental impact. Regular maintenance on vehicles was conducted to ensure optimal performance and enhance the combustion efficiency of unleaded petrol to mitigate air and GHG emissions.

Energy Consumption – Electricity

The Group saves electricity consumption through the use of window blinds in the offices for insulation to reduce indoor temperature hence the use of air conditioners during summer.

Water Consumption

The Group did not encounter any issues in sourcing water for its business during the Reporting Year. The water supply in the project sites was entirely provided by the property owners, thus, it was not available for water consumption. The Group will continue to commit in water conservation as water is one of the most precious natural resources on the Earth. Labels of water conservation are placed near the source of tap water supply such as basins in pantry and washroom to remind employees preserving freshwater.

⁷ Energy consumption is divided by the office gross floor area of the major subsidiary to calculate the intensity of energy consumption.

⁸ Water consumption is divided by the office gross floor area of the major subsidiary to calculate the intensity of water consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Paper Consumption

Paper and printed matters are used for administration and report publication purposes during the Reporting Year. The Group will continue to monitor its paper reuse and recycling efficiency to reduce paper consumption and disposal.

2.6. The Environment and Natural Resources

To seek long-term environmental sustainability, the Group has made great efforts in complying with the relevant environmental laws and regulations, controlling its emissions, as well as documenting its waste and consumption of resources in its daily operations. The environmental impact is mainly caused by outdoor building maintenance, indoor refurbishment and renovation work in considering the Group's major business.

Noise Control

The Group and subcontractors pay a great effort to control and mitigate noise production and impacts towards environment and residents through the adoption of quiet equipment qualified with quality powered mechanical equipment ("QPME") label and maintenance methods, application of sound reduction installations, for examples, mufflers and acoustic shields, and scheduling of construction work at permitted hours during refurbishment and renovation work process to satisfy for the requirement of a construction noise permit and comply with Noise Control Ordinance.

Site Hygiene

The Group follows the guidelines and instructions of Hong Kong Housing Authority and Food and Environmental Hygiene Department for rodent, mosquito and pest prevention and control. The sub-contractors spray larvicide at dumping area weekly to prevent the breeding of mosquitos. Site agent of the Group inspects the cleansing weekly with a checklist to ensure a promising hygienic environment.

Protection of Existing Trees and Shrubs

Temporary fencing protects existing trees and shrubs in the surroundings of the site area within 2m by preventing the encroachments of equipment and materials, and contamination of surrounding ground by oil and deleterious substances. No access is allowed within protective fence of tree protection zones.

2.7. Climate Change

In view of the increasing frequency of extreme climate events around the globe, we understand that climate change risks would have a direct and indirect impact on its business. Accordingly, the Group has incorporated climate risk into its own risk management system to identify and mitigate the risks that may affect the Group. The significant climate change issues impacted the Group, and its counter measures are as follows:

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Change Risks

Counter Measures

Physical risk

Extreme weather brings typhoon, high temperature and rainstorm, which may lead to the temporary closure of the office and site, spillage of chemicals, and blockage of drainage

- When the government departments issue relevant extreme weather, the Group will implement measures to ensure the safety of employees according to the situation, such as leaving work early and work from home.
- Regularly review the Group's environmental protection initiatives and strive to ensure their effectiveness.
- The foreman inspects the site for potential environmental risk conditions (e.g.: spillage of chemical storage and blockage of drainage) before the occurrence of extreme weather events, and safety officer enacts the environmental emergency plan to mitigate any environmental hazards owing to typhoon and flooding.
- Strengthen its emergency preparedness and various operation practices to prevent losses and incidents, including the effect of more frequent and intense hot weather

Transition risk

Tighten environmental rules and regulations

- Closely monitor the regulatory environment to ensure that the Group meets the expectations of regulatory authority and complied with the environmental-related law and regulations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. EMPLOYMENT AND LABOUR PRACTICES

3.1. Employment Policies and Compliance

The Group understands that human resource is one of the key elements of its business development and success. By employing and developing dedicated and talented people, the Group can provide reliable, and high-quality services to its customers.

The breakdowns of total workforce and turnover rate are shown below:

	2021	2020
Total number of employees	73	105
By gender		
Male	45	66
Female	28	39
By age group		
25 or below	6	4
26–35	13	26
36–45	20	24
46–55	12	17
56 or above	22	34
By employment type⁹		
Full-time	73	Not available
By employee category		
Senior management	2	13
Middle management	6	19
General staffs	65	73
By geographical region⁹		
Hong Kong	73	Not available

⁹ Comparative figure for FY2020 is not disclosed due to insufficient information for calculation. As the data collection system improves, such information has been disclosed since FY2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2021

Total employee turnover rate⁹	71.23%
By gender	
Male	82.22%
Female	53.57%
By age group	
25 or below	166.67%
26–35	115.38%
36–45	45.00%
46–55	33.33%
56 or above	63.64%
By geographical region	
Hong Kong	71.23%

To promote a harmonious and productive workforce, the Group creates an inclusive working environment and provides equal opportunities to its employees in the decision-making process of recruitment, training and development, promotion, and remuneration and benefits. The Group does not aware of significant non-compliance with the Employment Ordinance (Cap. 54 of the Laws of Hong Kong), the Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong), the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong), Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong), Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), and Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong) for the Reporting Year.

