

# Silver Tide Holdings Limited

# 銀濤控股有限公司

*(Incorporated in the Cayman Islands with limited liability)*

Stock code: 1943



# 2021

Environmental, Social and  
Governance Report

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## INTRODUCTION

Silver Tide Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”) are principally engaged in the provision of formwork works services to both the public and private sectors in the construction industry in Hong Kong. The formwork business undertaken by the Group mainly include (i) traditional formwork using timber and plywood; and (ii) system formwork using aluminium and steel. The Group started the provision of formwork works services since 1998 and has more than 22 years of experience in Hong Kong.

## Environmental, Social and Governance (“ESG”) Governance Structure

The Group conducts a top-down management approach regarding its ESG issues. The board (the “**Board**”) of directors (the “**Directors**”) oversees and sets out ESG strategy for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control mechanisms.

In order to have a systematic management of the ESG issues, the Group has arranged designated personnel from various departments to handle ESG management as a working group. The working group is responsible for collecting relevant ESG data and compiling the ESG reports. It periodically reports to the Board, assists in assessing and identifying the Group’s ESG risk management, and evaluates the implementation and effectiveness of the internal control system.

## ABOUT THE REPORT

### Reporting Scope

This Environmental, Social and Governance Report (the “**ESG Report**”) contains the ESG management policies and performance of the Group’s business activities in Hong Kong. The ESG key performance indicators (“**KPIs**”) data is gathered only from the operations under the Group’s direct operational control. They are also supplemented by explanatory notes to establish benchmarks.

### Reporting Period

The ESG Report presents the Group’s efforts in fulfilling its corporate social responsibility under the “Environmental” and “Social” aspects for the financial year ended 31 March 2021 (“**FY2020/21**”).

### Reporting Framework

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

A complete index in compliance with the ESG Reporting Guide is also available at the end of the ESG Report for reference. Except for provisions that the Group considers are inapplicable to its operation, the ESG Report is compliant with all the “comply or explain” provisions set out in the ESG Reporting Guide.

Information relating to the Group’s corporate governance practices has been set out in Annual Report 2021 under the Corporate Governance Report on pages 28 to 39.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## Contact Details

To continuously improve the Group's sustainability strategies, the Group welcomes any feedbacks and suggestions from its stakeholders. If you have any comments or enquiries, please contact the Group at:

Address: Room A-B, 14th Floor, Skyline Tower, No. 18 Tong Mei Road, Mongkok, Kowloon, Hong Kong  
Email: info@silvertide.hk

## STAKEHOLDER ENGAGEMENT

To achieve sustainable development, the Group maintains close relationships and continuously communicates with its stakeholders. The communications had enabled the Group to accurately assess the potential ESG impacts of its business activities. The table below highlights the Group's key stakeholders as well as the Group's methods in engaging them and their corresponding concerns:

Stakeholder Groups	Specific Stakeholders	Methods of Communication	Concerns
Investors	— Shareholders	<ul style="list-style-type: none"> <li>• Corporate website</li> <li>• Financial reports</li> <li>• Conference calls</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Timely disclosure</li> <li>• Financial results</li> <li>• Corporate sustainability</li> </ul>
Customers	<ul style="list-style-type: none"> <li>— Real estate developers</li> <li>— Main contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Face-to-face meetings</li> <li>• Designated customer hotline</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Project quality</li> <li>• Customer service</li> <li>• Privacy protection</li> </ul>
Suppliers and contractors	<ul style="list-style-type: none"> <li>— Materials suppliers</li> <li>— Service suppliers</li> <li>— Contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Suppliers assessments</li> <li>• Daily work reviews</li> <li>• Site inspection and meeting with contractors</li> </ul>	<ul style="list-style-type: none"> <li>• Fair and open competition</li> <li>• Supply chain management</li> </ul>
Employees	<ul style="list-style-type: none"> <li>— Senior management</li> <li>— Employees</li> <li>— Potential recruits</li> </ul>	<ul style="list-style-type: none"> <li>• Training sessions</li> <li>• Face-to-face meetings</li> <li>• Interviews</li> </ul>	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Equal opportunities</li> <li>• Remuneration and benefits</li> <li>• Career development</li> </ul>
Government	<ul style="list-style-type: none"> <li>— Government</li> <li>— Regulatory authorities</li> </ul>	<ul style="list-style-type: none"> <li>• Written or electronic correspondences</li> <li>• Tele-conferences</li> </ul>	<ul style="list-style-type: none"> <li>• Legal liabilities</li> <li>• Timely taxation</li> <li>• Environmental and social protection</li> </ul>
The community	<ul style="list-style-type: none"> <li>— Media</li> <li>— Industry association</li> </ul>	<ul style="list-style-type: none"> <li>• Association meetings</li> <li>• Community investment</li> <li>• ESG reports</li> </ul>	<ul style="list-style-type: none"> <li>• Contribution to society</li> <li>• Environmental protection</li> <li>• Ethical operations</li> </ul>

