

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



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MESSAGE FROM CEO



“

We navigate the evolving sustainability landscape, we remain steadfast in our commitment to environmental stewardship and innovation for sustainability.

”

Dear Stakeholders,

I am delighted to present Baguio Green Group Limited’s Sustainability Report (“ESG report”) for the financial year 2023. As you shall see, innovation and smart solutions continue to be the hallmarks of our commitment to low-carbon transformation. This year’s report is designed to deliver a comprehensive account of the Group’s ESG performance, with “Environmental, Social, and Governance” (ESG) principles guiding our business success and sustainability.

INNOVATING FOR SUSTAINABILITY

Innovation remains at the core of Baguio’s sustainability efforts this year. Our innovative Black Soldier Fly (BSF) Hatch is the first modernised automatic bioconversion plant in Hong Kong, which converts chicken manure into animal feed and organic fertiliser by using ‘Black Soldier Fly’ (BSF) larvae. We anticipate that BSF will continue to be a biotech solution to address the pressing issue of organic waste build-up in Hong Kong landfills. Biochar, another one of the innovative solutions that we are currently mastering, is being used to enhance soil performance in landscaping and planting. It also serves as a carbon capture tool, thus aiding Baguio and Hong Kong in reducing carbon emissions.

To provide more efficient waste management solution to our clients, we develop innovative green solutions and artificial intelligence (AI) technology, such as Smart Recycling Bins and Food Waste Smart Bins. Automation, machinery, and big data applications play an increasingly significant role in optimising our operations at Baguio. Our ESG+ solution continues to deliver integrated environmental services and recycling data, empowering clients to strengthen their ESG performance and achieve their ESG objectives.

TRANSFORMATION TO A LOW-CARBON ECONOMY

Within Baguio, we are undergoing a significant low-carbon transformation across various fronts. To address Scope 1 emissions, we are proactively working to enhance the efficiency of our vehicle fleet. Our greenhouse gas emission has been reduced by 32.2% since 2016. A feasibility study is currently in progress to assess the potential replacement of our existing vehicles with more energy-efficient alternatives. For Scope 2 emissions, we are implementing advanced green measures in our offices, aiming to reduce our electricity consumption and waste. Additionally, we have initiated the collection of Scope 3 emissions data through a digital carbon management platform, S-Carbon, to better assess our carbon footprint throughout the supply chain, engage our suppliers in our environmental policies and prepare for upcoming disclosure requirement of HKEX.

We believe employee engagement is essential in advancing corporate sustainability. To achieve this, we have enhanced our Personal ESG Scheme that aims to influence employees’ behaviour by promoting sustainable choices in their everyday decisions and engaging in community services.

MESSAGE FROM CEO

CHERISHING OUR PEOPLE AND COMMUNITY

To ensure the occupational safety of all employees during extreme weather events, such as an increase in scorching hot days, we have introduced a comprehensive Heat Stroke Prevention Work Plan. Our strategy includes risk assessment, duty rotation, provision of heat prevention equipment and SMS notifications to ensure frontline staff receive timely protection. Additionally, our Safety, Health, Environment and Quality Department (“SHEQ Department”) conducts extensive training, totalling 19,263 hours of safety related training, aiming at instructing frontline staff on how to increase work efficiency with the aid of tools and technology, strengthen safety measures to minimise the occurrence of accidents, and expedite their return to work. This not only helps control human resources management costs but also allows us to maintain a low accident rate.

To retain our valuable human capital, we recognise and reward employees with outstanding performance through awards, acknowledging their dedication and commitment. Our ESG Working Group has actively begun exploring new initiatives to retain critical components of our workforce, which include frontline foremen.

As a listed company based in Hong Kong, we realised our social responsibility to educate citizens and contribute to the community. This year, we organised or participated in 73 CSR events or talks and committed 909 volunteer hours in the community. Recycling plants visit tours, seminars, recycling days are coordinated to educate the community about climate change and importance of environmental conservation.

STRENGTHENING SUSTAINABILITY GOVERNANCE

Our Sustainability Steering Committee continues to oversee the Company’s ESG policy with Independent Non-Executive Directors (INEDs) joining the committee. Our INEDs are experts from operations management, finance and business administration, together with our senior management from various departments, the steering committee will steer the Company toward sustainability and ensure the ESG information is appropriate, reliable and compliant under their supervision. Furthermore, our cross-department ESG Working Group has introduced new initiatives in four key areas: green fleet, green procurement, sustainable workforce, and sustainable culture development, we are expecting new sustainability enhancement measures coming out in the coming years. This year, we received 29 awards and recognitions related to at least one area of ESG, which is a recognition of our efforts in sustainability.

LOOKING FORWARD

As we navigate the evolving sustainability landscape, we remain steadfast in our commitment to environmental stewardship and innovation for sustainability. In anticipation of the opportunities and challenges brought by new government policies and regulations, such as Municipal Solid Waste Charging Scheme and Producer Responsibility Scheme, we have made extensive preparation for handling the growing volume of recyclables with our commitment to digital transformation, innovation, and leveraging big data for operational excellence. These innovations are enhancing our work efficiency and safety, as well as reducing our carbon footprint. We are also implementing measures proposed by our ESG Working Group to further enhance sustainability within operation and organisational culture.

APPRECIATION

I would like to take this opportunity to express my heartfelt gratitude to our Board and employees for their continuous dedication to the Group’s achievements. Our ability to achieve outstanding ESG results depends on the active involvement and support of our stakeholders. Looking ahead, we will relentlessly advance sustainable development, innovation, and the principles of the circular economy to create a cleaner, greener, and smarter city.

Phyllis Ng

Executive Director & Chief Executive Officer

About Baguio Green Group

Baguio Green Group Limited (referred to as the “Company” and collectively with its subsidiaries as the “Group” or “Baguio”) has been committed to creating a cleaner and greener Hong Kong since its founding in 1980. Baguio provides a wide range of integrated environmental services, including cleaning, recycling, waste management, green technology, organic fertiliser production, animal feed production, horticulture and landscaping, and pest management.

As one of the industry leaders, Baguio integrates innovation and artificial intelligence into its business, enhancing productivity and efficiency to meet the demands of sectors in Hong Kong, including the HKSAR Government, public utilities, and private corporations.

About the Report

This is the ninth report in which we disclose Baguio’s performance and progress in the environmental, social, and governance (ESG) domain. Written in compliance with the Environmental, Social, and Governance Reporting Guide outlined in Appendix C2 of the Rules Governing the Listing of Securities on the Hong Kong Exchange, this report adheres to the reporting principles of Materiality, Quantitative, Balance, and Consistency. This year, we continue to structure our sustainability report encompassing all material topics under the acronym “Baguio” to demonstrate that sustainability is indispensable in Baguio and our core services.

| | |
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| B | Being a Leader: Our Sustainability Approach |
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| U | Upholding our Employees |
| I | Implementing Operational Excellence |
| O | Our Community Engagement |

REPORTING PERIOD

Our 2023 Sustainability Report encompasses a comprehensive overview of initiatives, measures taken, target progress, and the evaluation of sustainability performance throughout the reporting period, spanning from January 1st to December 31st, 2023.

The report has been reviewed and approved by the Board and received independent assurance by The British Standards Institution (“BSI”) to uphold the highest levels of transparency. The verification endorsement by BSI is available in the appendix of this report. Hence, to the best of our knowledge, this report presents the sustainability management approach and addresses all material topics as indicated by our annual stakeholder engagement surveys.

REPORTING SCOPE

The boundary of this sustainability report covers the essential business services of the Group in Hong Kong, 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 2023 Annual Report. The Group has business in the mainland China, but since it contributes only a small porportion of the Group’s business, it is not included in the boundary of this sustainability report.

2023 BAGUIO'S PERFORMANCE AT A GLANCE

Being a Leader: Our Sustainability Approach

- Sustainability governance enhancement
 - Added new members in Sustainability Steering Committee, including Independent Non-Executive Directors (INEDs), Chief Administrative Officer (CAO), Chief Strategy Officer (CSO) and Head of HR
 - Senior management actively participates in 30 advisory groups and working groups initiated by environmental NGOs and industry associations to enhance industrial collaboration
- ESG Working Group new initiatives to enhance sustainability within operations and corporate culture
- Assessed time horizon and impact level of identified climate related risks and opportunities
- Planned strategies in response to the challenge and opportunities presented by the Municipal Solid Waste Charging Scheme
- “Personal ESG Scheme” is enhanced with the addition of food waste collection campaign and Daily 10,000 Steps Health Award to further develop sustainability culture among staff
- Adopted S-Carbon digital carbon management platform to manage Scope 1, 2 and 3 carbon emissions



Acknowledging our Climate Footprint

- Reduced 32.2% of carbon intensity (base year 2016)
- Reduced 32.6% of energy intensity (base year 2016)
- Expanded electric vehicle usage and explored the feasibility of new energy vehicles
- Recycled 16.5% non-hazardous waste
- Introduced innovative water recovery initiatives in our Glass Bottle Recycling Plant
- Launched sustainable laisee initiative and food waste collection campaign in office



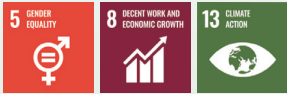
Greening our Planet

- Collected 59,644 tons of recyclables
- Recycled and upcycled 23,559 tons of collected recyclables into raw materials or green products at Baguio's local recycling facilities
- Introduced biotechnology in solving waste problem – Black soldier fly project and biochar production from yard waste
- Engaged in waste to energy solutions for cement burning plant
- Deployed 60 Smart Recycling Bins across 18 districts
- Organised over 200 environmental training and education activities in the community



Upholding our Employees

- Staff attended 23,512 hours of training
- The accident rate is 1.29 cases per 100,000 working hours
- Launched Heat Stroke Prevention Work Plan to reduce impact of climate change on employees
- Organised various wellness activities and provided sports subsidy for employees



Implementing Operational Excellence

- Adopted 3 new digital and technological innovations to enhance daily work efficiency and accuracy
- Engaged suppliers and customers through the S-Carbon platform for carbon emissions management across the supply chain
- Organised sustainable procurement seminar for our suppliers
- Over 97% of evaluation items in each evaluation category in the Baguio Service Quality Evaluation Survey achieved a “Satisfactory or above” rating
- Implemented measures to protect information security and data privacy



Our Community Engagement

- Contributed 909 volunteer hours in community services
- Donated a total of HKD270,500 to NGOs
- Donated 26 desktop computers, 12 LCD monitors, and five additional accessories to NGOs
- The iRecycle app facilitated the collection 12,100 glass containers and 130,837 plastic bottles



AWARDS AND RECOGNITIONS




| Issuing Party (By Alphabetical Order) | Award/Recognition |
|--|--|
| All Round Sustainability | |
| Green Council | UNSDG Achievement Awards 2023 - Merit |
| Hong Kong Management Association | Certificate of Excellence (Large Organization Category) of the Hong Kong Sustainability Award 2023 |
| Standard Chartered Bank | 2023 Standard Chartered Corporate Achievement Awards: Sustainable Corporate (Environmental) – Outstanding Award |
| Television Broadcasts Limited | TVB ESG Awards 2023 – Special Recognition |
| V-Step Up Limited | The Smartest Business Award 2023 – The Excellent ESG solutions Service Pioneer |
| Environmental Responsibility | |
| Bank of China & The Federation of Hong Kong Industries | Corporate Environmental Leadership Awards 2022 – EcoPartner & EcoPioneer (5 Years +) - Baguio Green Group Limited Corporate Environmental Leadership Awards 2022 – EcoChallenger – Baguio iRecycle Limited |
| Discovery Bay | Discovery Bay Recycling Day 2023 – Appreciation of Supporting |
| Environmental Campaign Committee | Hong Kong Green Organisation Certification – Wastewi\$e Certificate – Good Level Certificated as Hong Kong Green Organisation |
| World Green Organisation | Green Office Award Labelling Scheme – Certificate of Recognition |
| Socio-economic Contribution | |
| Chun Wo – Kwan Lee Joint Venture | Site Safety Performance Award for Sub Contractor (Third Quarter of 2023) – Tak Tai Enviro scape Limited |
| Employees Retraining Board | Manpower Developer Award Scheme – Manpower Developer |
| Hong Kong Arbitration Society | Certificate of Appreciation – The Charter of Harmony HK |
| Hong Kong Council of Social Service | Caring Company 2022/23 – Baguio iRecycle Limited 5 years+ Caring Company 2022/23 – Baguio Green Group Limited 5 years+ Caring Company 2022/23 – Tak Tai Enviro scape Limited 10 years+ Caring Company 2022/23 – Baguio Waste Management & Recycling Limited 10 years+ Caring Company 2022/23 – Baguio Pest Management Limited 10 years+ Caring Company 2022/23 – Baguio Landscaping Services Limited 10 years+ Caring Company 2022/23 – Baguio Cleaning Services Company Limited |
| Hong Kong Metropolitan University – School of Science & Technology | 2023 HKMU S&T Career Fair – Certificate of Appreciation |
| Hong Kong Waste Disposal Industry Association | 2023年愛護環境心送暖 (Care for the environment and warm the hearts 2023) – Certificate of Appreciation |

AWARDS AND RECOGNITIONS

| Issuing Party (By Alphabetical Order) | Award/Recognition |
|---|---|
| Socio-economic Contribution (Continued) | |
| Promoting Happiness Index Foundation | Happiness at work 2023 – Happy Company |
| Qualifications Framework Secretariat | QF Star Supporter – Baguio Green Group Limited QF Star Employer – Baguio Cleaning Services Company Limited |
| Selective Placement Division, Labour Department | Work Orientation & Placement Scheme 2022 – Certificate of Appreciation |
| The Federation of Hong Kong Industries | Industry Cares 2023 – Caring Certificate (SME Group) – Baguio iRecycle Limited Industry Cares 2023 – 5+ Year Award (Enterprise Group) – Baguio Green Group Limited |
| Others | |
| Business GoVirtual Hong Kong | Certificate of Appreciation |
| CorpHub | Hong Kong's Most Outstanding Service Award 2023 – Certificate of Hall of Fame |
| Green Council | Green Carnival 2023 – Certificate of Appreciation |
| Hong Kong Brand Development Council | Hong Kong Top Service Brand Awards |
| Hong Kong Property Services Alliance | Outstanding Practitioners Election 2023 – Certificate of Appreciation |
| Innovation & Technology Commission | 2023 Hong Kong Sustainable Development Innovation and Technology Award – Certificate to shortlisted participant |
| JCI City | The 27th Innovative Entrepreneur Awards |
| on.cc | Elite Listed Enterprise Awards 2022 (Innovative Environmental Service) |
| Sowers Action | Sowers Action Charity Golf Tournament 2023 – Gold Sponsor |
| The Hong Kong Polytechnic University (PolyU) | Annual Employability Forum 2023 – Building a Greener Tomorrow: Green Innovation & Green Employment – Certificate of Appreciation |

BEING A LEADER – OUR SUSTAINABILITY APPROACH



| UNSDGs | Targets Aligned | Baguio's Effort |
|--|---|--|
|  <p>4 QUALITY EDUCATION</p> | <p>Target 4.7. By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development</p> | <ul style="list-style-type: none"> Launched Personal ESG scheme for our employees to promote sustainable development within Baguio – Nurturing a Sustainable Culture p. 21 |
|  <p>13 CLIMATE ACTION</p> | <p>Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>Target 13.2. Integrate climate change measures into national policies, strategies and planning</p> | <ul style="list-style-type: none"> Applied digital carbon management platform to manage Scope 1, 2 and 3 carbon emissions – Carbon Emission Management p. 23 ESG Working Group introduced 8 new Initiatives on Baguio's sustainable development - Sustainability Governance p. 11-13 Assessed time horizon and impact level of identified climate related risks and opportunity for strategic planning – Strategy: Climate-Related Risks and Opportunities p. 18-20 |
|  <p>17 PARTNERSHIPS FOR THE GOALS</p> | <p>Target 17.17. Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships</p> | <ul style="list-style-type: none"> Senior management actively participates in 30 advisory groups and working groups initiated by environmental NGOs and industry associations – Sustainability Governance p. 11-13 |

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Baguio prioritises sustainability performance as a top concern. In the current year, we have enhanced its climate-related analysis by evaluating the time horizon and the impact level of climate-related risks and opportunities. This strategic assessment aims to fortify Baguio’s sustainability strategy by harnessing these insights.

To ensure accountability, we maintain a sustainability policy for guidance and have strengthened our sustainability governance by enlisting more Sustainability Steering Committee members from the directors and top management. Our focus remains on meeting established environmental targets, closely monitoring performance, and innovatively reducing our climate footprint.

The Sustainability Policy is uploaded to our website under “Sustainability”.

Sustainability Governance

Our Sustainability Steering Committee (the “Committee”) continues to oversee Baguio’s progress toward sustainability since its establishment in 2021. The Committee convenes regularly, maintains open communication with all related departments, including the ESG Working Group (“Working Group”), and keeps the Board of Directors well-informed about Baguio’s sustainability achievements and performance.



BEING A LEADER – OUR SUSTAINABILITY APPROACH

The Sustainability Steering Committee, led by the Chief Executive Officer (CEO), has been offering guidance steeped in industry expertise and sustainability knowledge. This year, we extended invitations to all three of our Independent Non-Executive Directors (INED), Chief Administrative Officer (CAO), Chief Strategy Officer (CSO) and Head of Human Resource to join the Committee, thereby strengthening our sustainability governance. Collaborating with the Chief Financial Officer (CFO), Chief Operating Officer (COO), and Assistant Sustainability Manager, the Committee dedicated to promoting sustainability within Baguio. In 2023, the Committee embarked on a proactive journey towards enhancing Baguio’s sustainability practices through a series of meetings. We are confident that the Committee members are fully aware of the significance of ESG considerations and have integrated them into their decision-making processes.

Our senior management has been actively participating in 30 advisory groups and working groups initiated by environmental NGOs and industry associations. We engage in important discussions on topics such as climate change, the circular economy, green procurement, manpower practices, and waste management. This participation not only strengthens relationships with industry peers but also provides a platform for exchanging innovative sustainability ideas. It demonstrates our commitment to effective communication and sustainability leadership.

The ESG Working Group comprising key representatives from our five business units and various departments are established to enhance communication across our Group. This cross-departmental Working Group has introduced eight new initiatives under four themes this year as shown below. These topics were chosen because of their direct relevance to Baguio’s business and sustainable development. Besides, the results from the materiality assessment conducted at the end of the previous year played a significant role in guiding this year’s sustainability planning.

The Working Group also plays a crucial role in collecting ESG data and information to facilitate our ESG reporting. The Working Group reports directly to the Committee and disseminates sustainability knowledge and updates to the entire Group, ensuring that all personnel are well-informed about important news and information related to sustainability.

Throughout the year, our Committee and ESG Working Group consistently convened to strategize Baguio’s sustainable future.

| | Sustainability Steering Committee | ESG Working Group |
|----------------------|---|---|
| Number of Meetings | 3 | 4 |
| Number of Members | 10 | 23 |
| Key Topics Discussed | <ul style="list-style-type: none"> • Preparedness on HKEX ESG reporting requirements • Climate-related risks and opportunities • ESG report contents • Implementation of New ESG Working Group initiatives • S-Carbon digital carbon management platform | New initiative’s themes: <ul style="list-style-type: none"> • Green Fleet • Green Procurement • Sustainable Workforce • Sustainable Culture Development |

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Themes

ESG Working Group's New Initiatives



Green Fleet

- Transition to new energy sources, including biofuels, electric vehicles, and hydrogen-powered vehicles, to reduce emissions.
- Use online platforms or apps to track fleet data such as drivers' behaviour, vehicle damages, and accidents.