The decision of recruitment, promotion and remuneration is fairly made based on relevant factors such as job requirement, work experience, qualifications and work performance, regardless of gender, nationality, race, religion, disability, marital status, or pregnancy of the candidates to ensure equal opportunities in employment. No form of discrimination would be tolerated in the workplace, the Group welcomes whistleblowers to report about any discrimination cases against the employees.

We strive to attract and retain talent by creating a caring work environment for our employees to support our business growth. Competitive remuneration packages are offered to the employees of the Group based on the prevailing market practices and their individual performances. The remuneration package includes discretionary bonus, annual leave, sick leave, maternity leave, medical scheme, mandatory provident fund and fringe benefits. Apart from these, performance appraisal is conducted annually based on the employees' job performance, skills and achievement to reward the efforts of employees devoted to the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The employee handbook is structured to communicate important ground rules and regulations, surrounding employment and labour standard, remuneration and benefits, leave and holidays, training and development, business conduct and ethics, and occupational health and safety. It is an essential tool to define the expectations of the management over the rights and responsibilities of the employees and to ensure employees are being treated with fairness and consistency.

3.2. Health and Safety

We are committed to providing a safe and healthy working environment. It is also our concern not to put our employees and the general public in hazards. We emphasize employees' health and safety, where providing a safe working environment is one of the top priorities.

The Group's occupational health and safety management system is in compliance and certified with ISO 45001 Occupational Health and Safety Management System. The Group does not aware of significant non-compliance with the laws and regulation about occupational health and safety, including but not limited to Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and other applicable relevant laws and regulations for the Reporting Year.

We implemented the following key measures to ensure workplace safety:

- Safety committee has been formed in which safety committee meeting is held on a monthly basis for the purpose of setting strategic guidelines for our safety department to (i) manage occupational health and safety measures relating to our operation; and (ii) monitor the implementation of safety management for the Group.
- Safety sub-committee at site level has been formed to monitor the implementation of on-site safety management with the participation of the subcontractors' representatives on project basis.
- Appoint safety supervisors to regularly inspect the construction sites in monitoring the safety issues and ensure the safety manuals are well implemented.
- Safety officer conducts safety risk assessment on a half-yearly basis.
- Provision of adequate safety training for all levels of personnel (including the subcontractors' employees) to increase the safety awareness
- Personal protective equipment such as helmets, gowns, gloves, eyewear, ear protectors and face masks are provided.
- Site agent submits the accident report within 24 hours to notify office management and safety officer for accident and injury investigation to avoid the recurrence of similar accidents.
- Emergency evacuation drills are scheduled throughout the year to ensure the readiness of the employees in responding to any type of crisis.
- First-aid box is provided to every site office for immediate rescue and contingency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Health and Safety Performance	2021	2020
Number of work injury cases	1	2
Lost days due to work injury	256	288
Number and rate of work-related fatalities of the past three years including the Reporting Year	–	–

3.3. Development and Training

The Group understands that human resource is one of its valuable assets. Knowledge, experience, skills and performance of employees are critical to the Group's continuous success and growth. To encourage and support employees in developing their potentials, the Group regularly reviews the learning and development needs of the employees and provides internal training programs, on-the-job trainings and development opportunities for them to improve their knowledge and expertise at work.

Our safety manager and safety officer organize all safety training in order to promote workers' and subcontractors' safety awareness and compliance on site. The Group also sponsors employees to pursue external training programs, for example, certificates for construction safety supervisors from Hong Kong Institute of Construction, and applications for professional memberships that will enhance the job performance and support the career aspirations of its staff.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has a total 116.0 (2020: 200.5) training hours for the Reporting Year. The training breakdown is shown as below:

Employee Training¹⁰	2021
Percentage of trained employees	
By gender	
– Male	50.00%
– Female	50.00%
By employee category	
– Senior management	–
– Middle management	–
– General staff	100.00%
Overall	16.44%
Average number of training hours per employee	
By gender	
– Male	2.18
– Female	0.64
By employee category	
– Senior management	–
– Middle management	–
– General staff	1.78
Overall	1.59

3.4. Labour Standards

The Group protects the rights of employees and strictly complies with the applicable laws and regulations on employment, including but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), the Employment of Children Regulation (Chapter 57B of the Laws of Hong Kong) and the Employment of Young Persons (Industry) Regulation (Chapter 57C of the Laws of Hong Kong), to avoid deprivation of child and forced labour.