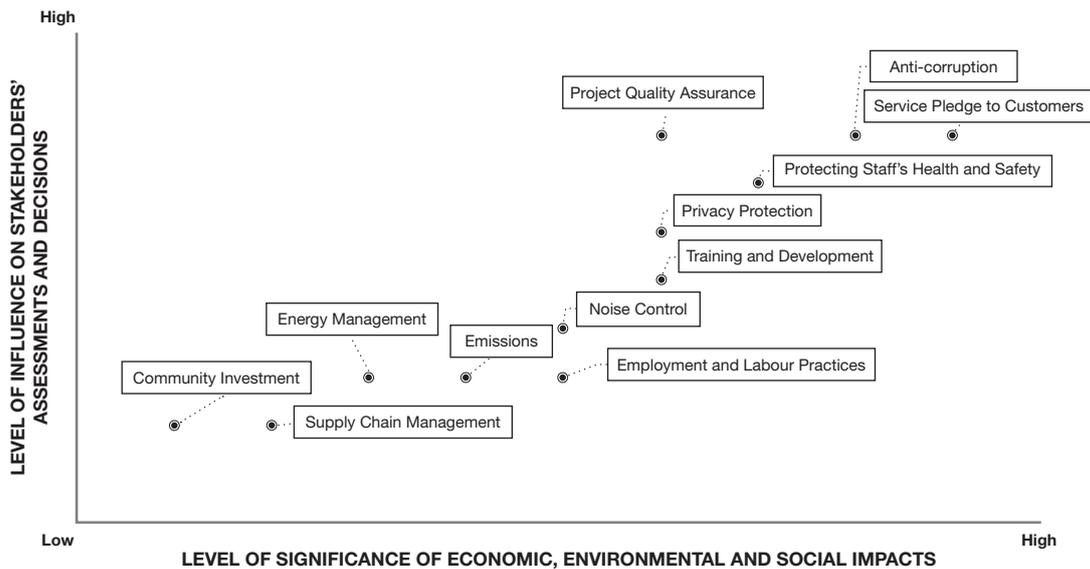
# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## MATERIALITY ASSESSMENT

In order to better understand the views and expectations of stakeholders on the ESG performance of the Group, materiality assessment is conducted annually to identify key ESG issues and assess the importance of these issues to the Group. Considering the significance of impacts to the economy, environment and society outside the Group and influence on stakeholders' decisions, questionnaires were distributed to the Group's external and internal stakeholders. The identified material ESG topics will be covered in the ESG Report.

During FY2020/21, 12 topics were identified as material to the Group and the materiality matrix of the Group is shown below:

**The Group's Materiality Matrix during FY2020/21**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## A. ENVIRONMENTAL

The Group attaches importance to responsible environmental management and is committed to reducing the environmental impact of its business activities. In order to fulfil its corporate social responsibility of environmental protection, the Group has formulated environmental policies and integrated the concept of sustainable development into the operation. The environmental management system has been certified by the international standard ISO 14001:2015. The Group is also dedicated to raising staff's environmental awareness in waste reduction, energy conservation and emissions control. The environmental policy formulated by the Group, which is straightly adhered by the employees and subcontractors, sets the outline for the Group's efforts in environmental protection.

During FY2020/21, the Group has not identified any material non-compliance with relevant laws and regulations in Hong Kong relating to air and greenhouse gas (“GHG”) emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Air Pollution Control Ordinance (Chapter 311 of the Laws of Hong Kong), the Waste Disposal Ordinance (Chapter 354 of the Laws of Hong Kong), the Noise Control Ordinance (Chapter 400 of the Laws of Hong Kong), the Environmental Impact Assessment Ordinance (Chapter 499 of the Laws of Hong Kong) and the Public Health and Municipal Services Ordinance (Chapter 132 of the Laws of Hong Kong).

### A1. Emissions

#### *Air Emissions Control*

Air emissions of the Group were mainly generated from mobile sources and construction sites.