Green Procurement

- Create a "Green Procurement List" by incorporating eco-friendly products and services from the existing procurement list.
- Integrate sustainability considerations into the procurement process and supplier evaluations.



Sustainable Human Resources

- Implement programs to retain employees and nurture successors, such as supervisory training programs and management training.
- Review current guidelines for working in adverse weather conditions and introduce new devices to enhance employees' occupational safety.



Sustainable Culture Development

- Train non-executive directors, senior management, and managers in sustainable development, followed by setting sustainable development goals relevant to their departments.
- Encourage colleagues to participate in sustainable actions, such as buying from eco-friendly vendors, organising green events, and reporting monthly recycling and resource consumption data.

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Engaging our Stakeholders

Considering the escalating sustainability concerns, we actively communicate with both our external and internal stakeholders every year. This year, we maintain our engagement with the same nine essential stakeholder groups as in 2022, chosen for their pivotal role in contributing to Baguio's success.



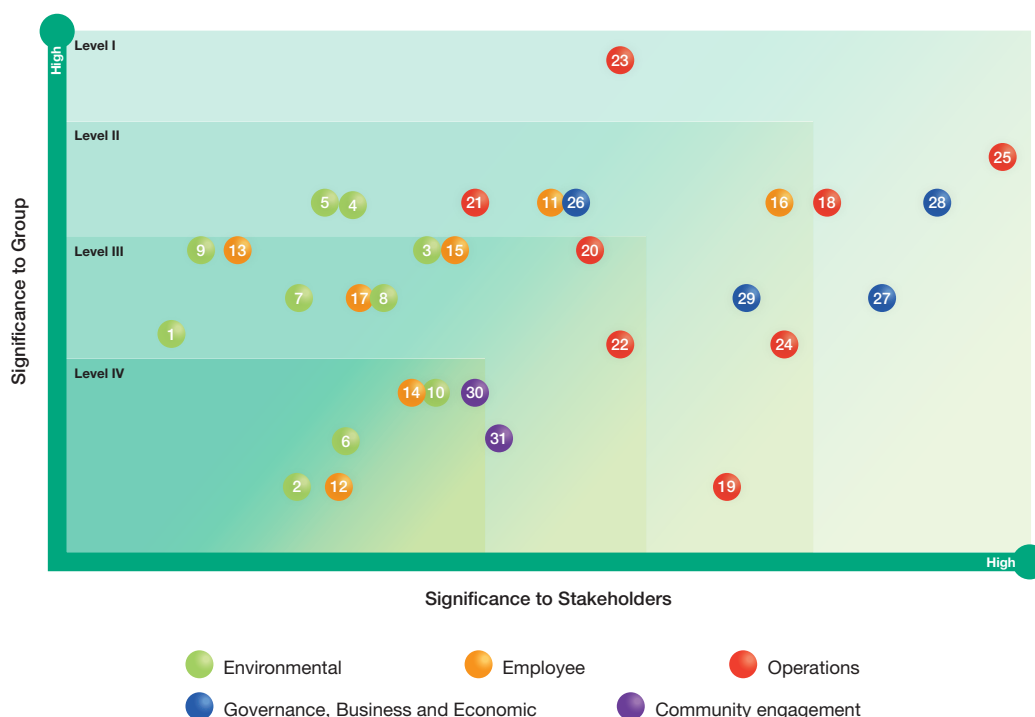
Our materiality assessment is conducted by an independent consultant to enhance transparency. It was facilitated through a comprehensive online questionnaire that covered all the topics emphasising in the Hong Kong Exchange ESG Reporting Guide, along with industry-specific subjects. Our stakeholders evaluated and ranked a total of 31 topics, including the newly introduced “compliance with regulation”, “corporate governance”, and “business ethics and integrity”, based on their relevance and importance.

This classification is determined by ranking topics based on their significance to both our stakeholders and management. The materiality assessment process comprises four steps: Identification, Prioritisation, Validation, and Review.



In response to evolving priorities, we made several adjustments to the list of topics considered this year compared to 2022. Specifically, we refined “employee empowerment” to “talent management and employee benefits” to recongise the broader scope of our efforts in this area. Additionally, we replaced “effluent discharges management and reduction” with “leachate and hazardous waste management” to acknowledge the specific focus on managing and reducing these environmental concerns.

Materiality Matrix



| Level I | Level II | Level III | Level IV |
|---------------------------------------|--|---|---|
| 18 Compliance with Regulation | 4 Air Pollutant Emissions | 1 GHG Emissions Management and Reduction | 2 Water Management and Conservation |
| 23 Innovation and Advanced Technology | 5 Climate Change and Adaptation | 3 Energy Management and Conservation | 6 Ecological Conservation |
| 25 Customer Privacy Protection | 11 Talent Management and Employee Benefits | 7 Leachate and Hazardous Waste Management | 10 Environmental Benefits Derived from Corporate Business |
| 27 Anti-Corruption | 16 Occupational Health and Safety | 8 Contribution to Zero Landfill Initiative | 12 Employee Inclusion and Diversity |
| 28 Business Ethics & Integrity | 19 Supply Chain Management | 9 Green Procurement | 14 Employee Communication Channels |
| | 21 Emergency Preparedness and Strategic Response | 13 Anti-discrimination | 30 Community Engagement and Support |
| | 24 Customer Experience | 15 Employee Training and Development | |
| | 26 Corporate Governance | 17 Precautionary Measure of Child.Forc'd Labour | |
| | 29 Collaboration and Partnership Actions | 20 Intellectual Property Rights Protection | |
| | | 22 Service Quality Control and Complaint Handling | |
| | | 31 Education and Environmental Awareness Programs | |

The materiality matrix categorises topics (listed above) into four levels, with Level I indicating the highest significance to Baguio. In 2023, we have identified five Level I topics, which have been validated by our management.

In 2023, we are placing a greater emphasis on excelling in our operations and ensuring the strength of our governance and business practices. This is reflected in our four new top priorities (Level I): “compliance with regulation”, “innovation and advanced technology”, “customer privacy protection” and “business ethics & integrity”, and continue our focus on anti-corruption. We are putting extra effort into addressing these top-priority issues. A concise overview of our management approach to these subjects is provided below.

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Management Approach

To evaluate and oversee significant ESG-related matters that influence the environment, society, and the economy, our approach relies on the Integrated Management System (IMS). This system holds certification for ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 Occupational Health and Safety Management System. Through this integrated management framework, the Group can effectively monitor ESG-related risks and opportunities, underscore its commitment to sustainability, and track enhancements in quality, environmental practices, and occupational health and safety.

Compliance with Regulation

To meet climate change and Scope 3 greenhouse gas emission disclosure requirements, Baguio is using S-Carbon, a Digital Carbon Management Platform, to collect Scope 1, 2 and 3 data, enhancing regulatory preparedness. Additionally, our annual climate-related risks and opportunities assessment identify new risks and opportunities, and assess their impact and time horizons, strengthening our readiness to address them comprehensively and guiding strategic planning in line with TCFD recommendations.

Innovation and Advanced Technology

We actively implement solutions such as automation, cutting-edge machinery, and advanced big data applications to drive efficiency and productivity. Our focus on circular economy innovations like biochar and Black Soldier Fly by-products, as well as our sustainability solution, ESG+, exemplifies our commitment to pushing the boundaries of innovation. Our dedication to green technology is evident through our Smart Recycling Bins and Food Waste Smart Bins, showcasing our leadership in harnessing innovative, technology-driven solutions.

Customer Privacy Protection

Baguio ensures legal compliance with information security and data privacy through rigorous internal policies for employees, suppliers, and third parties. Measures to safeguard customer privacy, particularly against cybercrime and data leakage, encompass monthly IT tips, multi-factor authentication, external email warning messages, IT training, and confidential document solutions. No reported cases of law or regulation breaches in information security and data privacy during the period. Every year, all employees are required to sign a Confidentiality Agreement to ensure they would not disclose company information including client information.

Anti-corruption

Baguio upholds a Business Code of Conduct for employees and a Supplier Code of Conduct for suppliers and partners, ensuring business compliance. Biennial anti-corruption seminars are organised in collaboration with ICAC for employees, while back-office staff sign an annual ethical policy and declare conflicts of interest. Recommendations from top management, the audit committee, or the Board will guide future development, with responsibility for the final investigation report. In 2023, Baguio reported zero corruption cases.

Business Ethics & Integrity

We ensure transparency and accountability through comprehensive disclosures on ethical conduct, compliance with laws, and anti-corruption measures. We also foster stakeholder trust, enhances risk management, and upholds its reputation in the ESG reporting landscape.

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Baguio’s Strategic Approach on Municipal Solid Waste (MSW) Charging

As the Hong Kong government prepares to implement the Municipal Solid Waste Charging Scheme, we acknowledge both the opportunities and risks associated with this policy shift as a leading waste management service provider. Understanding the importance of adapting to emerging regulations, Baguio has formulated strategies to effectively navigate these changes. This includes managing potential risks while also seizing opportunities presented by the new charging.

| Risks | Opportunities |
|--|--|
| <p>Operational Challenges:</p> <ul style="list-style-type: none"> • Staff pressure leads to turnover. • Extended hours cause delays. • Complex recyclables raise costs. • Budget for bags and fines needed. | <p>Market Expansion and Innovation:</p> <ul style="list-style-type: none"> • Heightened waste awareness drives demand, offering expansion opportunities. • Policy incentives drive innovation in waste management technologies, enabling new solutions. |
| <p>Regulatory Compliance:</p> <ul style="list-style-type: none"> • Baguio may need to cover non-compliant garbage costs. • Pricing includes non-compliant waste handling. • Training and patrols for compliance. | <p>Collaboration and Partnerships:</p> <ul style="list-style-type: none"> • Partnerships with stakeholders demand for waste management services. |
| <p>Reputation and Stakeholder Management:</p> <ul style="list-style-type: none"> • Rise in complaints. • Media and stakeholder scrutiny on response. | <p>Competitive Advantage and Revenue Growth:</p> <ul style="list-style-type: none"> • Attract eco-conscious customers. • New revenue streams such as or waste audit services from waste practice changes. |

Strategies and plans

• **Client Communication:**

By upholding the “pollutor pays” principle, we ensure clear communication that clients understand their responsibility regarding designated bags/labels, minimising confusion and potential disputes. Intensive communication safeguards the interests of all parties involved, promoting transparency and mutual benefit throughout the MSW Charging Scheme.

• **Operational Efficiency:**

Review and optimising recycling processes to reduce costs, streamline operations, and improve material recovery rates. Introduce Smart Recycling Bins and Food Waste Smart Bins for enhanced quality of recyclables and more efficient manpower allocation.

• **Ensuring Compliance:**

Deliver familiarization training to managers and frontline workers to ensure their compliance. Implement ongoing on-site inspections during the early stages of MSW implementation to provide continuous support and supervision for optimising workflow management.

• **Alleviating Employee Stress:**

We provide early training to help frontline employees quickly adapt to new measures, reduce their stress, and enhance work efficiency.

• **Utilising Technology:**

Investigate technology upgrades to enhance sorting, processing, and recycling capabilities, aligning with circular economy principles. Introduce Near-Infrared (“NIR”) technology at Baguio’s Waste Plastic Pre-Treatment Sorting Centre (Digitalisation and Innovation p. 53) to boost sorting capacity.

• **Raising Awareness:**

Collaborate with the industry, environmental groups, and policymakers to shape waste management policies. Educate the public on recycling through outreach activities like facility visits, seminars, and exhibitions, fostering awareness and promoting proper sorting procedures for environmental stewardship.

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Climate Governance

Our Sustainability Steering Committee spares no effort on these initiatives and analyses, ensuring oversight of Baguio’s sustainability performance. Further details about the Committee can be found in the “Sustainability Governance” section (p. 11) of this report.









Strategy: Climate-Related Risks and Opportunities






Baguio conducts annual analyses of climate-related risks and opportunities to evaluate our impact on our operations since 2021. This year, our commitment to improvement continues. Based on the risks and opportunities identified last year, we have identified three new climate-related risks: business disruption, climate-related disclosure requirements, and reputation risks. This enhanced our readiness to address risks comprehensively. Additionally, we have assessed the impact level and time horizon of these risks and opportunities, guiding our short-term and long-term strategic planning related to climate change. The table below provides a summary of our Group’s climate-related risks and opportunities, aligning with the IFRS Sustainability’s Climate-related Disclosure.



| RISKS | | | |
|----------|------------------------------|--|--|
| Physical | | | |
| Type | | Description | Potential Business Impact |
| Acute | Property Damage | Extreme weather events damage properties, including vehicles, recycling centres, composting plants, and waste bins. | <ul style="list-style-type: none"> Repairment or replacement of damaged property |
| | Operational Disruptions | Extreme weather events disrupt operations, reducing productivity, increasing commutes, and delaying material and supply deliveries. | <ul style="list-style-type: none"> Affect supply chain and business operations |
| | Employee Health & Safety | Extreme weather events pose health and safety risks to employees, including hazards like fallen trees and heatstroke. | <ul style="list-style-type: none"> Medical insurance expenses Productivity declination |
| Chronic | Property Damage | Rising sea levels expose our service facilities and physical assets to water-related damage and vulnerability. | <ul style="list-style-type: none"> Repairment or replacement of damaged property |
| | Supply Chain Disruptions | Reduced rainfall affects water supply to offices and facilities. Besides, water and raw material shortage due to climate change may affect long-term production. | <ul style="list-style-type: none"> Delays and interruptions to operation Additional water purchases Procurement of alternative supplies |
| | Workplace Efficiency | Rising temperatures reduce work efficiency, potentially leading to shutdowns and higher cooling costs. It also lower outdoor employees’ productivity and increase the risk of heat stroke. | <ul style="list-style-type: none"> Extended work period Increase cooling costs |

BEING A LEADER – OUR SUSTAINABILITY APPROACH

| Transition | | | |
|---------------------|--|---|--|
| Type | | Description | Potential Business Impact |
| Technology & Market | Business Disruption (new)  | Rising sea levels shrink land, and urban migration to high altitudes complicates operations with narrow roads and sanitation issues. | <ul style="list-style-type: none"> • Decrease in scope and demand for environmental services • Additional costs on vehicle services and additional sanitation manpower |
| | Technological Changes  | Customers will begin to demand the uptake of emerging technologies aimed at supporting the global low carbon transition. | <ul style="list-style-type: none"> • Rising costs for clean input technologies implementation, talent recruitment, and training |
| | Market Sentiment  | The market requires operational sustainability improvements such as sustainable practices, electric vehicles, enhanced recycling, and green products. | <ul style="list-style-type: none"> • Purchase of new, more efficient equipment, green products, development of new services, more investments into R&D |
| Policy & Regulatory | Climate-related Disclosure Requirements (new)  | Increasing requirements for climate-related disclosure. | <ul style="list-style-type: none"> • Increased investment costs in compliance and ESG data disclosure |
| | Policies and Regulations  | More stringent environmental policies and regulations covering greenhouse gas emissions, waste and non-environmentally friendly products. | <ul style="list-style-type: none"> • Increase in compliance costs |
| | Carbon Pricing  | Evolving financial incentives, in the form of taxes or fees, encourage companies to reduce carbon emissions, pollution, and waste disposal. | <ul style="list-style-type: none"> • Increase in costs, such as carbon taxes |
| | Climate-related Litigation  | Stricter environmental regulations may lead to higher exposure to litigation claims, as well as legal risks | <ul style="list-style-type: none"> • Compliance costs and cases of litigation claims for violations |
| Reputation | Reputation (new)  | Neglecting climate change compliance, like ignoring heat warnings, damages corporate reputation and stakeholder perception. | <ul style="list-style-type: none"> • Loss of existing and potential client business, such as failure to tender due to reputational damage |

| OPPORTUNITIES | | |
|---|---|--|
| Type | Description | Potential Business Impact |
| Recycling Services Demand  | Corporations seeking waste-related GHG reduction solutions will boost demand for recycling services. | <ul style="list-style-type: none"> Increased client business for waste management and recycling services |
| Operational Efficiency  | Climate-induced resource scarcity drives efficiency in transportation, production, distribution, and water management. | <ul style="list-style-type: none"> Less expenditure for transportation fuel and lower water bills |
| Energy Efficiency  | Increasing pledges to net zero emissions encourage the use of lower-emission sources of energy. | <ul style="list-style-type: none"> Increase in resilience to carbon price and fossil fuel fluctuations |
| Collaborative Potential  | Growing demand for sustainability opens new markets and collaboration opportunities in integrated environmental services. | <ul style="list-style-type: none"> More customer attention and increased demand for environmental services from various sectors |
| Market Resilience  | Substituting or diversifying resources for sustainability enhances resilience against volatile supply chains. | <ul style="list-style-type: none"> Diverse supplier options cut procurement costs |

Climate Risk Management

Potential risks have been incorporated into our regular risk management meetings, and each department is tasked with identifying climate-related issues and developing corresponding countermeasures. For instance, to protect our staff from the impact of severe climate conditions, Baguio has implemented a comprehensive Heat Stroke Prevention Work Plan, aligning with the Labour Department’s May 2023 Guidance Notes. For more information, please refer to the “Heat Stroke Prevention” section under “Upholding Our Employees” (p. 46).

BEING A LEADER – OUR SUSTAINABILITY APPROACH

In response to substantial climate risks related to employee well-being and property damage, the Fleet Department is proactively disseminating Fleet Tips. These tips emphasise the importance of caution while driving and parking vehicles in adverse weather conditions. The objective is to enhance driver awareness regarding the elevated risk of traffic incidents and potential vehicle damage, either when adverse weather is imminent or on occasions when such risks may arise.



Baguio will persist in monitoring critical climate risks impacting its stakeholders and operations, aiming to gain deeper insights into the Group's vulnerability to climate change and refine our approach for addressing it. We plan to extend our monitoring and data collection efforts to encompass additional climate-related risks in the future.

Nurturing a Sustainable Culture

In 2023, our Personal ESG Scheme continues to nurture a workplace culture centred on sustainable development, a commitment initiated in the latter half of 2022. This demonstrates our dedication to integrating sustainability into our organisation, involving everyone. The scheme encourages employees to identify and embrace Personal ESG aspects in their daily lives and collaborate in practicing them. It employs a point-based system to motivate staff and departments to participate in "environmental", "social", and "personal governance" activities. Sustainability department, together with ESG Working Group members, are responsible for promoting the scheme within the Group and their departments respectively. Staff can redeem cash coupons for every 10,000 points collected, and the top three departments with highest average points can win subsidy for departmental activities to incentivize staff to participate in the scheme.