¹⁰ Comparative figure for FY2020 training data is not disclosed due to insufficient information for calculation. As the data collection system improves, the training data has been disclosed since FY2021.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During our recruitment process, documents authenticating the applicants' identity and eligibility to work are obtained and verified, so as to ensure no person below the age of eighteen has been hired. Any act of violence, with the purpose of deliberately causing discomfort, threats, bodily harm, as well as forcing employees to work, is strictly prohibited by the Group. If any child labour or forced labour is found, the relevant employee will be dismissed immediately and the human resources personnel is responsible for conducting an investigation and implementing new measures to prevent re-occurrence. During the Reporting Year, no incident about child and forced labour was identified.

4. OPERATING PRACTICES

4.1. *Supply Chain Management*

The Group expects all its subcontractors or suppliers to follow fair and equal employment practices, and stand against any kind of discrimination or unethical labour. In addition, all our suppliers are strongly encouraged to not only include but also promote green practices and considerations in their production. To make sure goods and services are procured in an honest, competitive, fair, and transparent manner that delivers the highest cost performance, suppliers and subcontractors are assessed based on their health and safety, environmental performance, and product and service quality and are selected based upon rational and clear criteria. The Group purchases the raw materials for district maintenance and estate refurbishment from the suppliers subject to the requirement and standards listed in a tender booklet of which considers the factors and impacts of environment, health, safety and durability written by Hong Kong Housing Authority.

The Group has a total of 20 (2020: 22) suppliers and subcontractor, in which all of them were located in Hong Kong.

4.2. *Suppliers' and Subcontractors' Engagement*

As a main contractor, the Group maintains a long-term relationship with its subcontractors to ensure service stability. Selection, assessment and appointment of subcontractors are based on ISO 9001 standard. The Group adopts the following measures to monitor environmental and social risks, subcontractors' quality of work and compliance of occupational health, safety, environmental rules and regulations:

- (a) Clear management structure between project management team and subcontractors;
- (b) Prevention of unauthorized multi-level subcontracting;
- (c) Constant monitoring and inspection;
- (d) Monthly review on subcontractors' work progress;
- (e) Performance assessment of subcontractors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group's operation and supplier management plan is designed for the supervision and monitoring of tender preparation, projects execution, suppliers and subcontractor's selection, appointment and management, procurement of supplies, materials and equipment. As the estate refurbishment and renovation projects involve a wide range of products supplied from various vendors to cope with diverse specifications of the customers, the project management team regularly monitors and reviews the approved list of raw material suppliers and subcontractors with the latest updates to its employees. The team also monitors, audits, and manages the processes regarding materials selection, quality management system and work performance for guaranteed quality and standards of its project deliverables from an effective and efficient supply chain.

4.3. Quality Assurance

The Group is committed to providing high-quality district maintenance, estate refurbishment and renovation work to its customers. We have put in place a quality management system which has been certified to be in compliance with the requirements of ISO 9001 and ISO 14001. Our quality assurance measures have enabled us to provide a quality service that meets both contractual and statutory requirements and we are able to utilise our resources in a planned, systematic, efficient, safe and cost effective manner. We closely monitor and regularly inspect the quality of purchased materials and our subcontractors' workmanship standard. We offer customer services to our customers to handle and resolve complaints and non-conformities and consider corrective and preventive actions. We constantly seek to improve our quality management system through annual evaluation and assessment by our management.

The Group did not receive significant complaints from customers regarding quality of our work during the Reporting Year (2020: Nil). To improve our quality of service, in the course of project execution, we offer customer services to our customers to handle and resolve complaints and non-conformities and consider preventive actions to prevent re-occurrence of similar incidents in the future. In handling customers' complaints and feedback, our customer service department follows our "4R" procedures (i.e. receiving, recording, responding to and reviewing complaints in a timely manner). We operate a complaint telephone hotline on site manned by our public relations representatives throughout the project period from 9 a.m. to 6 p.m. and from Monday to Saturday (excluding public holidays) to handle and receive complaints from public that may arise in the course of our project execution. Complaints can also be lodged by way of email, complaint card or written complaint form. We endeavour to respond to such complaints and enquiries within 24 hours and in case of emergency, within an hour. Such complaints and enquiries are reported to our project/construction manager and quality manager who then coordinate with our safety officers to consider appropriate corrective and preventive actions to be taken.