Mobile sources include vehicles owned by the Group and mobile machinery used at construction sites such as forklifts. The Group complies with the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation (Chapter 311Z of the Laws of Hong Kong) in regard to machinery labelling requirement. The Group encourages workers to switch off engines whenever the forklifts are idled and plan routes ahead of time to reduce route repetition. Regular maintenance service is required for the forklifts to ensure optimal engine performance and fuel use.

For the emissions generated from construction, the Group adopts appropriate dust reduction measures to mitigate air pollutants generated from construction works. Dust suppression is carried out by the installation of screens and other barriers. The areas where demolition work are carried out and areas with stockpile of dusty materials are sprayed by water immediately before, during and after construction activities.

During FY2020/21, the Group's exhaust gas emissions decreased as a result of having one less light goods vehicle.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The following table presents the Group's air emissions. Data only consists of emissions generated by vehicles as record for construction dust is not available due to the limitation of the data gathering system.

Indicator	Unit	FY2020/21	FY2019/20
Nitrogen oxides (NO <sub>x</sub> )	kg	1.67	14.07
Sulphur oxides (SO <sub>x</sub> )	kg	0.03	0.05
Particulate matter (PM)	kg	0.12	1.33

## **GHG Emissions Control**

The major sources of the Group's GHG emissions were fuels combustion of vehicles and mobile machinery used at construction sites such as forklifts (Scope 1) as well as electricity consumption at the office (Scope 2). The Group has formulated relevant policies and internal control system to reduce GHG emissions generated from the Group's business activities. Apart from the measures for vehicles which were described under the above section headed "Air Emissions Control", energy conservation measures are adopted at head office to minimise electricity consumption. Employees are encouraged to switch off unnecessary lightings and electronic devices after office hours. Office area is posted with energy saving reminders and messages in order to promote green office habits. Through such measures, our employees' awareness of emissions reduction has improved.

The consumption of diesel increased due to the increase in the use of forklifts in the operation. Therefore, during FY2020/21, the Group's total GHG emissions increased by about 20.24%, from approximately 18.03 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e) in FY2019/20 to approximately 21.68 tCO<sub>2</sub>e in FY2020/21.

The following table presents the Group's GHG emissions:

Indicator <sup>1</sup>	Unit	FY2020/21	FY2019/20
Direct (Scope 1) GHG emissions	tCO <sub>2</sub> e	19.99	16.32
Energy indirect (Scope 2) GHG emissions	tCO <sub>2</sub> e	1.69	1.71
<b>Total GHG emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>21.68</b>	<b>18.03</b>
<b>Intensity of GHG emissions<sup>2</sup></b>	<b>tCO<sub>2</sub>e/employee</b>	<b>0.48</b>	<b>0.52</b>

*Note:*

- GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, including but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report — Appendix II: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, "Global Warming Potential Values" from the IPCC Fifth Assessment Report (AR5), and the 2020 Sustainability Report published by CLP Holdings Limited.
- As at 31 March 2021 and 31 March 2020, the Group had a total of 45 and 35 employees respectively. These data are also used for calculating other intensity data.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***Wastes Control***

Due to its business nature, the Group does not produce any hazardous wastes. Non-hazardous wastes of the Group mainly consist of office papers and construction wastes.

To minimise paper usage, the Group promotes paperless office and paper saving measures at office. Employees are encouraged to use double-sided printing and electronic means for circulation of documents. Recycling bin is placed beside the printer to encourage paper recycling. Apart from paper, employees are also encouraged to bring their own lunch and avoid takeaway to reduce foam lunch box disposal.

For construction wastes, no data is available as most of the construction projects were shared with the main contractor and subcontractors. Nevertheless, the Group integrates the concept of sustainability into operations and introduces eco-friendly materials to the projects. Precast reusable formworks which are made up of aluminium alloy were employed for construction works, since traditional timber formwork has a lower reusability, while the use of aluminium alloy formworks appears to be more environmentally friendly in a way of saving trees. Furthermore, after the aluminium alloy formworks are worn out, the materials can be scrapped and recycled. Through such measures, our employees' awareness of wastes handling has improved.

During FY2020/21, the total paper disposal has increased by about 39.61%, from approximately 250.17 kilograms in FY2019/20 to 349.27 kilograms in FY2020/21 by cause of the increases in employees of the Group.