This year, we integrated a food waste collection campaign into the Personal ESG Scheme, falling under the "environment" activities. It aims to encourage food waste collection in our office. We also introduced a new award, the Daily 10,000 Steps Health Award, as part of the Personal ESG Scheme, falling under the "personal governance" activities. It includes a HKD200 cash coupon and is designed to motivate and recognise colleagues who complete an average daily walk of 10,000 steps (or 7.2 km) from June to December 2023. Baguio will continue to enhance the scheme, foster individual ESG behaviours, and cultivate a strong ESG culture within the Company.

Personal ESG Scheme
 Period: June - December 2023
 Target: Office staff

Company level

100%
 Department Participation Rate

9
 out of 17 departments with 70% or above participation rate

Individual level

172
 office staff joined at least one activity in the area of “E”, “S” or “G”

88
 joined office staff completed all “E”, “S” and “G” activities

 **37**
 office staff attained daily 10,000 steps

760 kg 
 of food waste sent to O - PARK for recycle

116 times  of staff participation in Baguio CSR activities or voluntary work hosted by NGOs during Jun-Dec 2023



Department Award



Individual Award



BEING A LEADER – OUR SUSTAINABILITY APPROACH

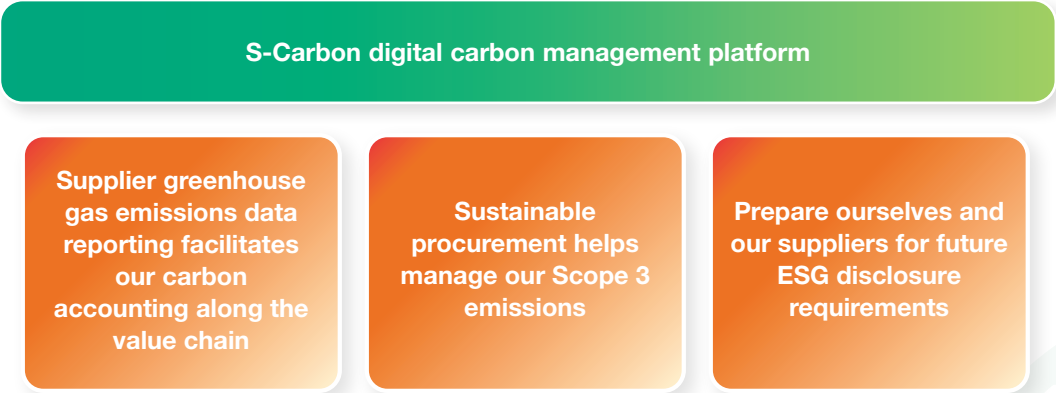
Carbon Emission Management

In 2023, Baguio achieves a significant milestone by leading the industry in carbon emission management. As the first Integrated Environmental Services Company in Asia to adopt the S-Carbon, a digital carbon management platform, we have outlined a comprehensive carbon reduction roadmap. This strategic move prepares us for regulatory changes and aligns with stakeholder demands for supplier greenhouse gas emissions data reporting and sustainable procurement.



Leveraging the S-Carbon platform, Baguio integrates a digital solution for comprehensive Scope 1, 2 and 3 carbon emission data collection. This streamlines carbon emission monitoring and analysis, empowering us to efficiently manage emissions and transition toward a low-carbon model.

Regarding Scope 3 carbon emissions, Baguio utilises S-Carbon to gather crucial data from both upstream and downstream supply chains, ensuring readiness for future ESG disclosure requirements.



BEING A LEADER – OUR SUSTAINABILITY APPROACH



Sustainability Strategy and Opportunities

As the demand of sustainability services surges, we continue to provide our ESG+ solutions to our clients, seamlessly integrating professional environmental services with sustainable elements to assist them in promoting and implementing their ESG initiatives. The ESG+ service is at the core of our wide range of environmental services, including professional cleaning, waste management, recycling, horticulture and landscaping, and integrated pest management. It incorporates additional ESG initiatives, such as providing green or ESG data and sourcing green products. By embracing this solution, companies not only advance their sustainability efforts but also receive recognition from third parties, enhancing their green corporate image and reinforcing their commitment to sustainable development.



ACKNOWLEDGING OUR CLIMATE FOOTPRINT



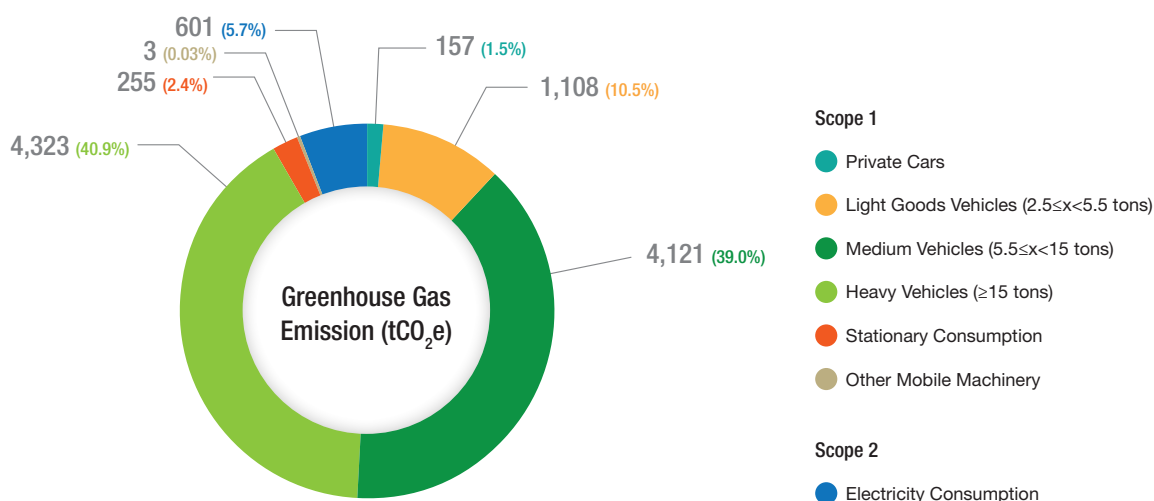
| UNSDGs | Targets Aligned | Baguio's Effort |
|---|---|---|
|  <p>7 AFFORDABLE AND CLEAN ENERGY</p> | <p>Target 7.1. By 2030, ensure universal access to affordable, reliable and modern energy services</p> <p>Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix</p> | <ul style="list-style-type: none"> Actively studying the use of biodiesel for vans as a means of carbon reduction – Our Climate footprint p. 26-27 Exploring the feasibility of establishing a fleet of electric waste collection vehicles – Our Climate footprint p. 26-27 |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p>Target 12.2. By 2030, achieve the sustainable management and efficient use of natural resources.</p> <p>Target 12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p> | <ul style="list-style-type: none"> Implementing water-saving initiatives at facilities and exploring more renewable energies – Water Consumption & Metrics and Targets p. 28-29 Organised activities such as Laisee collection for reuse and redistribution, and food waste recycling, recycling 6,249.7 of waste in total – Sustainable Laisee Initiative & Food Waste Collection Campaign p. 31 |

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

Our Climate footprint

In 2023, our business operations have generated a total of 10,567.15 tCO₂e in greenhouse gas emissions. This comprises 9,965.81 tCO₂e from direct emissions due to fuel consumption (Scope 1) and 601.34 tCO₂e from indirect emissions resulting from electricity consumption (Scope 2). Our fuel consumption and efficiency largely depend on the contract nature of the year, landscape features and number of trips. In 2023, some major new contracts awarded are street cleaning and waste collection, which increased the usage of vehicles with high fuel consumption, ie. water wagons and refuse collection vehicles.

In terms of Scope 2 emissions, primarily related to electricity, there has been a 38% increase compared to 2022. This rise can be attributed to three factors. Firstly, the full operation of our BSF Hatch in 2023, which was inaugurated in October 2022, has significantly boosted electricity consumption. Secondly, a new project started in our Ngau Tam Mei Animal Waste Composting Plant, with new equipment installed, the electricity consumption increased. Lastly, Our Waste Plastic Pre-Treatment Sorting Centre has been connecting with the CLP electric grid since the end of 2022, the machines that were previously powered by diesel are now running on electricity, leading to an increase in electricity consumption but a reduction in diesel usage for around 40,000 litres annually (consumption of 2022 compared to 2023).



* Our GHG emissions consist of 94.3% of Scope 1 emissions and 5.7% of Scope 2 emissions.

We are taking several measures to enhance the efficiency of our vehicles:

| Measures to enhance efficiency of vehicles | |
|--|---|
| Improve fleet management | <ul style="list-style-type: none"> Plan efficient route and loading with proper vehicle configuration Avoid unnecessary trips Educate and monitor driver behaviour Check correct tyre pressure |
| Fuel consumption monitoring | <ul style="list-style-type: none"> Proper repair and maintenance Check fuel consumption regularly Issue advice to drivers for better fuel efficiency |
| Influence driver behaviour | <ul style="list-style-type: none"> Drive smoothly by keeping even gas, avoiding high-speed Optimise use of air-conditioning, such as releasing hot air before start and use sparingly Clear out carbon deposits Remove sundries |

To further eliminate our carbon footprint, we have been embracing eco-friendly transportation options such as electric vehicles to achieve zero-emission target. In 2023, we continue to expand our low-carbon vehicle fleet, which currently consists of 8 electric vehicles and 340 Euro VI models.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

Taking our low-carbon transition a step further, we are currently exploring the feasibility of establishing a fleet of electric waste collection vehicles and studying the trial use of biodiesel for vans operating near available oil stations.


Transition to Electric Vehicles (EVs) /New Energy Vehicles (NEVs)

Challenges

- Higher cost of new energy vehicle replenishment than conventional vehicles
- Uncertainty regarding the durability of EV batteries and cost of disposal
- Limited charging and hydrogen infrastructure
- Longer time taken for conventional drivers to familiarise with NEVs

Future

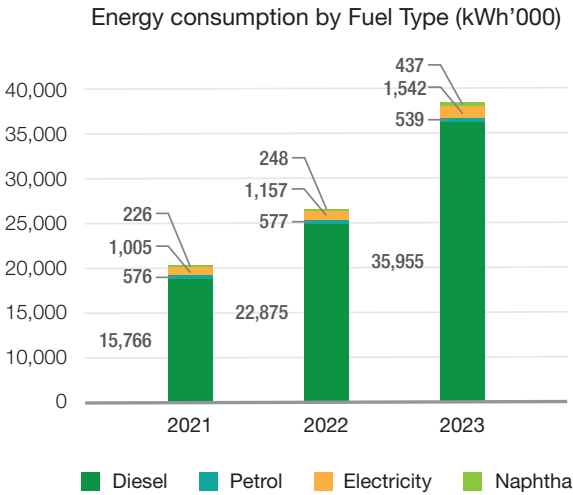
- We are phasing out Euro IV Diesel Commercial Vehicles
- We gather data on currently operational electric vehicles to closely monitor their environmental performance, which will help us make informed decisions.
- We are committed to replace all our private cars with electric cars soon. We are exploring different resources including funds and loans to secure our electric transition
- We started exploring the use of biodiesel made from domestic raw or waste materials and closely monitor the progress of hydrogen vehicle development



Energy Consumption

In 2023, our total energy consumption increased to 38,472,833 kWh. The average fuel consumption per kilometre also rose from 0.269 to 0.315 for internal combustion engine vehicles, due to the growth of service contracts and variation of contract nature (Our Climate Footprint - p. 26). Given our 2030 target to reduce energy intensity by 30% from the 2016 baseline, we are investing in electric and new energy vehicles and exploring further low-energy-consumption transition of our fleet.

In the office, we also enhanced the lights-off and air conditioner-off campaign, by strengthening the supervision and monitoring to switch off the lighting and air-conditioner in some office areas like corridors, reception area during lunch hours and after office hours, as well as sending emails to remind all staff to save energy by turning off the lights and air conditioner when not in use.



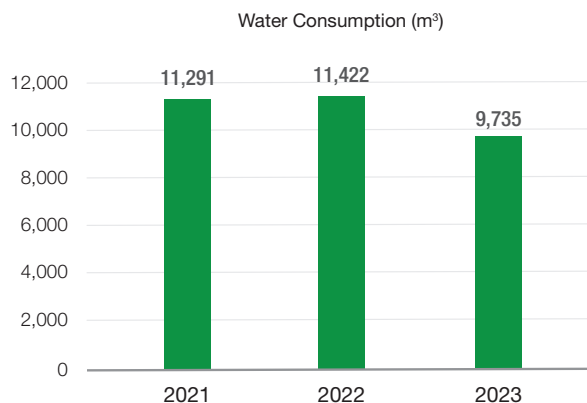
¹ The data has excluded electric vehicle.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

Water Consumption

Our main water consumption is attributed to our offices and facilities, with a total consumption of approximately 9,734.53 m³ this year, marking a 14.8% decrease from 2022. During this reporting period, we encountered no issues in sourcing suitable water for our needs. No water efficiency target is set, as most of the water consumption and records of services are managed by our clients.

We diligently maintain our facilities to prevent water leakage and minimise losses. In compliance with local regulations, our wastewater is collected and sent to licensed water treatment plants for handling.



Water-Saving Initiatives at our Glass Bottle Recycling Plant

In our Glass Bottle Recycling Plant, we have implemented essential water-saving measures to reduce our water consumption during the cleaning of the collected recycling bins. We have installed a Wastewater Treatment Unit, which combines traditional activated sludge technology with membrane filtration technology to treat wastewater, the treated wastewater will be reused for site or bin cleaning. The facility was installed and commenced in January 2024.



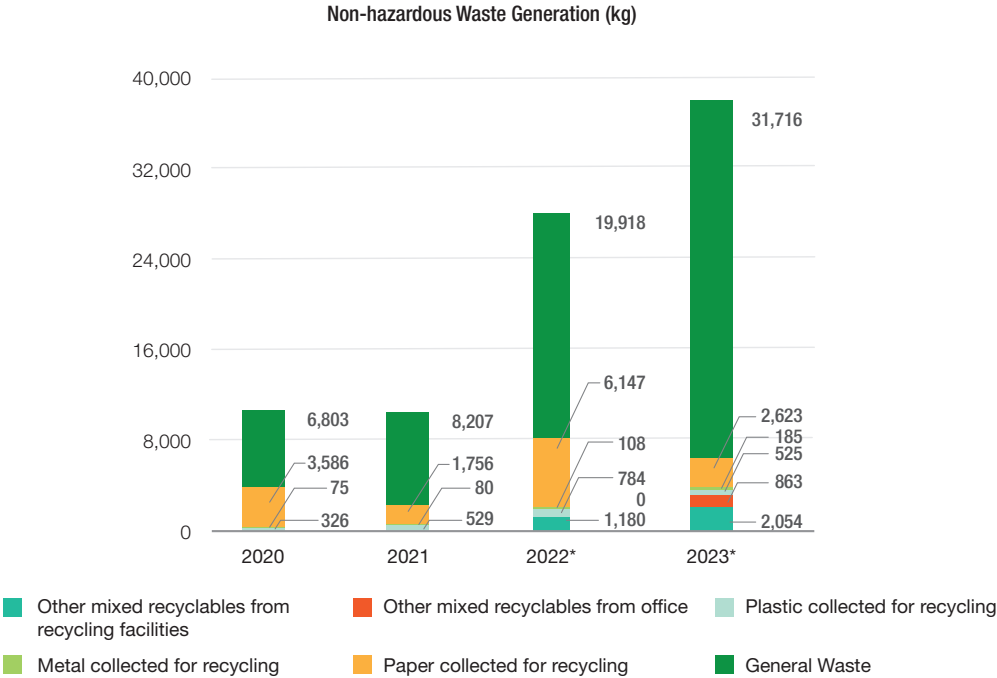
Waste Management

The Group produces both hazardous and non-hazardous waste during its operations. We generated 3,306 kg of hazardous waste and 37,965.5 kg of non-hazardous waste in 2023. Our hazardous waste include lube oil and electric vehicle battery, licensed chemical waste collectors safely transported and disposed of the hazardous waste. From our office and recycling facility operations, we sorted 6,249.7 kg of recyclables from the non-hazardous waste, boosting the recycling rate to 16.5%. For other non-hazardous waste that were not recycled, they were disposed to the landfill properly.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

One of the reasons for the increase in general waste is BSF Hatch started operation in October 2022, thus the waste volume of 2023 has been increased. Besides, the resumption of normalcy after COVID-19, of which Employees are coming back to the office, has caused an increase in non-hazardous waste in our offices this year.

Our ESG working group proposed new initiatives to encourage employees to participate in waste reduction and recycling action (Sustainability Governance p.13), aiming to achieve our environmental target of reaching a recycling rate of 60% for non-hazardous waste by 2030 and to contribute to creating a zero-waste Hong Kong.



* The data collection boundary has been expanded from offices only to recycling facilities since 2022

Metrics and Targets

Aligned with our Climate Change Policy commitments, Baguio has set an ambitious target of reducing carbon and energy intensity by 30% by 2030 compared to the 2016 baseline. This year marks the third consecutive year of achieving our carbon and energy intensity targets. In 2023, we achieved a carbon intensity of 4.54 tCO2e/million HKD revenue and an energy intensity of 16.5 kWh in '000s/million HKD revenue. Notably, our operational fleet has been identified as the primary source of emissions. Therefore, we are actively working on transitioning to a low-carbon and new energy vehicle fleet to address this issue to address this issue (Our carbon footprint p.26-27).

The Climate Change Policy is uploaded to our website under "Sustainability".

Adoption of 8 electric vehicles

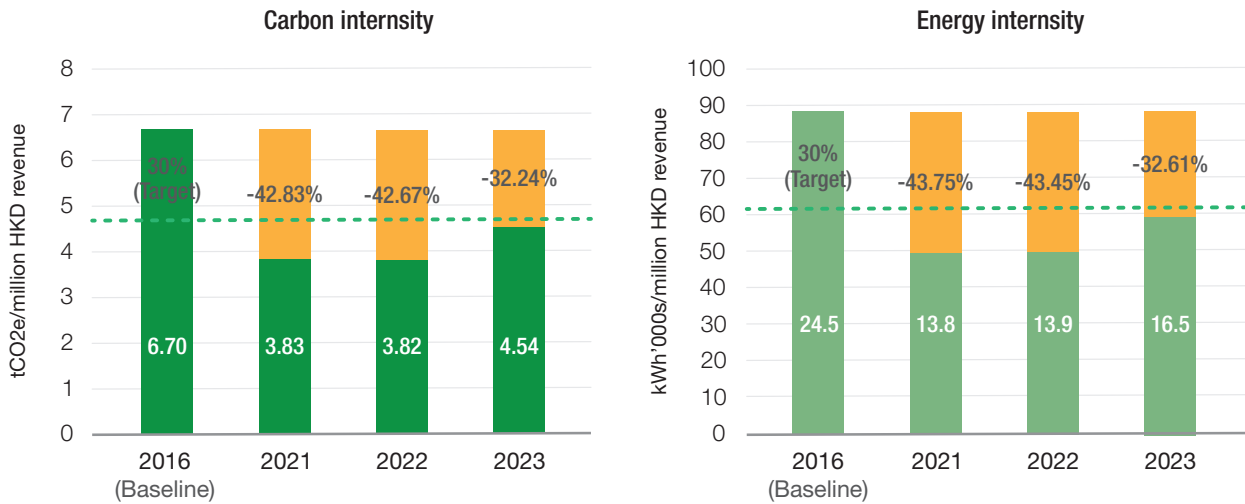
23.6% increase in EuroVI vehicles from 2022

10.6% decrease in non-EuroVI vehicles from 2022

Explore new energies:
- Hydrogen
- Biodiesel

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

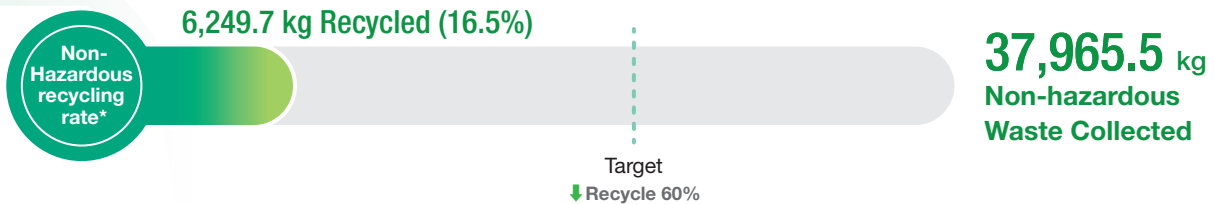
To meet our carbon and energy reduction targets, we are also integrating green elements into our offices and workplace culture. This includes initiatives such as replacing traditional lighting with LED fixtures and implementing policies to turn off lighting and air-conditioning in designated office areas during lunch hours and after office hours to conserve energy. We also distributed email messages and displayed posters advocating water, electricity, and paper-saving initiatives within our office.