4.4. Data Protection and Privacy Policy

The Group manages and protects the data collected from its business partners, customers, employees and suppliers to safeguard their confidentiality. The Group complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), all proprietary data collected are neatly organized and stored in computers and servers which are protected from access passwords. As stipulated in the Group's ethical guidelines, employees are obliged to follow the confidentiality clause on access to information and ensure the safekeeping of all personal and business data, trade secrets and proprietary information.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Since the services provided by the Group did not involve a significant concern over the aspects of advertising and labelling, the related policies would not be disclosed in this ESG Report for the Reporting Year. Moreover, the Group was not aware of any violation of related laws and regulations in relation to health and safety, advertising and labelling of the services and products and methods of redress that have a material impact on the Group's business performance during the Reporting Year.

4.5. *Anti-corruption*

The Group values and upholds integrity, honesty and fairness in its business. Procurement and tendering processes are conducted impartially to prevent price fixing, bid-rigging, bribery, corruption, and fraudulent practices for fair competition. As stipulated in the Group's ethical guidelines and induction training for new joiners, all employees are required to observe the ethical consideration and obey the anti-corruption clause when engaging in the Group's business activities. It does not tolerate any corruptions, frauds and all other behaviors violating work ethics. During the Reporting Year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering. The relevant laws and regulations include, but are not limited to, Competition Ordinance (Chapter 619 of the Laws of Hong Kong), Prevention of Bribery Ordinance (Cap. 201), the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615), and other relevant laws and regulations related to anti-corruption. There were also no concluded legal cases regarding corrupt practices brought against the Group or its employees during the Reporting Year (2020: Nil). Anti-money laundering training materials are yearly circulated among the directors of the Group to raise the vigilance over the corruptive behavior.

The Group has adopted whistleblowing policy, which allows any related members of the Group to report concerns about any suspected or actual improprieties relating to the Group. The whistleblower can confidentially and anonymously report the incident through email to the chairman of audit committee for independent investigation. All the proven fraudulent activities after investigation will be reported to respective law enforcement authorities for disciplinary actions and litigation.

5. COMMUNITY INVESTMENT

The Group has yet to place resources as community contribution for the Reporting Year. Nevertheless, our staff are also encouraged to participate in community activities in their spare time held in the community, and even those in their neighborhood communities on their own initiatives, thus establishing strong relations with the communities and creating values for the neighborhood. The Group will also explore opportunities in the future in supporting local charitable organisation to play a part in making a difference and strengthening the society.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX I: STOCK EXCHANGE ESG GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Section/Statement
A. Environmental	
Aspect A1: Emissions	
General Disclosure Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Policies and Compliance, Carbon Footprint — Greenhouse Gas Emissions, Air Emission, Hazardous and Non-hazardous Waste Disposal
KPI A1.1 The types of emissions and respective emissions data.	Air Emission
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).	Carbon Footprint — Greenhouse Gas Emissions
KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste Disposal
KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Hazardous and Non-hazardous Waste Disposal
KPI A1.5 Description of emission target(s) set and step taken to achieve them	Environmental Performance, Carbon Footprint — Greenhouse Gas Emissions, Air Emission
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.	Hazardous and Non-hazardous Waste Disposal

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Use of Resources
KPI A2.1	Direct and/or indirect energy (e.g. electricity, gas or oil) consumption by type in total (in thousand kWh) and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Resources
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.	Use of Resources
KPIA2.5	Total packaging material used for finished products (in tonnes), and if applicable, with reference to per unit produced.	No packaging materials of finished products were used or needed for the Group's business.
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	The Environment and Natural Resources

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Section/Statement
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.	Climate Change
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.	Climate Change
B. Social	
Aspect B1: Employment	
General Disclosure Information on: the policies; and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Employment Policies and Compliance
KPI B1.1 Total workforce by gender, employment type (e.g. full time or part time), age group and geographical region.	Employment Policies and Compliance
KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Employment Policies and Compliance
Aspect B2: Health and Safety	
General Disclosure Information on: the policies; and 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.	Health and Safety
KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the Reporting Year.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
KPI B2.2	Lost days due to work injury	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (such as senior management and middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.	Labour Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Section/Statement
KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility	
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. 	Data Protection and Privacy Policy
KPIB6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not disclosed since this is not a material issue to the Group's business.
KPIB6.2 Number of products and service-related complaints received and how they are dealt with	Quality Assurance
KPIB6.3 Description of practices relating to observing and protecting intellectual property rights	Not disclosed since this is not a material issue to the Group's business.
KPIB6.4 Description of quality assurance process and recall procedures	Quality Assurance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Section/Statement
KPIB6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Data Protection and Privacy Policy
Aspect B7: Anti-corruption		
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 bribery, extortion, fraud and money laundering. 	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Year and the outcomes of the cases	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff	Anti-corruption
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 takes into consideration communities' interests.	Community investment
KPIB8.1	Focus areas of contribution (e.g. education, environmental matters, labour needs, health, culture, sports).	Community Investment
KPIB8.2	Resources contributed to the focus areas (e.g. money or time).	Community Investment