The following table presents the Group's wastes disposal:

<b>Indicator</b>	<b>Unit</b>	<b>FY2020/21</b>	<b>FY2019/20</b>
Paper disposal	kg	349.27	250.17
Intensity of paper disposal	kg/employee	7.76	7.15

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## A2. Use of Resources

### *Energy Management*

The Group is committed to minimising the impact of business activities on the environment. Energy consumption of the Group includes diesel consumed by mobile machinery at the construction sites, petrol consumed by company vehicles, and electricity used at office. The Group adopts various energy conservation measures, specifically for different energy sources, to achieve efficient utilisation of energy as well as to promote employees' awareness of the need for resources conservation. Measures to reduce diesel and petrol consumption for mobile machinery and vehicles were described under the above section headed "Air Emissions Control", while electricity conservation measures were described under the above section headed "GHG Emissions Control". On top of that, the Group selects energy-efficient equipment where applicable and will adopt immediate maintenance once damage is reported. Through such measures, our employees' awareness of energy conservation has improved.

During FY2020/21, the total energy consumption has increased by about 26.36%, from 66,130.31 kilowatt-hour ("kWh") in FY2019/20 to 83,565.17 kWh in FY2020/21, which was mainly attributable to the increase in the consumption of diesel.

The following table presents the Group's energy consumption:

<b>Indicators</b>	<b>Unit</b>	<b>FY2020/21</b>	<b>FY2019/20</b>
Diesel consumption	kWh	56,352.53	29,722.88
Petrol consumption	kWh	22,640.64	32,985.43
<b>Total direct energy consumption</b>	<b>kWh</b>	<b>78,993.17</b>	<b>62,708.31</b>
Electricity consumption	kWh	4,572.00	3,422.00
<b>Total indirect energy consumption</b>	<b>kWh</b>	<b>4,572.00</b>	<b>3,422.00</b>
<b>Total energy consumption</b>	<b>kWh</b>	<b>83,565.17</b>	<b>66,130.31</b>
<b>Intensity of energy consumption</b>	<b>kWh/employee</b>	<b>1,857.00</b>	<b>1,889.44</b>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***Water Management***

The Group mainly consumes water at the office. Despite minimal water consumption, its water consumption expenses are included in the property rental fee, therefore the Group did not have water consumption record during FY2020/21. Due to the Group's operating locations, the Group did not encounter any significant issue in sourcing water that is fit for purpose. Still, the Group is dedicated to promoting behavioural changes in water usage at offices and encouraging water conservation. Environmental signages on water-saving messages are posted in prominent places to remind employees to conserve water. Through such measures, our employees' awareness of water-saving has improved.

## ***Use of Packaging Materials***

As the Group did not engage in any manufacturing or trading of goods, therefore no packaging materials were therefore used for finished products during FY2020/21.

## **A3. The Environment and Natural Resources**

### ***Noise Control***

The Group recognises that its business nature may involve noise pollution. Therefore, the Group has implemented a number of measures to reduce noise level to ensure that the quality of life of the neighbourhood would not be severely disrupted. All of the Group's construction activities are only conducted during permitted hours and days. In response to environmental non-compliances in general, programme for corrective actions will be implemented accordingly to rectify the situation. Regular site walks are performed by the Group's safety officers to check for any environmental non-compliances. With the relevant measures, the Group aims to minimise the impact on the neighbourhood.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## B. SOCIAL