The Group has set a waste reduction target: to recycle 60% of our non-hazardous waste collected by 2030. We are committed to implementing various short, medium, and long-term measures to achieve this target.

For short-term efforts, in addition to existing green office initiatives such as setting up more recycling bins and a recycling corner, we have introduced food waste recycling bins in the office during morning and afternoon hours. We have also implemented Laisee collection boxes after Chinese New Year to collect a broader range of recyclable waste. We have incorporated a food waste collection campaign into the Personal ESG Scheme to encourage eco-friendly behaviour and enhance environmental awareness of our colleagues. Further details about the Personal ESG Scheme can be found in the “Being a Leader - Nurturing a Sustainable Culture” section (p.21-22). This year, we continue to work with Caritas Computer Workshop to donate 26 computers, 12 LCD screens, and five other IT accessories.

In the medium-to-long term, Baguio has implemented an ERP System, a cloud-based solution, and a mobile app platform for a paperless workplace to further reduce ecological impact. We will continue to expand recycling efforts.



* Covers non-operational non-hazardous wastes such as plastic, metal, paper, food waste and others from Baguio office and facilities

Sustainable Laisee Initiative

In addition to gathering used Laisee (red packets) envelopes and sending them to Greeners Action for redistribution and reuse, our initiative has adopted a sustainable approach this year by promoting the use of reborn Laisee to prepare Laisee for employees on the first day of work after Chinese New Year. This decision has resulted in the preservation of 10,000 new Laisee envelopes, effectively reducing the energy and resources typically consumed in the process of printing new ones while simultaneously curbing waste at its origin.



星級評價

《袋垃圾輕咗》 《想做好耐》 《有分儲好好呀》
 《地方清潔好重要》 《要有惜食文化》

個人ESG計劃
 賞你每日廚餘回收100分
 (請使用 iRecycle 掃二維碼)

碧瑤 Pantry 最刻骨銘心的相遇

**當廚餘
 遇上
 廚餘桶**

即日上映
 相約於週一至週五 0830~1430

適當和乾淨回收

生、熟、吃剩或變壞食物也是「可回收廚餘」

(1) 去除非廚餘物質
 (2) 瀝乾水分
 (3) 倒入廚餘桶




穀物 蔬果 肉類
 殘渣 其他: 乳製品、點心、糕餅、堅果、醬料

Food Waste Collection Campaign

In 2023, we started to collect food waste. Food waste collection bins are put in our office from the start of office hour to after lunch on weekdays. It aims to encourage food waste collection in our office. Collected food waste is transported to O · PARK1, where anaerobic digestion technology is employed to convert it into biogas for generating electricity. Additionally, the residues from this process are transformed into compost for landscaping and agricultural purposes. We integrated the campaign into the Personal ESG Scheme to incentivize employees to put their food waste to the collection bin. Since June 2023, we recycled 760kg of food waste, equivalent to a reduction of around 70kg of CO₂e.

GREENING OUR PLANET



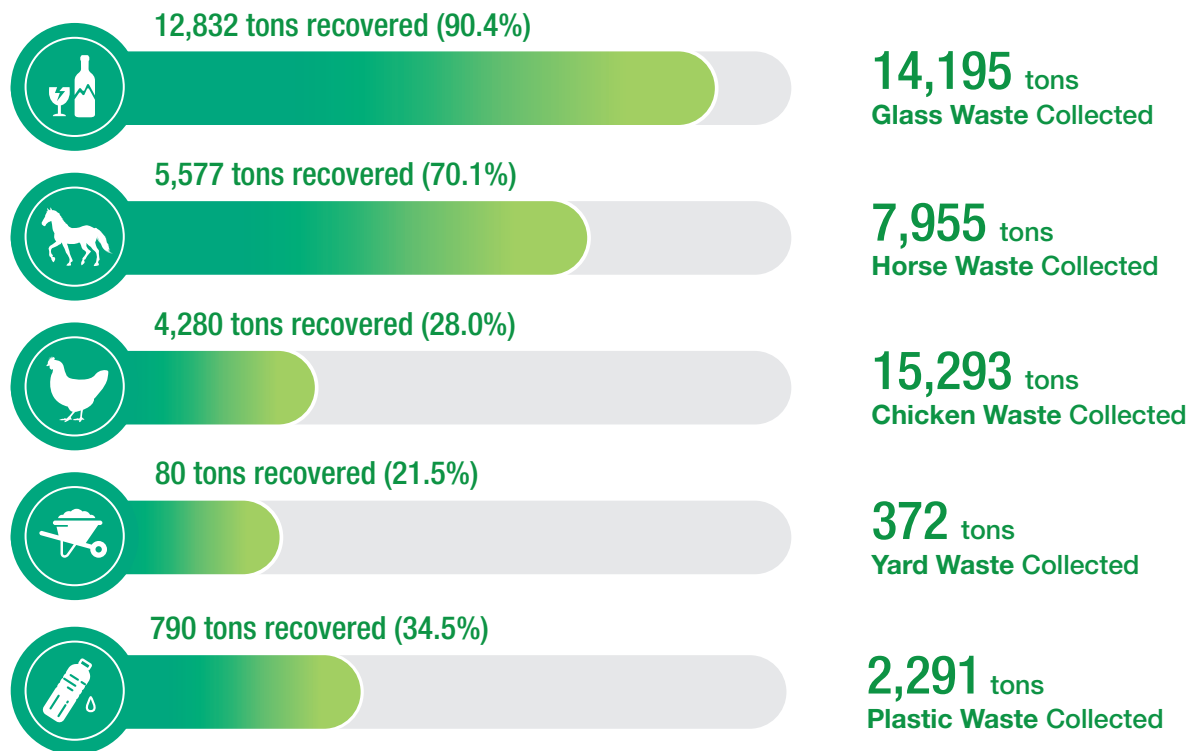
| UNSDGs | Targets Aligned | Baguio's Effort |
|--|--|--|
|  <p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> | <p>Target 9.4. By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities</p> | <ul style="list-style-type: none"> Launched Smart Recycling Bins and Food Waste Smart Bins equipped with IoT (Internet of Things) devices – Our Journey Towards Zero Waste p. 34 |
|  <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> | <p>Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management</p> | <ul style="list-style-type: none"> Repurposed 23,559 tons of collected materials – Circular Economy p. 33 |
|  <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> | <p>Target 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>Target 12.8. By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature</p> | <ul style="list-style-type: none"> Installed various innovations to collect recyclables, turn waste into energy, and obtain useful resources – Our Journey Towards Zero Waste p. 34 Held and participated in various activities, expo and seminars to promote sustainability awareness and procurement to the public – Environmental Trainings and Education p. 37 |

GREENING OUR PLANET

Baguio actively integrates sustainability into our business operations, fostering a cleaner, greener, and more sustainable environment. Carbon neutrality, waste reduction, innovation, and technology align with the government's sustainability development initiatives. To transform these ideas into reality, the government has announced policies and plans such as Municipal Solid Waste Charging Scheme and Producer Responsibility Scheme. Baguio is taking part of these transformation.

Circular Economy

Baguio embraces the circular economy as a path to sustainability. We repurpose collected materials into upcycled products such as green sandbags, organic soil conditioner (BGSoil), biochar, organic fertilisers, and animal feed. We hope to expand our efforts to rejuvenate more resources in the future, turning waste into treasure.



Total Materials Recovered by Baguio's Recycling Facilities

23,559 tons

Apart from the waste categories mentioned above, Baguio has gathered 18,913 tons of food waste and 625 tons of paper waste from the local community to be recycled properly. When considering all these efforts, Baguio has successfully collected a total of 59,644 tons of recyclables locally.

GREENING OUR PLANET

Our Journey Towards Zero Waste

Sustainability is ingrained in our core values. We strive not only to minimise waste within our offices but also to harness our innovative capabilities to reduce waste for our city. By doing so, we are actively contributing to a greener and cleaner Hong Kong. Let's explore below how our innovations are leading us towards a zero-waste Hong Kong.

Waste-to-Energy in Action

In the past, the cement burning factory relied on coal as its primary fuel source, leading to environmental issues. However, this year, Baguio has embarked on a collaborative initiative with Green Island Cement (Holdings) Limited with the goal of shifting the fuel source from coal to plastic. In Baguio's Waste Plastic Pre-Treatment Sorting Centre, we sort and granulate non-recyclable plastic (excluding PVC) into 4mm x 4mm regrinds and provide them as supplementary fuel during the cement burning process. With this initiative, we could actively reduce the amount of fuel used and the amount of waste to landfill.

Biotechnology Solving Waste Problem

Since the commencement of our Black Soldier Flies (BSF) project in digesting chicken manure in January 2023, the monthly chicken manure handling volume has tripled and the production volume of dried larvae is also remarkable. In addition to waste reduction and animal feed production, BSF's manure can be employed as a fertiliser to enhance crop yields as shown in pilot test.

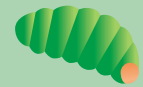
Chicken manure handled in 2023:

4,280 tons



Dried larvae produced in 2023:

5,665 tons



With this outstanding achievement, Baguio started to promote BSF to the society. We conducted several visit tours at BSF Hatch with various organisations, such as Maxim's Group, Building Environmental Assessment Method (BEAM) Society and The Hong Kong University of Science and Technology (HKUST). We sent the dried larvae to NGOs, such as YMCA, for fish feeding trial. Apart from local communities, the successful approval of our permit to export dried larvae has enabled us to promote this innovation on a global scale.

From Yard Waste to Biochar

To divert yard waste from landfills to relieve the overflow pressure, we have been the operation contractor in testing and operating the Pilot Biochar Production Plant in EcoPark under EPD since May 2023. The Plant mainly handles the yard waste from Y · PARK, and turns them into biochar for agriculture and landscaping use. Our estimated annual yard waste handling capacity stands at 3,500 tons, with approximately 20% of this volume can be output as biochar.

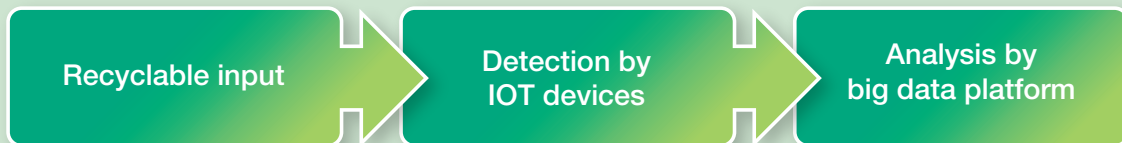
Smart Waste Collection

In 2023, we have successfully deployed 60 Smart Recycling Bins with a total of 120 compartments across 18 districts in Hong Kong as part of the EPD smart bin tender project. The newly designed Smart Recycling Bins are equipped with IoT (Internet of Things) devices, including smoke detectors, fill level sensors, self-diagnosis systems, anti-pinch sensors, and more. The real-time data collected from IoT devices will be transmitted to a central big data platform, where the data will be analysed to provide valuable information and alerts.

Our Food Waste Smart Bin is equipped with state-of-the-art technologies, offering optional features such as odour-controlled compartment, internal camera, and solar charging. These functionalities help ensure hygienic and real-time tracking of recycling data. It is also equipped with various functions for deodorization, such as ozone generators, auto deodorant sprayers, UV-C lights, etc. Our Food Waste Smart Bin provides an optimal solution for food waste management that is both efficient and environmentally friendly



Furthermore, we have contributed two Smart Recycling Bins and 10 fill level sensors to the EPD glass bottles collection tender project as part of innovative suggestions.



GREENING OUR PLANET

Our Environmental Impacts

Baguio takes a multi-faceted approach to minimise significant impacts exerted on the planet and our built environment. Beginning with our Sustainability Policy, which outlines our commitment to seize opportunities in developing a clean, green, safe, and sustainable society, we ensure that our actions, whether through our operational activities or through employee engagements, remain in line with this key commitment. The Sustainability Policy is uploaded to our website under “Sustainability”

Our Integrated Management System (IMS) holds ISO 14001 certification across five subsidiaries, encompassing critical business operations:

- Baguio Cleaning Services Limited
- Baguio Waste Management & Recycling Limited
- Baguio Pest Management Limited
- Baguio Landscaping Services Limited
- Tak Tai Enviroscope Limited

Our Environmental Code, a component of our Employee Occupational Safety, Health, and Environmental Code, reinforces certain measures. In addition to promoting energy-saving initiatives, the Environmental Code is designed to safeguard our environment by ensuring the following:



GREENING OUR PLANET

These measures foster a sense of responsibility among all employees to reduce our negative environmental impact and to respond to environmental risks, including chemical or hazardous material leaks, as outlined in our Environmental and Occupational Safety and Health Emergency Preparedness Plan. Violating our Environmental Code is a significant offence, and employees who breach it may be subject to disciplinary measures.

Beyond the mentioned measures, we are implementing several green office initiatives to reduce our environmental impact, please refers to “Acknowledging Our Carbon Footprint – Metrics and Targets” (p.29).

Environmental Trainings and Education

We recognise that Baguio’s journey towards environmental sustainability and protection includes the mobilisation of our employees. This year, we updated our employee handbook to raise awareness on Baguio’s energy-saving expectation by urging our employees to implement energy-saving measures (such as turning off lights or air conditioners when not in use) and adopt a resource conservation mindset in the office. To continuously upskill our employees, we continue to engage them in a wide range of environmental-related trainings, including courses regarding electricity saving measures, water saving measures, noise pollution and noise management, chemical safety and storage, air pollution reduction and environmental protection, and sewage treatment.

Besides developing our employees, we strive to share our knowledge and industry experience with other stakeholders in our community. This year, we continued to organise or support green and recycling-related webinars or seminars, hold recycling days, engaged in recycling plant visit tours, and hold other relevant green activities. The figures below are inclusive of events hosted for our corporate clients and community.

Adding to the list, Baguio attended 7 relevant exhibitions, such as Eco Expo Asia 2023, ReThink HK 2023, International Property Management and Procurement Expo 2023, and Demo Day on “New Generation Plastics: Latest Applications and Industry Outlook”. Within these exhibitions, Baguio was given the opportunity to spotlight our initiatives to promote sustainable development in Hong Kong.



GREENING OUR PLANET



Sustainable Procurement Seminar



Glass Bottle Recycling Plant Vist



Green Workshop



International Property Management and Procurement Expo 2023



Discovery Bay Recycling Day



Demo Day on "New Generation Plastics: Latest Applications and Industry Outlook"



Rethink HK 2023



Student tours in Eco Expo Asia 2023

GREENING OUR PLANET

Promoting Circular Economy Innovatively

In terms of greening our operations, Baguio is committed to upcycling wherever we see an opportunity, promoting our “Local Collection, Local Circulation, Local Use” mindset. Our green sandbags are a prime example of our upcycling efforts, with its outer layer being comprised of rPETs or waste banners sourced from our partner, e-banner, and the sand inside being comprised from the glass sand, processed by Baguio’s Glass Bottle Recycling Plant. Since 2022, we produced over 2,000 sandbags, 600 of which were donated to schools, NGOs or charities, and 1,526 of which were sold to our clients and used for property management companies, housing estates, malls, or construction site. Our production partner at Chinese YMCA Home of Love - Yung Shing Sheltered Workshop was engaged to help the production of our sandbags. Through these partnerships, we hope to share our contributions to a circular economy while providing meaningful work to our community.



UPHOLDING OUR EMPLOYEES

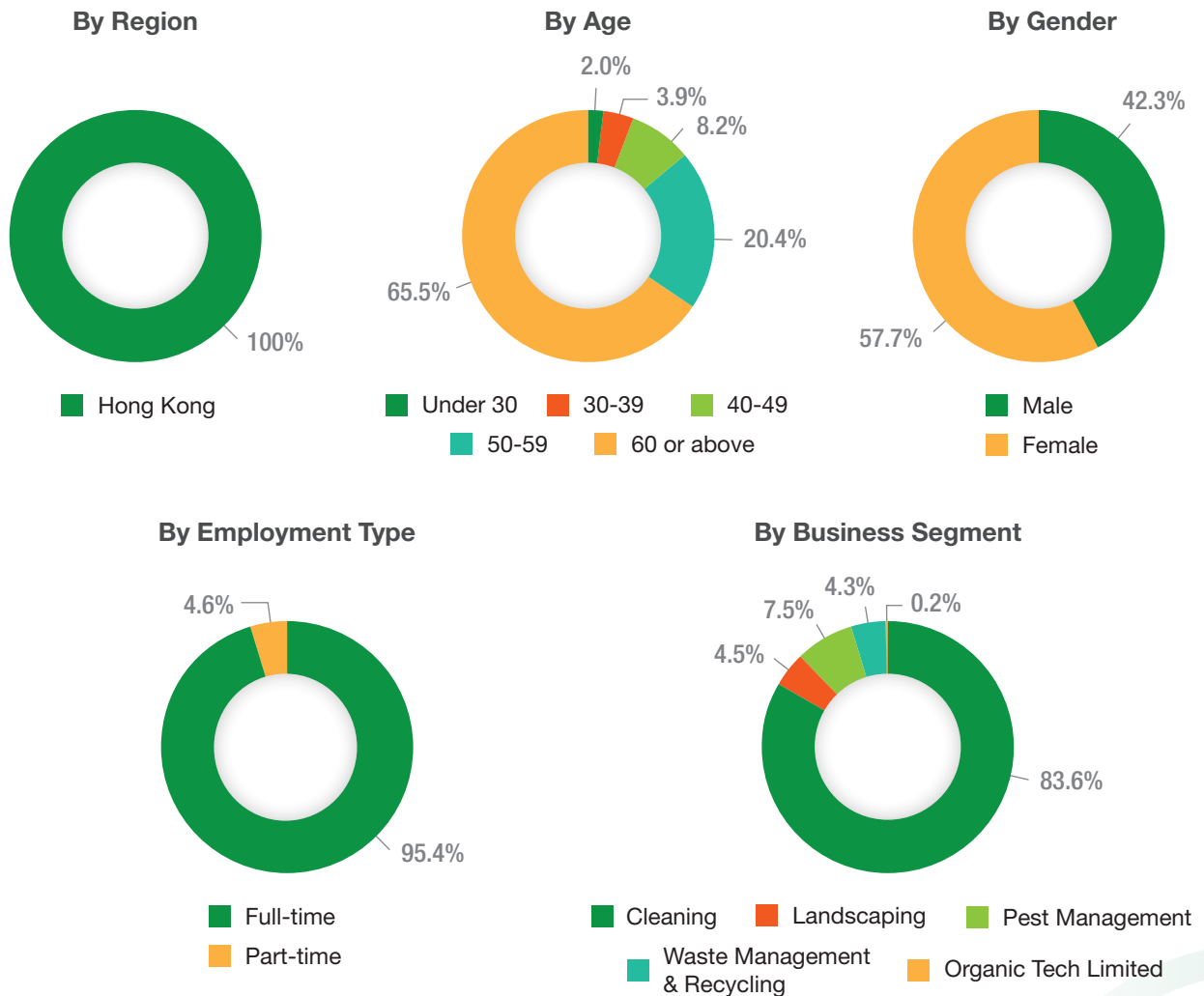


| UNSDGs | Targets aligned | Baguio's Effort |
|---|--|---|
|  | <p>Target 5.1. End all forms of discrimination against all women and girls everywhere</p> <p>Target 5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life</p> | <ul style="list-style-type: none"> Signed the "The Racial Diversity and Inclusion Charter for Employers" – Equal opportunity, diversity, anti-discrimination p. 43 Established a Whistleblowing Policy to maintain fairness and equality within the workplace – Equal opportunity, diversity, anti-discrimination p. 43 |
|  | <p>Target 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value</p> <p>Target 8.7. Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers, and by 2025 end child labour in all its forms</p> <p>Target 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment</p> | <ul style="list-style-type: none"> Remuneration, awards, activities foster positive environment, enhancing employee satisfaction and engagement – Remuneration and Benefits p. 43-44 HR policies prevent forced and child labour, with regular audits and age verification measures – Prevention of Child and Forced Labour p. 51 Policies, certifications, trainings, guidelines, initiatives, and communication promote safe working environments effectively – Occupational Health and Safety p. 45 |
|  | <p>Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> | <ul style="list-style-type: none"> SHEQ launches Heat Stroke Prevention Plan to mitigate climate impact on employees amidst extreme weather – Heat Stroke Prevention p. 46 |

UPHOLDING OUR EMPLOYEES

Baguio, as an equal opportunity employer, adhere to the principles of “Fairness, Openness and Impartiality” in all employment practices. We have regulations covering recruitment, dismissal, compensation, working hours, holidays, and benefits to ensure compliance with relevant laws and regulation. Additionally, we focus on talent management, nurturing a sustainable talent pool and providing diverse learning and development opportunities to support employee and company growth.

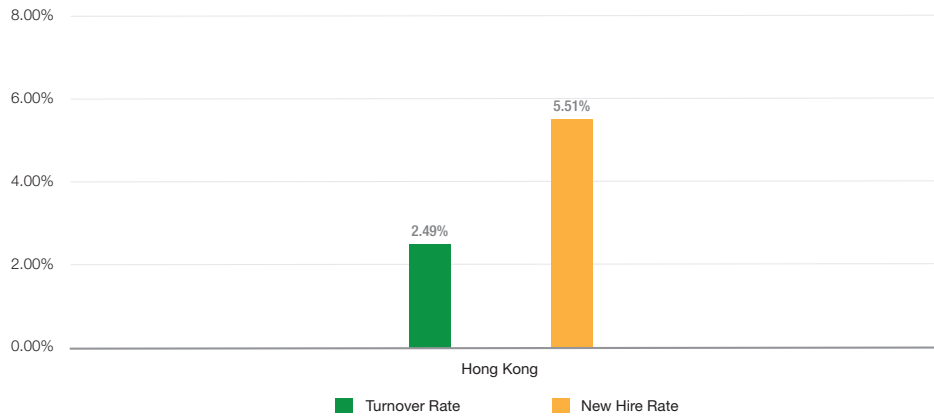
As of December 31, 2023, the Group had a total of 10,229 employees within the reporting boundary.



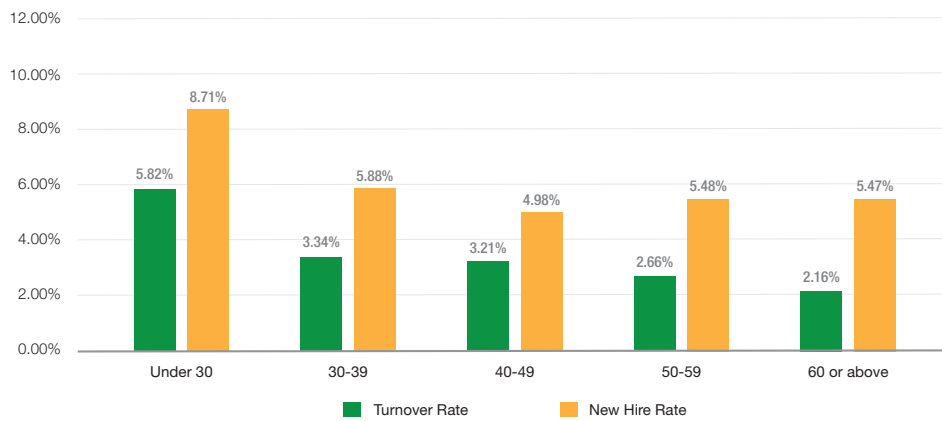
UPHOLDING OUR EMPLOYEES

Throughout the year, the Group experienced an overall employee turnover rate of 2.49% and a new hire rate of 5.51%. Our commitment to sustainable development has propelled Baguio's business growth, prompting us to actively recruit new talents to support our expansion. Here are charts depicting the distribution of employee turnover rates and new hire rates categorised by gender, age, and region.

Turnover and New Hire Rates by Region



Turnover and New Hire Rates by Age



Turnover and New Hire Rates by Gender



UPHOLDING OUR EMPLOYEES



Equal opportunity, diversity, anti-discrimination

The Group is dedicated to establishing a fair, diverse, and inclusive workplace environment for all its employees. We ensure equitable treatment regardless of factors such as race, gender, skin colour, family and marital status, pregnancy, or impairments. Since June 2022, we signed the “The Racial Diversity and Inclusion Charter for Employers” with the Equal Opportunities Commission to support and promote racial diversity and inclusion in the workplace. Here in Baguio, we highly value the opinions and ideas of all our employees.

Our Company assures equal opportunity in promotion for every employee. We publish internal Guidelines on Competency Indicators, and conduct performance appraisals with all our employees annually. Employees who reach the required competency level and are recommended by their supervisors would be considered for promotion.

To facilitate open communication and address concerns, we have implemented a grievance mechanism and other accessible channels, encouraging employees to voice their issues. We have also established a Whistleblowing Policy overseen by the Group’s Complaint and Appeals Committee to maintain fairness and equality within the workplace.

Our commitment extends to maintaining zero tolerance for all forms of discrimination and harassment in our operations. In the event of any relevant or suspected cases, employees are encouraged to report them through the grievance mechanism, and responsible personnel will promptly investigate and follow up on these matters. The Whistle-blowing Policy is uploaded to our website under “Sustainability”.



Remuneration and Benefits

The Group offers its employees competitive compensation and benefits, which are regularly adjusted based on factors such as employee performance, Group performance, and market trends. Baguio also provides training subsidies to eligible employees meeting specific criteria. In addition to standard local public holidays and annual leave, our employees are entitled to extra holidays, including birthday leave, marriage leave, maternity leave, and pending maternity leave. To show our care to employees’ wellness, this year, we enhanced the medical subsidy policy and introduced dental subsidy to our office employees.

UPHOLDING OUR EMPLOYEES

To acknowledge and reward our employees, we conducted the Long Service Award Ceremony. This year, 12 staff were members awarded the Ten Years of Service Award, Two staff members were awarded the Fifteen Years of Service Award, one staff member was awarded Twenty Years of Service Award and one staff member was awarded the Forty Years of Service Award.

Furthermore, we have established a recognition system to honour exceptional frontline employees. When these employees receive commendations from customers in writing or through service quality questionnaires, we issue supermarket cash coupons to them as tokens of appreciation.

As a considerate employer, the Group also organised various employee activities aimed at enhancing internal communication and fostering a positive working environments. We also offer sports subsidies quarterly to employees to encourage a sporting culture and support their health. Employees can apply for subsidies for sports classes, competition application fees, and booking fees for sports facilities.



UPHOLDING OUR EMPLOYEES

Occupational Health and Safety

At Baguio, the well-being of our employees is our top priority. Our commitment to creating a safe and healthy working environment is evident in our Integrated Management Policy. This year, we updated on our Code on Occupational Safety and Health, Environmental Protection and Quality Management for subcontractors to reinforce our stringent standards in occupational safety, environmental protection, and quality management. Through a comprehensive approach to hazard identification and risk management, we strive to ensure occupational health and safety for all staff across our various workplaces. The Integrated Management Policy is uploaded to our website under “Sustainability”.

Our dedicated Safety, Health, Environment and Quality Department (“SHEQ Department”) conducts regular inspections and coordinates third-party audits to consistently uphold stringent safety standards throughout our operations. As a testament to our commitment, we have obtained ISO 45001 accreditations in Occupational Health and Safety Management.

Workplace Safety and Occupational Health

To ensure occupational health and safety, we provide training to employees in accordance with occupational health and safety as well as environmental guidelines. We have developed four language versions of occupational health and safety and environmental management guidelines for our ethnically diverse employees, aiming to mitigate inherent risks in daily operations, including mechanical operations, chemical handling, electrical usage, and working at heights.

Health and Safety Measures Implemented in 2023

| | | |
|--|---|--|
|  Heat Stroke Prevention Work Plan |  Safety, Health, Environment and Quality Award Program |  Safety committee |
|  Third-party OSH risk assessment |  Supervisor monthly inspection |  Regular spot check |
|  Hazard control plan |  Monthly safety/new induction training |  Monthly high-risk job report |
|  Sampling inspections of high-risk work |  Industry accident sharing |  Accident/incident investigation |
|  Approved personal protective equipment list |  Environmental & OSH emergency preparedness plan | |

UPHOLDING OUR EMPLOYEES

Heat Stroke Prevention

As a cleaning service provider, we recognise the elevated risk of heat stroke for our employees, particularly in settings without adequate air conditioning, both indoors and outdoors. In response, we have implemented a Heat Stroke Prevention Work Plan aligned with the Labour Department's Guidance Notes on the Prevention of Heat Stroke at Work. Safety measures, such as issuing relevant safety notices and conducting regular toolbox talks on workplace safety during inclement weather conditions, have been introduced to improve staff awareness of safety and health during extreme weather events. Additionally, targeted training sessions have been conducted to further enhance awareness among our staff.

Our "Three Lines of Prevention" allows us to create a comprehensive and proactive approach to managing heat stress risks. This not only prioritises the health and safety of our employees but also ensures compliance with safety standards and regulations.

Heat Stress Risk Assessment

- Conducted Heat Stress Risk Assessment by registered safety officer to identify risks and propose corresponding preventive measures

Implementation

- Provision of suitable personal protective equipment (PPE) (e.g. protective hoods, goggles, gloves and protective clothing, etc.) to minimise heat risks during work
- Provision of shade and cover to minimise exposure to heat radiation
- Installation of blowers/misting fans to enhance air flow and promote heat dissipation or provide portable fans to facilitate heat dissipation and decrease heat stress
- Automated weather warning SMS

Arrangement

- Duty rotation for employees engaged in heavy physical work to minimise physical exertion and heat stress
- Schedule outdoor and physically demanding work during cooler periods (e.g. before 10 a.m. or after 4 p.m.).
- Provide rest breaks for employees to recover, hydrate, and cool down.
- Allow gradual adaptation of employees to hot work environment

The SHEQ department will take charge of issuing these SMS notifications promptly during office hours, particularly when the Observatory or Labour Department issues heat stress at work warnings (yellow, red, and black). To guarantee comprehensive coverage for these notifications, the HR department will regularly update employee contact phone information, especially during the summer months, and provide this data to the telecommunications company's SMS platform. All phone numbers imported into the SMS platform will receive these important notifications.

In addition, we provide adequate portable drinking water to employees. We ensure our employees have access to drinking water within 10 minutes of walking to facilitate their replenishment of water. Our uniforms are made with breathable clothing with good sweat-wicking dry-fit properties that can effectively remove moisture from the skin and increase evaporation and heat dissipation.

Safety Communication

Baguio has implemented a comprehensive safety communication strategy, ensuring effective delivery of safety messages across various organisational levels. We utilise SMS and WhatsApp to disseminate crucial safety information, covering topics such as extreme weather precautions, recent industry injury cases, and work safety instructions to both workers and subcontractors. Automate SMS alerts for efficient communication, including real-time weather warnings (e.g., heat stress at work), to enhance employees' safety and overall operational efficiency.

UPHOLDING OUR EMPLOYEES

Safety meetings are regularly organised to facilitate communication between frontline staff and management. This year, Baguio conducted two separate SHEQ meetings at Caritas Medical Centre and North Lantau Hospital. Following these meetings, a decision was made to establish safety committees in both hospitals. These committees, led by members of the SHEQ department, aim to identify issues, propose solutions, enhance employee safety awareness, and provide a communication channel for mutual dialogue. Regular meetings are scheduled every six months. To further promote safety awareness, the safety policy and code of conduct will be prominently displayed on the construction site notice board.



SMS



WhatsApp



Meeting



Training



QR Code



Notice



Email

Performance of Work Safety

Throughout the year, we have worked diligently to make Baguio a safe and healthy workplace. The Group recorded no work-related fatalities and 17,018 lost days due to work-related injuries or accidents.

| | 2023 | 2022 | 2021 |
|-----------------------------|--------|--------|-------|
| Lost day due to work injury | 17,018 | 10,049 | 5,583 |
| Accident rate* | 1.29 | 1.00 | 1.02 |
| Work-related fatalities | 0.00 | 0.00 | 0.00 |

* Work-related accident cases per 100,000 working hours

The increase in the lost days due to work injury in 2023 is the result of the increase in the Group's service contracts and manpower. The environmental service industry is dominated by manual labour work, and we are currently grappling with the issue of an ageing workforce, where employees aged 60 or above constitute a significant portion of our workforce. Unfortunately, this age group is more susceptible to work-related injuries compared to other industries and age groups.

The most common accidents are:

- Slip, trip, fall
- Injured while lifting or carrying objects
- Hit or collided with moving or fixed objects

To enhance the effectiveness of safety training, we are providing specific training for common work-related injury and proactively introducing automated machinery and tools to reduce the chance of employee injury (Digitalisation and Innovation p. 53). Our cross-department ESG Working Group also proposed new initiatives to develop sustainable human resources (Sustainability Governance p. 13).

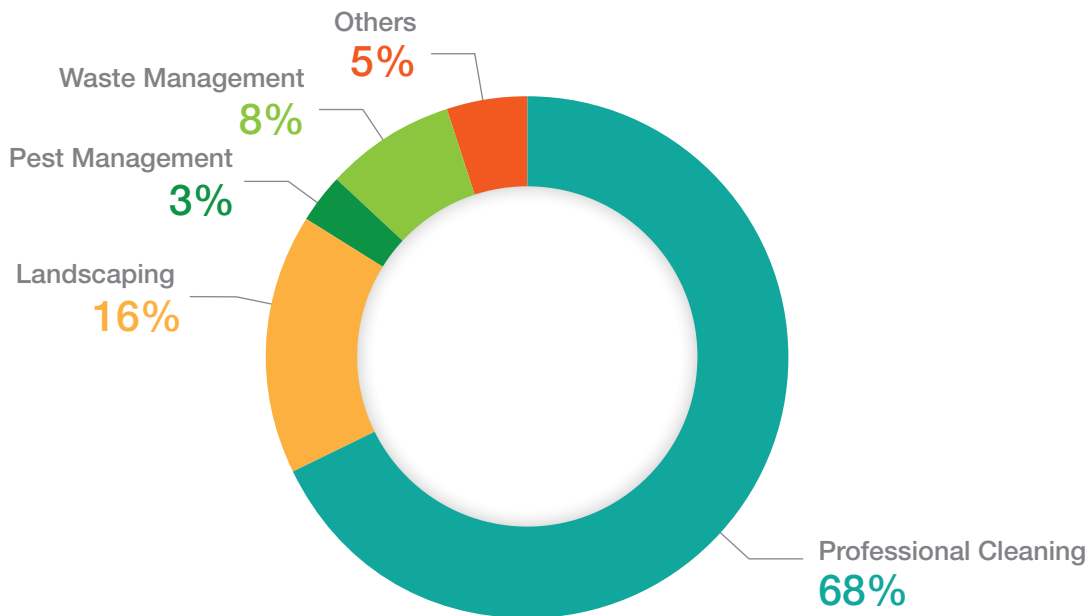
UPHOLDING OUR EMPLOYEES

Training and Development

At Baguio, we value the continuous growth and success of our workforce through a robust commitment to training and development. We offer diversified training programs to ensure that our employees are equipped with the knowledge and skills they need to succeed in their roles and contribute to the success of the Company. We provide regular internal mandatory trainings to our employees. For examples, we conduct orientation for all new office employees, and supervisory training for foremen and supervisors or above of frontline employees. We also organise training on anti-discrimination, The Personal Data (Privacy) Ordinance, anti-corruption bi-annually for all office and operation employees. Other trainings include IT security, prevention for sexual harassment in the workplace. We also established Training Sponsorship Policy to support employees' development.

To effectively convey knowledge of occupational health and safety to each employee, we continued the "Train-the-Trainer" program this year. In 2023, 81 employees participated in the training courses and became qualified training mentors.