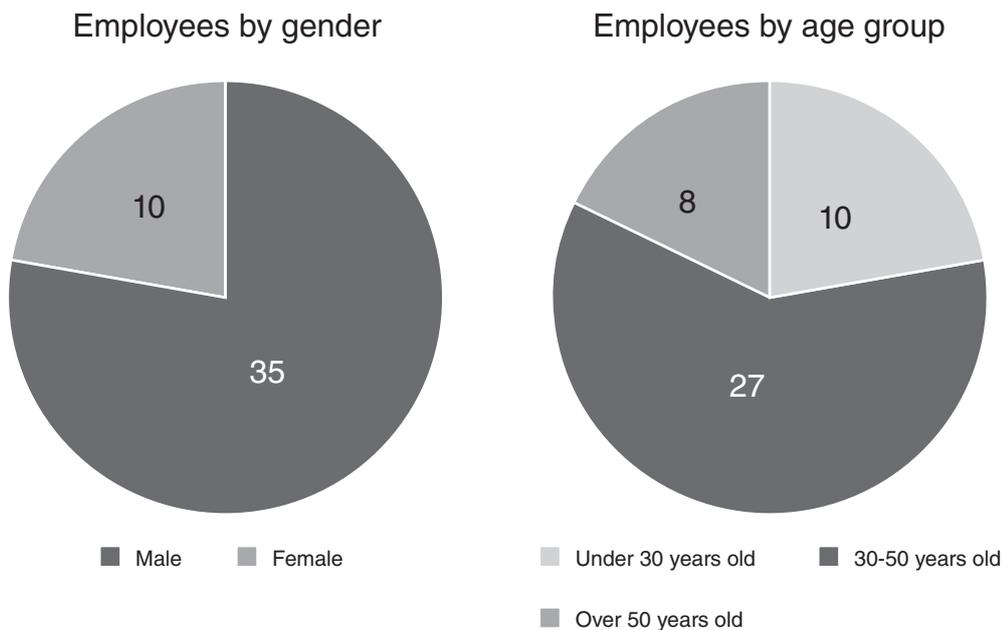
### B1. Employment and Labour Practices

The Group believes that employee's qualification, professional skills are the cornerstone of its success. The Group's human resources policy covers aspects such as reward and compensation, recruitment and promotion, discipline, benefits and welfare. The Group also strives to provide a safe and healthy working environment and career development support to staff.

During FY2020/21, the Group has not identified any material non-compliance with relevant laws and regulations in Hong Kong relating to employment that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong); the Sex Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong); the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong); and, the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong).

#### ***Staff Overview***

As at 31 March 2021, the Group had a total of 45 employees (excluding independent non-executive Directors), of which 43 were full-time and 2 were part-time employees, all working in Hong Kong. Distribution of the employees is as shown below:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

During FY2020/21, 10 employees left the Group. Turnover rate by gender and age group are shown below:

<b>Category</b>	<b>FY2020/21 Turnover Rate</b>	<b>FY2019/20 Turnover Rate</b>
<b>Gender</b>		
Male	6.47%	17.47%
Female	7.14%	4.17%
<b>Age Group</b>		
Under 30 years old	3.56%	28.54%
30–50 years old	5.46%	10.49%
Over 50 years old	—	11.54%

### ***Recruitment, Promotion and Dismissal***

Employees' qualification, professional skills and experiences exert significant influence on the quality of services. The Group emphasises a fair, open, objective and non-discriminatory selection process. The Group has formulated relevant human resources policies, including the Employee Handbook to regulate the recruitment procedures with the principles of fairness and justice. The promotion of employees is determined by appraisals that are conducted regularly by the Group's management to evaluate staff's work performance. The process of appraisals and promotion are stated in relevant human resources policies. The Group's Employee Handbook is regularly reviewed and updated to ensure compliance with applicable laws and regulations.

The termination of employment contract is governed by internal policies to ensure all dismissals comply with relevant laws and regulations in Hong Kong. The Group strictly prohibits any kinds of unfair or illegitimate dismissals, and the management conducts face-to-face interviews with the resigned staff in order to understand employees' opinions.

### ***Remuneration and Benefits***

Compensation and human resources budgets are regularly reviewed by the Group's management to ensure that staff remuneration packages can attract and retain talent and remain competitive within the industry. Statutory benefits including Mandatory Provident Fund ("MPF") and different types of leaves are provided. Employees' remuneration is paid timely and accurately according to the requirement of relevant labour standards, and is stated in the Employee Handbook for the staff's notification. Official working hours and rest periods are clearly stated in the Group's human resources policies and are in accordance with relevant local employment laws.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***Equal Opportunity***

The Group prides itself as an equal opportunity employer. The Group is dedicated to maintaining the workplace that is free from discrimination, physical or verbal harassment against any individual on the basis of race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group also has zero tolerance for sexual harassment or abuse in the workplace in any forms. Any employee who is intimidated, humiliated, bullied or harassed (including sexual harassment) may report to the employee's representative or file complaints directly to the management representative or the general manager. The Group will take serious approaches to resolve these issues upon receiving the said complaints.

## **B2. Protecting Staff's Health and Safety**

Employees' safety is regarded as the top priority due to high-risk activities and critical exposure of employees during specific works such as construction at heights in the delivery of the Group's services. The Group is committed to providing a healthy and safe working environment for all employees and contractors, and strives to achieve zero tolerance towards hazards, incidents, non-compliance and accidents.

The Group's occupational health and safety management system was certified for OHSAS 18001:2007. The Group sets up its own safety department and employs a safety officer registered under the Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations (Chapter 59Z of the Laws of Hong Kong). The officer conducts regular safety training for the Group's employees and workers arranged by subcontractors to ensure their competency to perform specifically assigned tasks and that a proper training record is kept.

The Group engaged a safety consultant whose engagement team includes a chartered member of the Institution of Occupational Safety and Health to advise the Group on the general safety policy of the Group. The consultant had conducted random safety inspections for construction projects and provided safety consultancy service, which includes offering training to the Group's directors and senior management and carrying out risk assessment for specific high-risk activities or operations.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

Specifically, the following safety measures were implemented:

- Establishing safety bulletin and detailed record of accident statistics, holding regular internal and external meetings, and documenting safety measures and issues identified for each project by preparing inspection reports and training records;
- Conducting risk assessments to identify potential hazards and accidents and provide suggestion on proper preventive measures prior to commencement of works;
- Conducting regular site inspections by the Group's safety officer who holds a Certificate in Safety and Health for Supervision (Construction);
- Setting up a drill programme with the execution of emergency drill from time to time to maintain workers' safety awareness; and
- Setting up a safety committee to monitor the effectiveness of safety policies, reviewing and assessing safety policies, accident rates and any non-compliance with applicable laws and regulations as well as providing recommendations.

If subcontractors fail to follow the Group's in-house safety guidelines, warning letter will be issued.

To further improve safety conditions at the construction sites, the Group also organises safety training to educate workers with safety measures. Relevant training will be described under the section headed "Training and Development" below.

In addition, the Group remains highly vigilant to the potential impact of health and safety on its employees due to the novel coronavirus (COVID-19) outbreak (the "**Epidemic**"). Apart from implementing precautionary measures such as providing surgical masks and hand sanitisers at office, the Group constantly updates relevant policies to keep in line with the government's guidelines and ensure the policies have been communicated to all employees.

During FY2020/21, the Group has not identified any material non-compliance with relevant laws and regulations in Hong Kong relating to health and safety that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) and the Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong). Also, the Group is pleased to report that there was zero case of fatal injury and no lost days due to work injury during FY 2020/21.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## B3. Training and Development

The Group recognises that staff training and development is a driving force for future business growth. Relevant policy on improving employees' skills and knowledge is formulated to support their career development. In order to reduce incidents and enhance the Group's image, the Group aims to raise the employees' awareness of health and safety through safety training.

The Group regularly provides on-site and mechanical safety training, as well as appropriate and adequate tools for employees to operate effectively. There are mainly three types of training, which are site specific induction training, tool box talks, and job specific safety training.

On the other hand, all new hires would be briefed by their immediate supervisors to better equip them with knowledge to fulfill their job duties. To ensure safety of employees working at construction sites, adequate safety training and talks would be given by the Group's safety supervisor and safety officers. The Group also sponsored employees to join professional training courses relevant to their job duties.

During FY2020/21, approximately 58% of the Group's employees received training, with a total of 900 training hours. The percentage of employees trained by gender and employee category are as follow:

<b>Category</b>	<b>FY2020/21 Percentage of employees trained</b>	<b>FY2019/20 Percentage of employees trained</b>
<b>By Gender</b>		
Male	60%	32%
Female	50%	57%
<b>By Employee Category</b>		
Management	100%	100%
Project manager	56%	14%
Clerk and accountants	50%	50%
Quantity surveyors	40%	60%

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

The average training hours completed per employee are as follow:

<b>Category</b>	<b>FY2020/21 Average training hours completed per employee</b>	<b>FY2019/20 Average training hours completed per employee</b>
<b>By Gender</b>		
Male	25.00 hours	10.86 hours
Female	1.53 hours	5.71 hours
<b>By Employee Category</b>		
Management	11.84 hours	3.02 hours
Project manager	30.53 hours	30.67 hours
Clerk and accountants	0.13 hours	5.75 hours
Quantity surveyors	0.10 hours	0.67 hours

## B4. Prevention of Child and Forced Labour

The Group has zero tolerance towards forced or child labour, or the hiring of illegal immigrants in either our office or construction sites. Specifically, controls implemented for the prevention of these illegal employment practices include:

- Child labour — at recruitment, the Group’s human resource employees or on-site foremen are required to check the job applicant’s age on their personal identification document.
- Forced labour — the Group enters into employment contracts with its employees in accordance with the applicable labour standards. Working hours of employees are subject to protection by their employment contracts with the Group. The Group’s managerial level employees or on-site foremen would never threaten employees to work overtime against employees’ will.
- Illegal immigrants — stringent recruitment screening procedures are adopted to ensure that all recruited employees bear the necessary documents, such as the Hong Kong identity card/proof of eligible working visa, and the Construction Industry Safety Training Certificate, to work for the Group.