Total Number of Qualified Trainer: 275



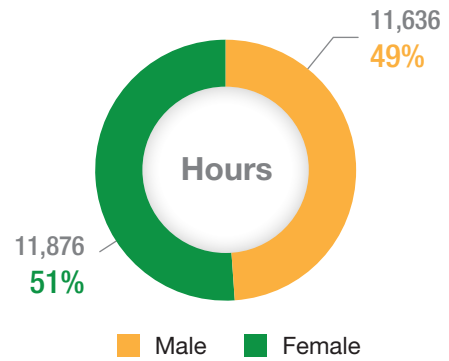
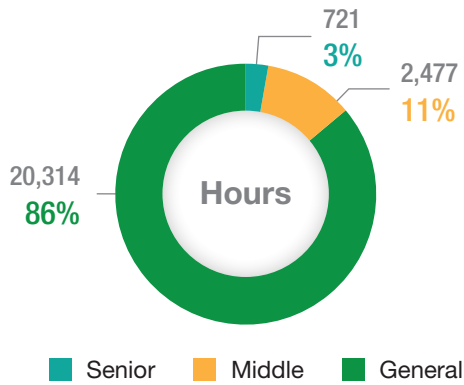
UPHOLDING OUR EMPLOYEES

Training needs meeting was held with business unit heads coming together to structure and tailor diverse training programs to the specific needs of individual departments and various staff levels. The table below summarised the key training programs:

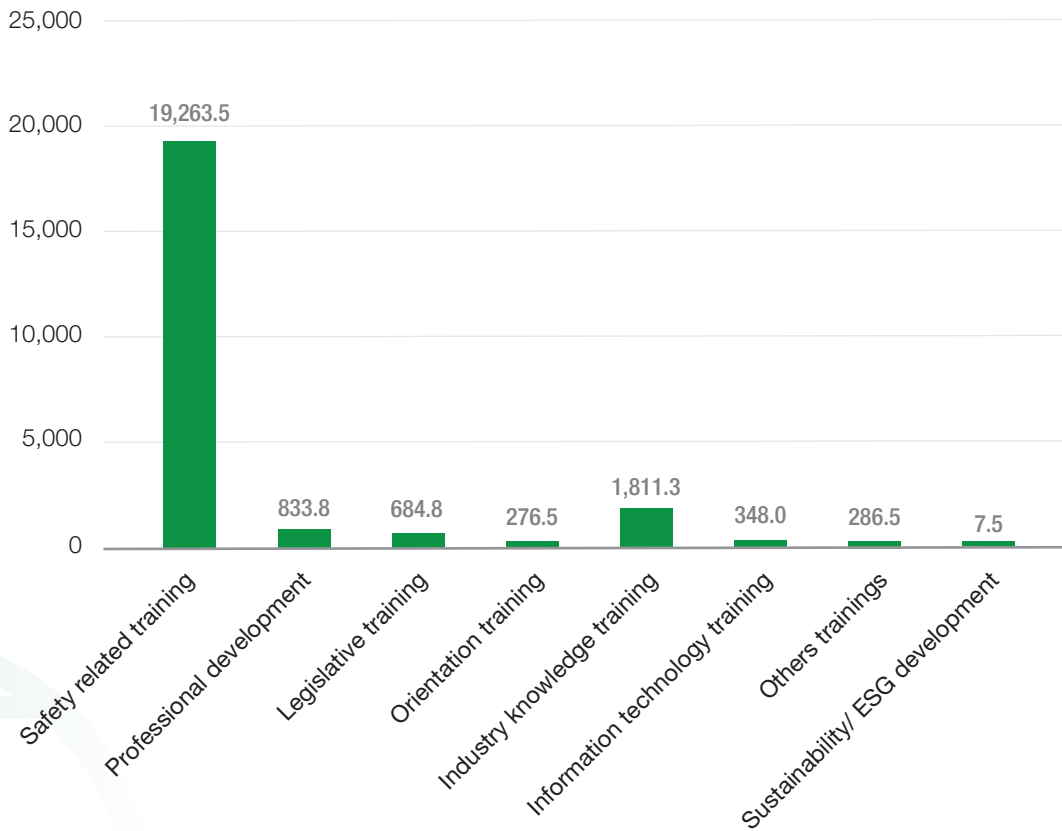
| Employee Category | Focus Area | Description |
|----------------------|---|--|
| Front-line Employees | Safety, Health, Environment and Quality | <p>Ensuring the well-being of our employees and fostering awareness of Baguio’s environmental impacts are paramount. All new employees are required to complete the Safety, Health, Environment and Quality Department (“SHEQ”) training within three months of joining duty.</p> <p>Our SHEQ training sessions are conducted through accredited courses provided by the Labour Department, external training institutions, or internal sessions organised by our SHEQ department.</p> <p>Our toolbox training materials are issued bi-monthly, covering topics related to environmental and safety & health, for example, prevention of slip and trip; fire emergency preparedness; heat stroke; adverse weather; discharge of polluted water etc. In 2023, we successfully conducted 205 tool box trainings, and 98% of our frontline staff has at least completed basic occupational health and safety trainings by 2023.</p> |
| | Professional Skills | To support an environment of ongoing professional development, Baguio actively promotes the Recognition of Prior Learning Mechanism (RPL), a program aligned with the Education Bureau’s Qualifications Framework (QF) among our employees. In the current fiscal year, one staff member has achieved a QF Level 4 certificate through this initiative. |
| | Personal Soft Skills | To empower our employees with the capacity to deliver warm and high-quality services, we conducted various soft skills training sessions focused on communication, appearance, mentality, and handling challenging customer interactions for our front-line staff. The training incorporated situational videos to illustrate key concepts, followed by self-assessment tests to reinforce their learning. |
| General employee | Respectful and Enjoyable Office Environment | <p>Our office orientation training allows new hires to be well-acquainted with our workplace culture, policies, and essential practices, facilitating their smooth integration.</p> <p>In a commitment to maintaining a positive and inclusive work environment, Baguio conducts training sessions on the prevention of workplace harassment for every office staff. These sessions are designed to cultivate a culture of mutual respect, understanding, and sensitivity, fostering an atmosphere where every team member feels valued and supported.</p> |
| All employee | Legal Compliance | Specialised training on the Prevention of Bribery Ordinance and Anti-Discrimination Legislation ensures staff are well-informed about legal frameworks. Participation in the Employment Ordinance and Good Personnel Management Practices online seminar, organised by the Labour Department, reinforces Baguio’s commitment to a well-informed and compliant workforce. |

UPHOLDING OUR EMPLOYEES

Training



Training Topic



| Total Training Hour: 23,512 | | | | | |
|------------------------------------|-----------|----------|--------------|---------|----------|
| | By Gender | | By Workforce | | |
| | Male | Female | Senior | Middle | General |
| Safety Training (Hours) | 9,321.6 | 9,941.9 | 188.8 | 1,108.5 | 17,966.3 |
| Non-Safety Training (Hours) | 2,554.7 | 1,693.6 | 532.0 | 1,368.3 | 2,348.0 |
| Total Training (Hours) | 11,876.3 | 11,635.5 | 720.8 | 2,476.8 | 20,314.2 |

UPHOLDING OUR EMPLOYEES

Prevention of Child and Forced Labour

The Group is firmly committed to eradicating all forms of child and forced labour within the organisation, including any involving direct contracts or subcontractors. To ensure compliance with legal employment practices, the Human Resource Department has established policies of the Prevention of Forced Labour and Prevention of Child Labour.

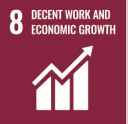


Regular audits are conducted across all facilities and structures to prevent forced labour, and age verification is mandatory before extending any employment offers to ensure that no child labour is employed. In the event of the discovery of child or forced labour, the Human Resource Department takes immediate action, including termination of employment, and puts forward remedial measures while continually monitoring their implementation.

Throughout the reporting period, the Group was not aware of any instances of non-compliance with relevant laws and regulations that would significantly impact the Group in areas such as compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and the prevention of child or forced labour.



IMPLEMENTING OPERATION EXCELLENCE



| UNSDGs | Targets aligned | Baguio's Effort |
|---|---|--|
|  | <p>Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors</p> | <ul style="list-style-type: none"> Upgraded operations innovatively through NIR plastic sorting technology, 3D scanning, and other advancements – Digitalisation and Innovation p. 53-54 |
|  | <p>Target 16.5. Substantially reduce corruption and bribery in all their forms</p> | <ul style="list-style-type: none"> We maintain a strict zero-tolerance policy for corruption, implementing comprehensive anti-corruption measures, education, and reporting systems, promoting transparency, integrity, and accountability throughout the organisation and supply chain – Anti-corruption p. 59 |
|  | <p>Target 12.7. Promote public procurement practices that are sustainable, in accordance with national policies and priorities</p> | <ul style="list-style-type: none"> Adopted a Sustainable Procurement Policy and conducted a seminar on sustainable procurement for suppliers – Sustainable Procurement p. 55 |

IMPLEMENTING OPERATION EXCELLENCE

To align with the government's promotion of smart city and maintain our leading position in the market, we are continuously pursuing digital and technological innovations.

Digitalisation and Innovation

We have incorporated face recognition and Octopus card technology into our online attendance system in addition to our existing digital and cloud-based solutions such as GPS and the electronic key system (iButton). Furthermore, this year, we have implemented Near-Infrared (NIR) technology in plastic sorting and 3D scanning in our transplanting projects to enhance daily work efficiency.

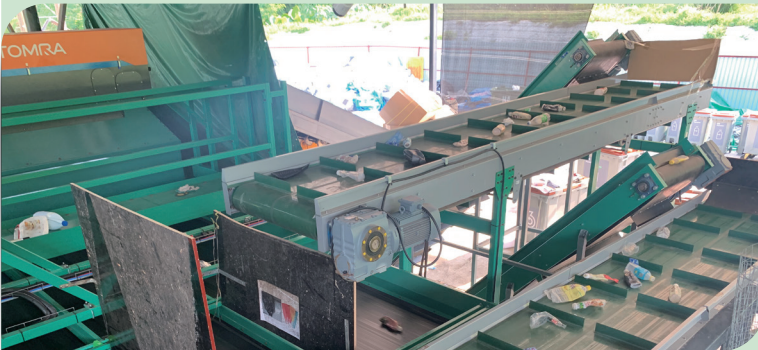
Baguio also actively collaborates with partners to excel in digital and technological innovations. This year, we have joined forces with SGS Hong Kong Limited in bringing the S-Carbon platform to efficiently collect carbon emissions of our own operations, and both upstream and downstream supply chains. By using carbon emissions as a key performance indicator, we can optimise our operational processes for greater efficiency and ensure readiness for future disclosure requirements. Our commitment to embracing digital and innovative solutions remains steadfast, as we strive for excellence in our operations in the future.

IMPLEMENTING OPERATION EXCELLENCE

Innovation in Plastic Sorting

Introduced in Baguio's Waste Plastic Pre-treatment Sorting Centre, the high-speed and fully automated plastic-sorting facility enhanced by Near-Infrared ("NIR") technology can sort up to 1,080 tons of plastic per month, equivalent to 60,000 plastic bottles per hour, compared with our traditional hand sorting method, which could only sort 1,800 plastic bottles (around 36kg) per person per hour. The machine can also help to sort out three types of plastic simultaneously, thus increases the efficiency of sorting out target material. Implemented with the new technology, we can boost our operational efficiency and productivity to cope with growing volume of recyclables.

Waste Plastic Pre-Treatment Sorting Centre



Recovery rate:

90%



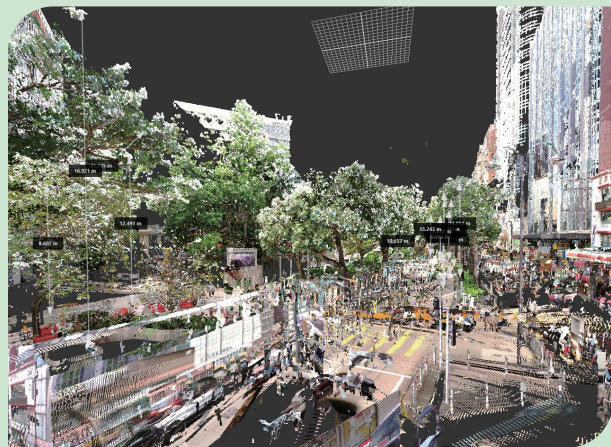
Yield rate:

>93%



Utilising 3D Scanning in Transplanting Projects

Innovative techniques such as 3D scanning are being employed to measure the dimensions of trees in transplanting projects, a less common application compared to its use in other industries. This technology can accurately assess the size of tree crowns, branch lengths, and other crucial parameters, facilitating comprehensive analysis. Subsequently, the data obtained through 3D scanning is input into a computer for modelling purposes, we can then evaluate the feasibility of tree transplantation with precision and enhance the overall accuracy of the process.



Innovative Attendance System for Efficient Staff Supervision



The implementation of a new attendance system has introduced two distinct methods, face recognition and Octopus card, with the choice between them dependent on the specific work site. This system has undergone a successful trial in various cleaning contracts, such as wet markets and hospitals. Its advantages include low costs and minimal technical requirements, making it an effective tool for enhancing staff supervision, especially for employees working night shifts or in remote areas. Face recognition helps provide a more reliable proof of employee attendance. This innovative approach not only streamlines attendance tracking but also ensures greater efficiency across diverse work environments.

IMPLEMENTING OPERATION EXCELLENCE

Supply Chain Management

The Group prioritises long-term relationships, especially with suppliers and partners, to enhance operations and customer service. The Procurement Department manages supplier relationships, ensuring materials and services come from approved suppliers. Suppliers undergo annual reviews and must comply with regulations. Environmental and social risks in the supply chain are managed through regular assessments and stakeholder communication, promoting sustainable procurement practices while minimising environmental impact.

During the reporting period, the Group had 313 suppliers: 293 in Hong Kong, 15 in mainland China, and additional five suppliers in various countries including the Netherlands, Thailand, and the UK. The Group maintains regular communication with suppliers and subcontractors through various channels such as interviews and questionnaires to enhance the management and monitoring of their environmental and social performance.

In 2023, an internal annual assessment evaluating suppliers' performance is conducted by the Procurement Department for all listed suppliers on the approved contractor list. Furthermore, the Group conducted face-to-face interviews with 20 key suppliers to ensure compliance and sustainability performance.

BAGUIO'S POLICIES:

- Supplier Code of Conduct
- Sustainable Procurement Policy
- Sustainability Policy
- Integrated Management Policy

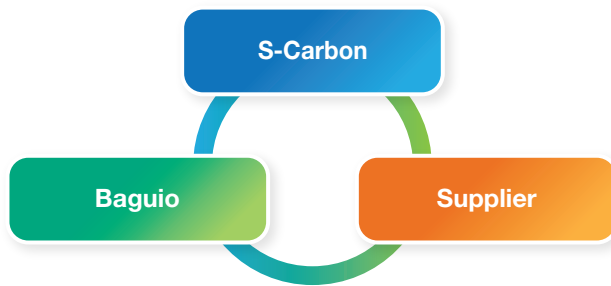
Sustainable Procurement

The Group is dedicated to sustainable development by incorporating operational efficiency, environmental protection, and social responsibility throughout its operations, including procurement, as outlined in our Board-approved Sustainable Procurement Policy. Suppliers who demonstrate a commitment to socially and environmentally sustainable practices in their operations will receive priority consideration, with regular monitoring and assessment by our Procurement Department. The Supplier Code of Conduct, Sustainable Procurement Policy, Sustainability Policy and Integrated Management Policy are uploaded to our website under "Sustainability".



Sustainable Procurement Seminar

IMPLEMENTING OPERATION EXCELLENCE



We not only incorporate low-impact environmental products into our daily operations but also maintain regular communication with our suppliers. This year, we established the “Green Vendor List” and “Green Product List” to better support our sustainable procurement strategy. In order to be qualified in our Green Vendor and Green Product list, we require our suppliers and subcontractors to provide relevant certificates, updated test reports, material safety data sheet (MSDS) and label from accredited bodies to ensure the product quality and

monitor the proper usage of the products. We encourage our suppliers to introduce environmentally friendly products, aligning with our commitment to sustainable development. Alongside the launch of the S-Carbon platform, we conducted a seminar for suppliers to encourage sustainable procurement together with the participation in S-Carbon to monitor their carbon emission. 38 suppliers attended the seminar.

Baguio is dedicated to further encouraging sustainable procurement and minimising our environmental and societal footprint. We actively promote sustainable products and services to our customers. We also introduced approximately 23 products through meetings, workshops, conference calls, and expos with our suppliers. In 2023, we introduced 19 environmentally friendly products into our business and services.

Responsible Service Provider

The Group has obtained ISO 9001:2015 certification for its quality management system and Integrated Management System. The Integrated Management Policy is in place to ensure service quality. We also implement planned arrangements at appropriate stages to demonstrate compliance with product and service requirements. The release of products and services to customers occurs only after these planned arrangements are completed. Our unwavering focus on enhancing customer satisfaction is maintained throughout these processes. Internal supervision by department heads and inspections conducted by the SHEQ Department, along with regular third-party audits, form integral parts of our quality assurance framework. All inspection and audit findings are promptly reported to management, facilitating continuous improvement and accountability. In our role as a responsible service provider, the Group provides accurate and truthful information in our promotional materials, labels, advertisements, and more. Any form of misleading information, false statements, or exaggerated descriptions of our products and services is strictly prohibited by the Group. The Integrated Management Policy is uploaded to our website under “Sustainability”.

We always prioritise our customers’ best interests, and as a result, we are committed to ensure the quality of our products and services. We adhere to laws, regulations, and rules, requiring all employees, subcontractors, and suppliers to comply with applicable legal requirements, house rules, work instructions, safety and health guidelines, and environmental regulations. This commitment is aimed at providing quality assurance and preventing environmental pollution, injuries, ill-health, and accidents. Furthermore, we initiate “Kick-off” meetings and action plans to ensure service clarity for our customers. We also conduct regular audits and service evaluations to maintain the high quality of our products and services. Every year, all employees are required to sign a Confidentiality Agreement to ensure they would not disclose company information including client information.

BAGUIO’S POLICIES:

- Code of conduct in Employee Handbook
- Declaration of Confidentiality
- Integrated Management Policy

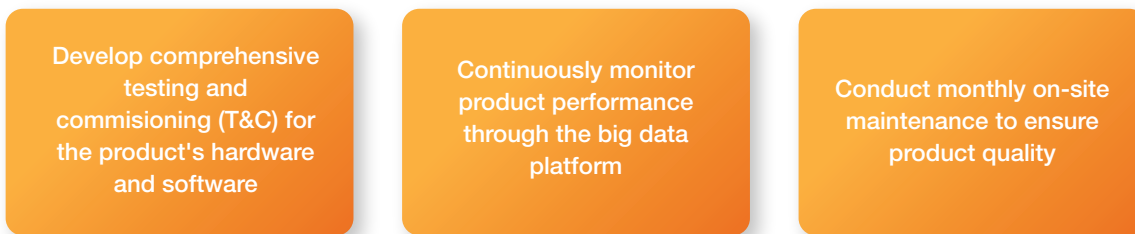
Laws, Regulations and Rules Compliance

Service Delineation

Regular monitoring and review

IMPLEMENTING OPERATION EXCELLENCE

As more Smart Recycling Bins and Food Waste Smart Bins are installed, we have developed the following product quality verification system for Smart Recycling Bins and Food Waste Smart Bins to ensure their proper operation.



Throughout the reporting year, the Group mainly provided integrated environmental services and did not experience any product recalls related to health and safety concerns. Additionally, the Group had no knowledge of any violations of laws and regulations that would have a significant impact on advertising, labelling, or the health and safety aspects of the services we provided.

Customer First

The Group is dedicated to delivering exceptional customer service and places high importance on communication with customers, as it contributes to ongoing improvements in our operations and services. In 2023, we conducted the Baguio Service Quality Evaluation Survey, assessing service performance, managerial staff performance, and front-line operational staff performance. We received 248 responses throughout the year, with over 97% of evaluation items in each evaluation category achieving a “Satisfactory or above” rating. We are delighted to obtain an improved satisfaction rate from 2022 (95%).

Baguio Service Quality Evaluation Survey: Item rated Satisfactory or above by Category



As Baguio continues to pursue operational excellence, we are committed to enhancing our services based on customer feedback. Upon receiving surveys from the marketing department, they are promptly forwarded to the operations team for any necessary follow-up actions. Subsequently, the operations team provides updates on the results of their follow-up efforts. These processes enable us to achieve continuous improvement in our customer services.

IMPLEMENTING OPERATION EXCELLENCE

During the reporting period, we received 22 customer complaints, all of which were successfully resolved. Upon receiving customer complaints, we promptly initiate several actions, as outlined below:



Given our business nature, no packaging material was used and therefore its disclosure was not applicable.

Intellectual Property Protection

The Group places a high priority on safeguarding intellectual property, as it serves as a catalyst for continual innovation and sustained growth. In 2023, the Group successfully registered 12 logos. Responsible parties provide trademark logos and registered classes to the Finance department for registration and renewal purposes. The Corporate Development Department oversees the verification of the Group's published materials to guarantee conformity with applicable laws and regulations. The implementation of the Supplier Code of Conduct effectively ensures that the Group's contractors, subcontractors, and suppliers safeguard relevant intellectual property rights. Any actions that compromise the Group's intellectual property rights or reputation are strictly prohibited.

Throughout the reporting period, the Group has not been informed of any intellectual property infringements. In the event of such a case arising, we will adhere to our internal protocols and, if necessary, pursue legal remedies.

Information Security and Data Privacy

The Group places a strong emphasis on information security and data privacy, strictly adhering to relevant laws and regulations. The Risk Management Team is responsible for safeguarding information and data, preventing unauthorised disclosure of confidential information, and conducting ongoing monitoring. We have implemented internal policies that extend to employees, suppliers, and third parties. To bolster information security and data privacy, we have introduced several measures:

- Regular IT training on cyber security and best practice for all Baguio computer users to protect the integrity and confidentiality of company information
- Monthly IT tips are regularly disseminated to employees to enhance their awareness of cybersecurity.
- External email warning messages are attached to emails to prevent cybercrimes such as phishing.

Throughout the reporting period, the Group has not encountered any instances of non-compliance with laws and regulations concerning information security and data privacy.

IMPLEMENTING OPERATION EXCELLENCE

Anti-corruption

As a responsible corporation, Baguio maintains a strict zero-tolerance policy towards any manifestation of corruption. To ensure that all employees, suppliers, customers, and other third parties are well-informed about our anti-corruption guidelines, we have established a comprehensive set of internal policies. For all new hires, anti-corruption education forms an integral part of their staff orientation and training, particularly for office and frontline supervisors. Furthermore, we collaborate with the ICAC to conduct biennial anti-corruption seminars for all staff members, including senior management, to reinforce their awareness of this critical issue. In addition to these seminars, we offer various trainings, tailored to the specific needs of our staff. In 2023, 2 sessions of anti-corruption training are offered to 228 office and frontline supervisory staff from various departments. This multi-faceted approach ensures that everyone associated with our organisation is well-equipped to understand and combat corruption effectively.

Baguio is unwavering in its commitment to uphold the highest standards of transparency, integrity, and accountability. We have established a Whistleblowing Policy that serves as a guide to protect whistleblowers, maintain confidentiality, and outline the procedures for monitoring and reporting. The whistle-blowing procedures are covered in our supervisory training, of which we conducted 11 sessions in 2023. Additionally, they are addressed during our monthly office staff orientation sessions. All members of the Group's workforce are expected to adhere to our Business Code of Conduct and comply with relevant laws and regulations. Additionally, they are required to submit a Conflict of Interest Declaration Form annually. Failure to abide by these policies or regulations may result in disciplinary actions, including but not limited to dismissal. Furthermore, we have implemented a Supplier Code of Conduct to ensure that all our suppliers adhere to applicable anti-corruption laws and regulations. This underscores our commitment to maintaining ethical and lawful practices across our entire supply chain. The Whistle-blowing Policy and Supplier Code of Conduct are uploaded to our website under "Sustainability".

To handle complaints or concerns about misconduct or malpractices, the Company's secretary has been designated as the responsible point of contact. When a case is reported, a series of rigorous measures are implemented, including internal assessments, external evaluations, and, if necessary, involvement of law enforcement authorities to ensure a thorough and effective resolution. The ultimate responsibility for the final report of the investigation and recommendations for future changes lies with the top management, the audit committee, or the Board, underscoring our commitment to transparency and accountability in addressing such matters.



Throughout the reporting period, the Group did not have knowledge of any instances of significant non-compliance with relevant laws and regulations related to bribery, extortion, fraud, or money laundering.

BAGUIO'S POLICIES:

- Business Code of Conduct and Ethic
- Conflict of Interest Declaration Form
- Employee Handbook
- Supplier Code of Conduct
- Whistleblowing Policy

OUR COMMUNITY ENGAGEMENT



| UNSDGs | Targets Aligned | Baguio's Effort |
|---|---|--|
|  | <p>Target 10.2. By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status</p> | <ul style="list-style-type: none"> Our efforts to promote sustainability and environmental awareness cover various groups in the society including underprivileged groups, students and elderly – Green Living Appreciation: 2023 CSR activities p. 62-65 |
|  | <p>Target 13.3. Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p> | <ul style="list-style-type: none"> We organise educational tours, seminars, and activities to raise environmental awareness and promote sustainability among different segments of society – Green Living Appreciation: 2023 CSR activities p. 62-65 |

OUR COMMUNITY ENGAGEMENT

Being a leading and highly regarded environmental services group in Hong Kong, we actively promote sustainability, consistently enhance our expertise and quality of environmental management, and pledge to create eco-friendly communities for the future of Hong Kong.

We expedited our sustainable business expansion through the adoption of new technologies, organising environmental conservation activities, and fostering strong collaboration with key stakeholders, including green organisations, universities, secondary schools, NGOs, and business chambers. Throughout our history, we have maintained an unwavering commitment to continuously raise environmental awareness. During the reporting period, we sponsored a total of HKD270,500 and contributed 909 hours to volunteer activities.



To better engage with the community and spread green messages, various activities are organised, including educational tours, active participation in exhibitions, social media engagement, and informative seminars to promote environmental awareness. In a bid to extend the lifecycles of electronic materials and reduce landfill waste, our IT Department generously donated 26 desktop computers, 12 LCD monitors, and five other accessories to NGOs.

Seminar and Visit Tours for NGOs

- 13 visit tours organised to enhance green awareness and build trust in our recycling facilities.

Green, Recycling, ESG related webinar and seminar

- Conducted 44 sharing in green, recycling, ESG topics for NGOs and public

OUR COMMUNITY ENGAGEMENT

Green Procurement Fair in 2023

- Participated in five green procurement fairs, including Green Procurement Exchange and Sharing Session, Green Procurement Exhibition and Exchange and Sharing Session, etc.

Exhibitions in 2023

- Actively engaged in seven exhibitions, including Eco Expo Asia, Rethink HK 2023, International Property Management and Procurement Expo, and Demo Day on “New Generation Plastics: Latest Applications and Industry Outlook”.

Educational Student Tours at Eco Expo Asia 2023

- Ten student tours were hosted to educate about our contributions to the local circular economy and recycling.

Green Living Appreciation: 2023 CSR activities

All of our CSR activities in 2023 revolve around the theme of “Green Living”, aimed at raising awareness among our service recipients about integrating green elements into their lifestyles, valuing existing resources, and collectively contributing to the sustainable development of our city. These activities include:

Serving People in Need



Children’s Organic Farming Half-Day Camp

Children participate in learning about sustainable farming practices and organic agriculture. This not only reduces environmental harm but also helps them appreciate the hard work of farmers and value food.

Home Appliances Maintenance for Underprivileged Groups

We invited a licensed electrician to conduct four repair courses to guide and teach our colleagues about home appliances repair skills. After acquiring the skills to repair small appliances, we carried five practical sessions to provide home appliance repair services for residents in Tai Kok Tsui and Sham Shui Po. The activity can reduce over-consumption and preserve the value of electrical appliances while assisting the underprivileged group.



OUR COMMUNITY ENGAGEMENT



Visiting Tour: Jockey Club Museum of Climate Change and Baguio Recycling Plant with Elderly

We organise trips for the elderly to visit Jockey Club Museum of Climate Change and our recycling facilities. This helps them understand the impact of climate change on our lives and learn practical recycling knowledge to reduce waste.

Mid-Autumn Festival Outreach Visit to Homeless and Mooncake Recycling

We collect 84 mooncakes in office and deliver them to homeless people before Mid-Autumn Festival. Surplus mooncakes are sent to Food Angel for redistribution to reduce food waste and address hunger.



Embracing the environment



Green Hero Challenge - Mountain Cleanup

We organised a trail cleaning event, leading colleagues on a 10KM hike along the Tai Tong Trail. During the hike, we not only cleared the litters on trail but also enjoyed the gorgeous natural scenery. The event is to promote environmental protection, encouraging leave no trace when hiking and preserving the beauty of nature.

Giveaway Market for Surplus Items

We collect unused items from our colleagues, including various household items, electrical appliances, clothes, and toys, and hold a Giveaway Market in the office. Some of the items are donated to those in need in the community to reduce waste.



OUR COMMUNITY ENGAGEMENT



Recycling of Laisee (red packets) envelopes, Mooncake Boxes, and Calendars

We collect and recycle red envelopes, mooncake boxes, and calendars to reduce waste and promote the circular use of valuable resources.

Baguio's Recycling Facilities Visit

The guided tours delved into Baguio's sustainable waste management practices, helping participants understand how they minimised environmental impact and fostered a greener, cleaner community for all.



Community Recycling Seminar

Empowering our local community with essential knowledge, practical tools, and actionable insights for embracing sustainable lifestyles and adopting responsible waste management practices to protect our environment.

OUR COMMUNITY ENGAGEMENT

In our dedication to promoting green awareness, educating the public, and cultivating sustainable behaviours, Baguio has launched a free mobile application named “iRecycle.” The app empowers registered users to earn rewarding by recycling plastic and glass containers and redeem gifts and coupons. In 2023, the iRecycle App facilitated the collection of 12,100 glass containers and 130,837 plastic bottles. Furthermore, we have established 50 collection points at Sinopec stations to streamline the recycling process through the iRecycle App. Additionally, iRecycle has played an active role in organising and supporting community recycling events to raise awareness in recycling.



APPENDIX

PERFORMANCE DATA SUMMARY

| | | 2023 | 2022 | 2021 | 2020 |
|---------------------------------|--|---------------|--------|--------|--------|
| Employment | Group-wide (Person) | 10,229 | 8,894 | 5,621 | 5,255 |
| | By Business Segment | | | | |
| | Cleaning (Persons) | 8,554 | 7,383 | 4,237 | – |
| | Landscaping (Persons) | 456 | 485 | 405 | – |
| | Pest Management (Persons) | 768 | 599 | 628 | – |
| | Waste Management & Recycling (Persons) | 451 | 427 | 351 | – |
| | By Region | | | | |
| | Hong Kong (Persons) | 10,229 | 8,867 | 5,593 | – |
| | Mainland China (Persons) # | – | 27 | 28 | – |
| | By Employment type | | | | |
| | Full-time (Persons) | 9,763 | 8,522 | 5,388 | 5,011 |
| | Part-time (Persons) | 466 | 372 | 233 | 244 |
| | By Workforce | | | | |
| | Office Staff (Persons) | 274 | 273 | 247 | – |
| | Operations Staff (Persons) | 9,955 | 8,621 | 5,374 | 5,030 |
| | By Age group | | | | |
| | Under 30 years (Persons) | 201 | 194 | 172 | 179 |
| | 30-39 years (Persons) | 403 | 405 | 264 | 306 |
| | 40-49 years (Persons) | 840 | 853 | 561 | 503 |
| | 50-59 years (Persons) | 2,090 | 1,962 | 1,318 | 1,292 |
| | 60 years or above (Persons) | 6,695 | 5,480 | 3,243 | 2,975 |
| | By Gender | | | | |
| | Male (Persons) | 4,329 | 3,757 | 2,435 | 2,282 |
| | Female (Persons) | 5,900 | 5,137 | 3,186 | 2,973 |
| | Group-wide turnover rate (%) | 2.49 | 2.64 | 2.78 | 2.71 |
| | By Age group turnover rate | | | | |
| | Under 30 (%) | 5.82 | 5.75 | 5.65 | – |
| | 30-39 (%) | 3.34 | 4.21 | 3.27 | – |
| | 40-49 (%) | 3.21 | 3.52 | 3.80 | – |
| | 50-59 (%) | 2.66 | 2.99 | 2.78 | – |
| | 60 or above (%) | 2.16 | 2.11 | 2.40 | – |
| | By Gender turnover rate | | | | |
| | Male (%) | 2.21 | 2.96 | 2.87 | – |
| | Female (%) | 2.88 | 2.41 | 2.71 | – |
| | By Region turnover rate | | | | |
| | Hong Kong (%) | 2.49 | 2.65 | 2.79 | – |
| | Mainland China (%)# | – | 0.3 | 0 | – |
| Training and Development | Total training (Hours) | 23,512 | 32,320 | 23,050 | 16,255 |
| | By Workforce Profile# | | | | |
| | Senior (Hours) | 721 | 1,168 | – | – |
| | Middle (Hours) | 2,477 | 3,622 | – | – |
| | General (Hours) | 20,314 | 27,530 | – | – |

Data of mainland China of 2023 is not included in the boundary, as it contributes only a small porportion of the Group's business.

APPENDIX

PERFORMANCE DATA SUMMARY

| | 2023 | 2022 | 2021 | 2020 |
|--|-------------|-----------|-----------|-----------|
| By Gender | | | | |
| Male (Hours) | 11,876 | 15,991 | – | – |
| Female (Hours) | 11,636 | 16,329 | – | – |
| The average training hours (Hours) | 2.3 | 3.6 | 4.1 | 3.1 |
| The average training hours by Workforce Profile# | | | | |
| Senior (Hours) | 3.4 | 7 | – | – |
| Middle (Hours) | 2.5 | 5.2 | – | – |
| General (Hours) | 1.7 | 3.4 | – | – |
| The average training hours completed by Gender | | | | |
| Male (Hours) | 2.1 | 4.3 | – | – |
| Female (Hours) | 1.6 | 3.2 | – | – |
| Total percentage of employees that took part in training (%) | 82.1 | 92 | – | – |
| Percentage of employees that took part in training by Workforce Profile | | | | |
| Senior (%) | 1.4 | – | – | – |
| Middle (%) | 7.6 | – | – | – |
| General (%) | 54.8 | – | – | – |
| Percentage of employees that took part in training by Gender | | | | |
| Male (%) | 45.2 | – | – | – |
| Female (%) | 54.8 | – | – | – |
| Health & Safety | | | | |
| Days lost due to work injury (Days) | 17,018 | 10,049 | 5,583 | 6,939 |
| Work-related accidents (Number) (cases of over 3 lost days) | 270 | 165 | 121 | 135 |
| Work-related accident rate (Cases per 100,000 working hours) | 1.29 | 1.00 | 1.02 | 1.15 |
| Confirmed work-related fatalities (Number) | 0 | 0 | 0 | 0 |
| Safety Training (Hours) | 19,263.5 | 23,966 | 15,597 | 11,203 |
| Environment | | | | |
| Total Resource Consumption | | | | |
| Electricity (kWh) | 1,541,907 | 1,157,571 | 1,004,156 | 1,027,755 |
| Diesel (Litres) | 3,612,763 | 2,298,477 | 1,585,207 | 1,940,805 |
| Petrol (Litres) | 60,487 | 65,135 | 65,019 | 62,856 |
| Naphtha (Litres) | 46,062 | 26,064 | 23,760 | 16,182 |
| Water (m ³) | 9,735 | 11,422 | 11,291 | 9,853 |
| Water intensity (m ³ /million HKD revenue) | 4.18 | 6.37 | 8.8 | 8.71 |
| Paper (Total) (Ream) | 6,382 | 5,759 | 3,855 | 3,924 |
| Paper with recycled content (Ream) | 6,350 | 5,695 | 3,785 | 3,775 |
| Non-degradable plastic bags (Bag) | 211,000 | 388,716 | 430,850 | 345,700 |
| Degradable plastic bags (Bag) | 12,991,502 | 9,745,332 | 6,799,048 | 5,548,929 |
| Average vehicular fuel consumption (Litre/km) | 0.315 | 0.269 | 0.234 | 0.282 |
| Energy intensity (GJ/million HKD revenue) | 59.5 | 49.9 | 49.66 | 66.93 |
| Energy intensity (kWh in '000s/million HKD revenue) | 16.53 | 13.86 | 13.79 | 18.59 |

APPENDIX

PERFORMANCE DATA SUMMARY

| | 2023 | 2022 | 2021 | 2020 | |
|---|--------------------------------|---------------------|------------|------------|-----------|
| Greenhouse Gas Emission | | | | | |
| Scope 1 (tCO ₂ e) | 9,965.81 | 6,404.88 | 4,513.05 | 5,402.94 | |
| Scope 2 (tCO ₂ e) | 601.34 | 449.11 ⁻ | 371.73 | 513.88 | |
| Total Emissions (tCO ₂ e) | 10,567.15 | 6,856.19 | 4,884.78 | 5,916.82 | |
| Carbon intensity (tCO ₂ e/million HKD revenue) | 4.54 | 3.82 | 3.83 | 5.23 | |
| Air Emissions | | | | | |
| Sulphur oxides (tons) | 0.06 | 0.04 | 0.03 | 0.03 | |
| Nitrogen oxides (tons) | 35.83 | 24.3 | 18.51 | 20.90 | |
| Particulate matter (tons) | 3.08 | 2.15 | 1.58 | 1.72 | |
| Hazardous waste | | | | | |
| Engine oil disposed (spent lube oil) (kg)* | 3,006 | 3,006 | 5,834 | 3,182 | |
| Battery Disposed (kg) | 300 | - | - | - | |
| Chemical disposed (kg) | 0 | 0 | 0 | 0 | |
| Pesticide disposed (kg) | 0 | 0 | 0 | 0 | |
| Hazardous waste intensity (kg/million HK\$ revenue) | 1.4 | 1.7 | 4.6 | 2.8 | |
| * engine oil density: 884 kg/m ³ | | | | | |
| Non-hazardous waste | | | | | |
| Office and Recycling facilities – general (kg) | 31,715.8 | 19,918.2 | 8,206.6 | 6,802.7 | |
| Office – paper collected for recycling (kg) | 2,623 | 6,147 | 1,756 | 3,585.5 | |
| Office – metal collected for recycling (kg) | 185.2 | 108.1 | 79.9 | 74.8 | |
| Office – plastic collected for recycling (kg) | 524.5 | 784.0 | 529.0 | 326.0 | |
| Office – other recyclables collected for recycling (kg) | 863.2 | - | - | - | |
| Recycling facilities – recyclables collected for recycling (kg) | 2,054 | 1,180.1 | - | - | |
| Non-hazardous waste intensity (kg/million HK\$ revenue) | 16.31 | 15.69 | 8.30 | 9.53 | |
| Community | Donations (HKD) | 270,500.00 | 138,000.00 | 200,500.00 | 13,880.00 |
| | Volunteer hours (hours) | 909.00 | 397.5 | 421.5 | 309.0 |

⁻ The Scope 2 emission is recalculated, resulting in an overall discrepancy of 2.2 tCO₂e compared to the unrevised Scope 2 emission.