In situations where any individual below the legal working age or without any identification documents is hired, corrective actions will be immediately taken to rectify the situation, by terminating the employee’s employment and reporting to the relevant Governmental authorities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

During FY2020/21, the Group has not identified any material non-compliance with relevant laws and regulations in Hong Kong relating to child and forced labour that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong).

## **B5. Supply Chain Management**

When evaluating suppliers or subcontractors, apart from the quality of products and services to be supplied, the Group would also look for sound environmental practices by the subcontractors. The Group adopts a comprehensive supply chain management system with reference to ISO 9001:2015 and ISO 14001:2015 certifications.

If the Group needs to engage new suppliers or subcontractors, sufficient background and quality checking works would be conducted. To ensure quality of construction works delivered to customers, the Group's construction teams would regularly carry out inspections at project sites. Suppliers or subcontractors who fail to perform up to the Group's standards would be penalised.

Before ordering timber or plywood, one of the Group's construction materials, the Group would request suppliers to supplement a place of origin certificate with each timber or plywood delivery to ensure that only wood products from sustainable sources would be used in construction projects. The certificate would need to be endorsed by internationally recognised institutions such as the Forest Stewardship Council and the American Forest and Paper Association.

## **B6. Service Pledge to Customers**

Achieving and maintaining high quality standard for projects are the most important for the sustainable growth of the Group. The Group strives to conduct its construction works in full compliance with the quality, safety and health requirement stipulated in the contracts with its customers and its services would not pose any health and safety threats to customers. Due to its business nature, the Group does not involve in products selling, and there are no product complaints and recycling issues, so there is no designated relevant procedure.

During FY2020/21, the Group has not identified any material non-compliance with relevant laws and regulations in Hong Kong relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong). The Group did not receive any complaint from its customers in relation to the quality of its service during FY2020/21.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## ***Quality Assurance***

The Group attaches great importance to quality assurance of its construction projects. Its quality management system for the provision of erection and dismantling of formwork has been certified by the international standard ISO 9001:2015.

To ensure that quality works are delivered, building materials would be thoroughly inspected by the construction teams before being applied to construction works. If materials from new suppliers are proposed, the materials will need to undergo the necessary tests and approval will need to be obtained from relevant customers.

## ***Customer Services***

As a subcontractor in the construction industry, the Group's direct customers primarily consist of main contractors in the construction industry, property developers or owners in Hong Kong. To understand the Group's customers' needs and thus provide services to meet their expectation, the Group maintains communication with them through regular meetings, phone and email communications. Customer service standards are incorporated into the Group's quality manual, procedure manual and quality plan.

## ***Privacy Protection***

Despite the Group has limited access to its customers' personal data due to its business nature, the Group, as a responsible service provider, has formulated internal policy to regulate the handling of confidential information while protecting customers' privacy. All confidential data related to the Group's business and customer information are securely protected and only used for internal purpose. Any leakage of confidential information to the third parties is strictly prohibited. As such, in carrying out our operations, the Group adheres to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and expressly reiterates confidentiality obligations.

## ***Intellectual Property, Advertising and Labelling***

The Group's business does not involve research and development, product packaging and labelling activities. Concerning advertising and privacy matters, the Group engaged in only minimal advertising activities, had not manufactured or traded any products, and had only collected minimal private information from customers. Besides, the Group does not rely heavily on marketing and advertising. To the best of Directors' knowledge, the Group was not aware of any significant impact relating to intellectual property, advertising and labelling on its operations. The Group will closely monitor the business environment to identify any significant risks in this area.

Nevertheless, in the Group's dealings with its clients, information provided should be complete, true, accurate, clear, and comply with all relevant laws and regulations regarding the proper advertising, including but not limited to the Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## **B7. Anti-corruption**

The Group is committed to maintaining the integrity of its corporate culture. Various policies and guidelines are in place to avoid breach of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). Staff members are not allowed to solicit or accept any advantages. The Group sets out relevant policies in the Employee Handbook and the Code of Conduct for employees to abide by. The Code of Conduct provides clear guidelines on the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

During FY2020/21, the Group has not identified any material non-compliance with relevant laws and regulations in Hong Kong relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group. The relevant laws and regulations include, but are not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). There were no concluded legal cases regarding corrupt practices during FY2020/21.