* The weight of the engine oil is calculated based on a density of 884 kg/m³ (source: The Engineering ToolBox (2023). Engine Oil - Density and Specific Heat vs. Temperatures). In 2023, 17 drums of 200-Litre engine oil were disposed.

Calculation:

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 reporting of carbon emissions are:

- Sustainability reports of China Light and Power (CLP)

APPENDIX

SUMMARY OF COMPANY ACTIVITIES

| Partner Organisation | Activity | Volunteer hours |
|---|--|-----------------|
| Environmental | | |
| Rotary District 3450 | Preserve Planet Earth Committee Webinar | 1 |
| Strategic Executive Training | Baguio Glass Bottle Recycling Plant Visit | 12 |
| Think ESG | Think ESG | 1.5 |
| Hok Yau Club | Baguio Waste Sorting & Recycling Centre Visit | 6 |
| Miss Entrepreneurs Club Limited | Baguio's Recycling Facilities Visit | 20 |
| Federation of Hong Kong Industries | Outstanding Caring Awards Sharing Session | 1.5 |
| In.Corp | Online Seminar on ESG and Sustainable Procurement | 1 |
| The Chamber of Hong Kong Listed Companies | Baguio's Recycling Facilities Visit | 15 |
| Kingswood Villas Recycling Day | Recycling Day & Education Booth | 4 |
| The Green Earth | Green Hero Challenge 2023 | 106 |
| Wisdom Regeneration | Baguio Glass Bottle Recycling Plant Visit | 2 |
| Greeners Action | Red Packet Reuse & Recycle Programme | 4 |
| Society of Chinese Accountants & Auditors | ESG Seminar | 1 |
| Alaya Consulting Limited | ESG Plus Webinar | 1.25 |
| Pui Kiu Middle School | Baguio Glass Bottle Recycling Plant Visit | 8 |
| Greater China Financial Professionals Association | ESG Seminar – Exploring New Corporate ESG Opportunities | 1.5 |
| EBZ Consilium Education Foundation | ESG Sharing – Introduction to the EBZ Consilium Global Sustainable Development High-Tech Award Competition | 1 |
| Hong Kong Productivity Council | Introduction to the New Phase of the Clean Production Partnership Program (2020-2025) | 1 |
| Baguio iRecycle Limited | Comprehensive Corporate ESG Strategy – Online Seminar | 1.25 |
| Baguio iRecycle Limited | Seminar – The Future Blueprint of Corporate ESG | 1.5 |
| Diligent Treasure | ESG Webinar | 1.25 |
| JCI Hong Kong Jayceettes | REBORN! Upcycling Design Award 2023 Information Session | 2 |

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SUMMARY OF COMPANY ACTIVITIES

| Partner Organisation | Activity | Volunteer hours |
|--|--|-----------------|
| ACIA | ACIA CPD ESG Seminar | 1.5 |
| Asia Allied Infrastructure Holdings Limited | AAI's Management Forum – Morning Seminar | 2 |
| cleanic | ESG Implementation and Management | 1.25 |
| Green Council | Hong Kong Green Day 2023 | 4 |
| The Federation of Graduate School Alumni Associations of the Chinese University of Hong Kong | Baguio's Recycling Facilities Visit | 10 |
| see change Education | ESG, Youth Education, and Philanthropy Collaboration | 1.25 |
| GBA REDbird Entrepreneurs Alliance | Seminar – Future of ESG in Greater Bay Area | 1 |
| Coastal International Conference & Exhibition Co., Ltd. | ESG & Sustainability Development Conference | 0.5 |
| Hong Kong Minor Works Promotion Association | ESG Seminar | 3 |
| Hong Kong Wireless Technology Industry Association | Tech to Connect 4.0 Series: Technical Enhancement Workshop | 3 |
| SME Global Alliance | SME Growth Forum 2023 | 2.5 |
| SGS Hong Kong Limited | Webinar: How can SME create ESG value to the listed company | 1.25 |
| / | ESG and Greater Health: From Sustainable Development to Social Responsibility – Online Seminar | 1.25 |
| Federation of Hong Kong Brands | ESG Issue Sharing | 2 |
| The Society of Rehabilitation and Crime Prevention, Hong Kong | Baguio's Recycling Facilities Visit | 4 |
| Hong Kong Ming De Association | Baguio's Recycling Facilities Visit | 12 |
| Hong Kong Trade Development Council | Seminar: Understanding the World of "Carbon" | 1 |
| JCI Lion Rock | Sustainable Social Enterprise Exhibition and Sharing Event | 1 |
| / | Sustainable Procurement Seminar | 1.25 |
| Hong Kong Productivity Council | Tech for NGO Workshop 4: Cloud computing & Internet of Things NGO | 2.5 |
| The Hong Kong General Chamber of Young Entrepreneurs | ESG and the Greater Health Industry | 1 |
| Food Angel | Mooncakes Recycling | 2 |
| The Salvation Army (Hong Kong and Macau Territory) | Donating Surplus Items | 1 |
| Hong Kong General Chamber of Young Entrepreneurs | Environmental, Social, and Corporate Governance Forum: ESG, Green Finance, and Crisis Management | 0.75 |
| BEAM Society Limited | Baguio's Recycling Facilities Visit | 12 |
| China Association of Environmental Protection Industry | Baguio's Recycling Facilities Visit | 2 |

APPENDIX

SUMMARY OF COMPANY ACTIVITIES

| Partner Organisation | Activity | Volunteer hours |
|--|--|-----------------|
| GBA Finance and Commerce Association | Webinar – “ESG, AI&Tech, and Wealth management” Series – For Capital Market and Private Wealth | 1.5 |
| Kowloon Tong School | Kowloon Tong School ESG sharing | 1 |
| Baguio Green Group | Recycling Day & Health Event | 3 |
| Hong Kong Greening Contractors Association | Hong Kong North District Flower Bird Insect & Fish Show 2023 | 6 |
| Social | | |
| CHO Association | Creating Workplace Happiness for Sustainable Corporate Growth – Online Workshop | 1.25 |
| V-Step Up | ESG Webinar | 1.25 |
| Pioneer | SME ESG Sharing | 2 |
| Dialogue in the dark | Working with Social Enterprises to Promote Sustainability – Webinar | 1.25 |
| Seeds of Art Charity Foundation Co. Ltd | “Sustainability x Art x Charity” Webinar | 1.25 |
| Tung Wah Group of Hospitals – Jie Yeah | Home Appliances Maintenance for underprivileged groups | 216 |
| Baptist Oi Kwan Social Service | Seminar on Waste Management & Recycling | 3 |
| Sowers Action | The Sowers Action Charity Golf Tournament 2023 | 4 |
| Tung Wah Group of Hospitals – Jie Yeah | Home Appliances Maintenance for Underprivileged Groups | 150 |
| Tai Po Baptist Church Social Service | Seminar on Pest Control | 1 |
| Pure Storage & Multisoft Limited | ESG Presitige Luncheon | 3 |
| Homeless Link Hong Kong Limited | Mid-Autumn Festival Outreach Visit to the Homeless | 14 |
| GBA Youth Entrepreneurs Association | Bay Area Youth Opportunity Online Symposium – Sustainable Development and Business Innovation Practices, Applications, and Success Stories | 2 |
| EBZ Consilium Education Foundation | Forum on Aerospace Technology in Education Development and Applications | 0.5 |
| Baptist Oi Kwan Social Service | Elderly Visit Tour: Jockey Club Museum of Climate Change and Baguio Recycling Plant | 117.5 |
| Tai Po Baptist Church Social Service | Seminar – Introduction of Underprivileged Families | 20 |
| Tai Po Baptist Church Social Service | Organic Farming Experience with Underprivileged Children | 80 |
| Others | | |
| Hong Kong Science & Technology Parks Corporation | Elevator Pitch Competition 2023 | 1 |
| Federation of Hong Kong Jiangsu Youth | Science and Technology Innovation Youth Sharing Session | 2 |

APPENDIX

APPLICABLE LAWS AND REGULATIONS

| Aspect | Applicable Laws and Regulations | Section |
|---------------------------------------|---|--|
| Environment | 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 | Greening our Earth |
| Employment | Disability Discrimination Ordinance; Employment Ordinance; Family Status Discrimination Ordinance; Minimum Wage Ordinance; Race Discrimination Ordinance Sex Discrimination Ordinance; | Upholding our Employee |
| Labour Standards | Employment of Children Regulations Employment of Young Persons (Industry) Regulations; | Upholding our Employee |
| Occupational Health and Safety | 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 | Upholding our Employee |
| Product Responsibility | Personal Data (Privacy) Ordinance The Trade Descriptions Ordinance | Implementing Operational Excellence |
| Anti-corruption | Prevention of Bribery Ordinance The Competition Ordinance | Implementing Operational Excellence |

APPENDIX

MEMBERSHIPS AND CHARTERSHIPS

Memberships

Issuing Party

Hong Kong Environmental Industry Association
Federation of Hong Kong Industries
Business Environment Council
Environmental Contractors Management Association
Hong Kong Waste Disposal Industry Association (Hong Kong Waste Association)
Hong Kong Pest Management Association
Pest Control Personnel Association of Hong Kong
National Pest Management Association
The Chamber of Hong Kong Listed Companies
Hong Kong Waste Management Association
Hong Kong Greening Contractors Association
Occupational Safety & Health Council
Hong Kong General Chamber of Commerce
Hong Kong Cleaning Association
Hong Kong Federation of Restaurants & Related Trades Limited
Hong Kong Brand Development Council
ISA Hong Kong Chapter
GBA Youth Entrepreneurs Association
Hong Kong ESG Club
The Chinese General Chamber of Commerce, Hong Kong

Charterships

Issuing Party

Title

| | |
|--|---|
| Green Council | Sustainable Procurement Charter |
| Proper Operation of Refuse Collection Vehicles Steering Committee | The Charter on Proper Operation of Refuse Collection Vehicles |
| The Labour and Welfare Bureau (LWB), The Rehabilitation Advisory Committee, The Hong Kong Joint Council for People with Disability | Talent-Wise Employment Charter |
| World Green Organisation | Paper Towel Saving Campaign |
| Occupational Safety & Health Council, Department of Health | Joyful Healthy Workplace |
| Environmental Protection Department | Green Event Pledge |
| Equal Opportunities Commission | The Racial Diversity & Inclusion Charter for Employers |

APPENDIX

REPORTING PRINCIPLES AND RELEVANT POLICIES

Reporting Principles

Materiality

To keep up with the fast pace of global and local sustainability developments, Baguio conducts a stakeholder engagement survey that assesses the concerns of internal and external stakeholders. From the surveys, we have developed a deep understanding of the topics material to Baguio, and ensured that these topics have been addressed in this report.

Quantitative

Whenever applicable, this report discloses historical and current key performance indicators (“KPIs”) from 2022 and 2023. Through a direct comparison of year-on-year data, the effectiveness of the Group’s ESG management approach may be gauged. An overview of Baguio’s 2023 ESG data may be found in the Performance Data Summary of the Appendix.

Balance

All relevant data and material topics, regardless of whether it has a positive or negative connotation, has been disclosed in a transparent manner.

Consistency

Unless explicitly mentioned, the data calculation methodologies for all derived figures are consistent with our 2022 ESG Report, thus allowing for direct comparisons to be made.

Relevant Policies

- Training Sponsorship Policy
- Sustainability Policy
- Supplier Code of Conduct
- Sustainable Procurement Policy
- Climate Change Policy
- Crisis Management Policy
- Integrated Management Policy
- Whistleblowing Policy

All the above policies are uploaded to our website under “Sustainability”, except Training Sponsorship Policy, which is an internal policy available for employee only.

APPENDIX

ESG CONTENT INDEX

| 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. | <p>Being a Leader - Our Sustainability Approach:</p> <ul style="list-style-type: none"> - Sustainability Governance p. 11 - Management Approach p. 16 - Climate Governance p. 18 <p>Acknowledging Our Climate Footprint:</p> <ul style="list-style-type: none"> - Metrics and Targets p. 29 |
| 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. | <p>About the Report p. 5</p> <p>Appendix:</p> <ul style="list-style-type: none"> - Reporting Principle p. 74 |
| 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> | <p>About The Report:</p> <ul style="list-style-type: none"> - Reporting Period and Reporting Scope p. 5 |

APPENDIX

ESG CONTENT INDEX

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|-----------------------|---|---|
| A. Environment | | |
| Aspect A1 | Emissions | |
| General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | Applicable Laws and Regulations p. 72 Relevant Policies p. 74 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance. |
| KPI A1.1 | The types of emissions and respective emissions data. | Acknowledging Our Climate Footprint p. 26 Performance Data Summary p. 66 |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g., per unit of production volume, per facility). | Acknowledging Our Climate Footprint: - Our Climate footprint p. 26 - Metrics and Targets p. 29 Performance Data Summary p. 66 |
| KPI A1.3 | Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Acknowledging Our Climate Footprint: - Waste Management p. 28 Performance Data Summary p. 66 |
| KPI A1.4 | Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Acknowledging Our Climate Footprint: - Metrics and Targets p. 29 - Waste Management p. 28 Performance Data Summary p. 66 |

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| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|-----------------------------------|---|--|
| KPI A1.5 | Description of emission target(s) set and steps taken to achieve them. | Being a Leader - Our Sustainability Approach: - Carbon Emission Management p. 23 Acknowledging Our Climate Footprint: - Metrics and Targets 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. | - Waste Management p. 28 |
| Aspect A2 Use of resources | | |
| General disclosure | Policies on efficient use of resources including energy, water and other raw materials. | Greening our Planet: - Our Environmental Impacts p. 36 Relevant Policies p. 74 |
| 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) | Acknowledging Our Climate Footprint: - Energy Consumption p. 27 Performance Data Summary p. 66 |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Acknowledging Our Climate Footprint: - Water Consumption p. 28 Performance Data Summary p. 66 |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | Acknowledging Our Climate Footprint: - Metrics and Targets p. 29 - Energy Consumption p. 27 |

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| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--|--|--|
| 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. | Acknowledging Our Climate Footprint: <ul style="list-style-type: none"> - Water Consumption p. 28 <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 materials to us. Most of the water consumption is managed by our clients.</p> |
| KPI A2.5 | Total packaging materials used for finished products (in tons) and, if applicable, with reference to per unit produced. | The Group's operation do not involve the use of packaging materials |
| Aspect A3 The environment and natural resources | | |
| General disclosure | Policies on minimising the issuers' significant impact on the environment and natural resources. | Being a Leader - Our Sustainability Approach p. 10 Relevant Policies p. 74 |
| KPI A3.1 | Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them. | 2023 Baguio's Performance at a Glance p. 6 Greening our Planet: <ul style="list-style-type: none"> - Circular Economy p. 33 - Environmental Trainings and Education p. 37 - Promoting Circular Economy Innovatively p. 39 |
| 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. | Being a Leader - Our Sustainability Approach: <ul style="list-style-type: none"> - Climate Governance p. 18 <p>Relevant Policies p. 74</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. | Being a Leader - Our Sustainability Approach: <ul style="list-style-type: none"> - Climate Governance p. 18 |

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| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--------------------------|---|---|
| B. Social | | |
| Aspect B1 | | |
| Employment | | |
| General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | Upholding our Employees p. 40 Relevant Policies p. 74 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance. |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | Upholding our Employees p. 40 Performance Data Summary p. 66 |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | Upholding our Employees p. 40 Performance Data Summary p. 66 |
| 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. | Upholding our Employees: - Occupational Health and Safety p. 45 Applicable Laws and Regulations p. 45 Relevant Policies p. 74 During the year, the Group was not aware of any non-compliance or 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. | Performance Data Summary p. 66 |

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| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|---|--|--|
| KPI B2.2 | Lost days due to work injury. | Upholding our Employees: - Performance of Work Safety p. 47 Performance Data Summary p. 66 |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | Upholding our Employees: - Occupational Health and Safety p. 45 |
| Aspect B3 Development and training | | |
| General disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Upholding our Employees: - Training and Development p. 48 Relevant Policies p. 74 |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g., senior management, middle management). | Upholding our Employees: - Training and Development p. 48 Performance Data Summary p. 66 |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | Performance Data Summary p. 66 |
| 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. | Upholding our Employees: - Prevention of Child and Forced Labour p. 51 Applicable Laws and Regulations p. 72 Relevant Policies p. 74 During the year, the Group was not aware of any non-compliance or 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. | Upholding our Employees: - Prevention of Child and Forced Labour p. 51 |

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| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--|---|---|
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | Upholding our Employees: - Prevention of Child and Forced Labour p. 51 |
| Aspect B5 Supply chain management | | |
| General disclosure | Policies on managing environmental and social risks of the supply chain | Implementing Operational Excellence: - Supply Chain Management p. 55 Relevant Policies p. 74 |
| KPI B5.1 | Number of suppliers by geographical region. | Implementing Operational Excellence: - Supply Chain Management p. 55 |
| 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. | Implementing Operational Excellence: - Supply Chain Management p. 55 |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | Implementing Operational Excellence: - Supply Chain Management p. 55 |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | Implementing Operational Excellence: - Sustainable Procurement p. 55 |
| 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. | Implementing Operational Excellence: - Responsible Service Provider p. 56 Applicable Laws and Regulations p. 72 Relevant Policies p. 74 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance. |

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ESG CONTENT INDEX

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|----------------------------------|--|--|
| 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 reason |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with. | Implementing Operational Excellence: - Responsible Service Provider p. 56 |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Implementing Operational Excellence: - Intellectual Property Protection p. 58 |
| KPI B6.4 | Description of quality assurance process and recall procedures. | Implementing Operational Excellence: - Customer First p. 57 The Group renders integrated environmental services and does not encounter product recall. |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | Implementing Operational Excellence: - Information Security and Data Privacy p. 58 |
| 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. | Implementing Operational Excellence: - Anti-corruption p. 59 Applicable Laws and Regulations p. 72 Relevant Policies p. 74 During the year, the Group was not aware of any non-compliance or 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. | Implementing Operational Excellence: - Anti-corruption p. 59 |

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| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|---------------------------------------|--|---|
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored. | Implementing Operational Excellence: - Anti-corruption p. 59 |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | Implementing Operational Excellence: - Anti-corruption p. 59 |
| 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. | Relevant Policies p. 74 |
| KPI B8.1 | Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport). | Our Community Engagement p. 61 Summary of company activities p. 69 |
| KPI B8.2 | Resources contributed (e.g., money or time) to the focus area. | Our Community Engagement p. 61 Performance Data Summary p. 66 |

INDEPENDENT ASSURANCE OPINION STATEMENT



Statement No.: **SRA-HK 799571**

BAGUIO GREEN GROUP LIMITED SUSTAINABILITY REPORT 2023

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 Sustainability Report 2023 (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 2023 to 31st December 2023. 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.

INDEPENDENT ASSURANCE OPINION STATEMENT

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.

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 stakeholder engagement survey; S-carbon platform; community services; advisory groups and working group; ESG Working Group; Personal ESG Scheme; CSR activities; voluntary work; expo and seminars; exhibitions; social media; green procurement fair; student tours; 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, ISO45001, 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. Michael Lam

Managing Director Assurance, APAC

22 April 2024



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碧瑤綠色集團有限公司
Baguio Green Group Limited