## **B8. Community Investment**

The Group believes that community involvement could bring a positive return to both society and the business. As part of strategic development, the Group aims to promote the stability of society and raise its employees' awareness towards social welfare.

Apart from being a role model for its employees, the Group encourages its staff members to make donations to different charitable organisations and take part in charity works to help people in need. The Group will contribute itself to society through a wide range of charitable events in the future.

## **FUTURE APPROACH TOWARDS SUSTAINABLE DEVELOPMENT**

In the future, the Group will continue to uphold its corporate social responsibility and enhance its relevant performance. In conducting our business, the Group will continue to take into account the interest of all our stakeholders and engage them with a sustainable business model.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

### Subject Areas,

### Aspects, General

Disclosures and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
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 Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 (comply or explain)	The types of emissions and respective emissions data.	Emissions — Air Emissions Control
KPI A1.2 (comply or explain)	GHG emissions in total (in tonnes) and intensity.	Emissions — GHG Emissions Control
KPI A1.3 (comply or explain)	Total hazardous waste produced (in tonnes) and intensity.	Emissions — Wastes Control (Not applicable — explained)
KPI A1.4 (comply or explain)	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions — Wastes Control
KPI A1.5 (comply or explain)	Description of reduction initiatives and results achieved.	Emissions — Air Emissions Control, GHG Emissions Control
KPI A1.6 (comply or explain)	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions — Wastes Control
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 (comply or explain)	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources — Energy Management

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

**Subject Areas,  
Aspects, General**

<b>Disclosures and KPIs</b>	<b>Description</b>	<b>Section/Declaration</b>
KPI A2.2 (comply or explain)	Water consumption in total and intensity.	Use of Resources — Water Management (Not applicable — explained)
KPI A2.3 (comply or explain)	Description of energy use efficiency initiatives and results achieved.	Use of Resources — Energy Management
KPI A2.4 (comply or explain)	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources — Water Management
KPI A2.5 (comply or explain)	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources — Use of Packaging Materials (Not applicable — explained)

**Aspect A3: The Environment and Natural Resources**

General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 (comply or explain)	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources — Noise Control

**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.	Employment and Labour Practices
KPI B1.1 (recommended disclosure)	Total workforce by gender, employment type, age group and geographical region	Employment and Labour Practices — Staff Overview

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
KPI B1.2 (recommended disclosure)	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices — Staff Overview
<b>Aspect B2: Health and Safety</b>		
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.	Protecting Staff's Health and Safety
KPI B2.1 (recommended disclosure)	Number and rate of work-related fatalities.	Protecting Staff's Health and Safety
KPI B2.2 (recommended disclosure)	Lost days due to work injury.	Protecting Staff's Health and Safety
KPI B2.3 (recommended disclosure)	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Protecting Staff's Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1 (recommended disclosure)	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2 (recommended disclosure)	The average training hours completed per employee by gender and employee category.	Training and Development

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

**Subject Areas,  
Aspects, General**

<b>Disclosures and KPIs</b>	<b>Description</b>	<b>Section/Declaration</b>
<b>Aspect B4: Labour Standards</b>		
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.	Prevention of Child and Forced Labour
KPI B4.1 (recommended disclosure)	Description of measures to review employment practices to avoid child and forced labour.	Prevention of Child and Forced Labour
KPI B4.2 (recommended disclosure)	Description of steps taken to eliminate such practices when discovered.	Prevention of Child and Forced Labour
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.2 (recommended disclosure)	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
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.	Service Pledge to Customers
KPI B6.1 (recommended disclosure)	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Service Pledge to Customers
KPI B6.2 (recommended disclosure)	Number of products and service related complaints received and how they are dealt with.	Service Pledge to Customers

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (continued)

## Subject Areas, Aspects, General

Disclosures and KPIs	Description	Section/Declaration
KPI B6.3 (recommended Disclosure)	Description of practices relating to observing and protecting intellectual property rights	Service Pledge to Customers Service Pledge to Customers – Intellectual Property, Advertising and Labeling
KPI B6.4 (recommended disclosure)	Description of quality assurance process and recall procedures.	Service Pledge to Customers – Quality Assurance
KPI B6.5 (recommended disclosure)	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Service Pledge to Customers – Privacy Protection
<b>Aspect B7: Anti-corruption</b>		
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.	Anti-corruption
KPI B7.1 (recommended disclosure)	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.	Anti-corruption
KPI B7.2 (recommended disclosure)	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment