

Kwan On Holdings Limited 均安控股有限公司

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1559

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2023

The following sections solely provide advanced guidelines for the environmental, social and governance report of the Group, which is for reference for the management of the Group:

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I. ABOUT THE REPORT

Objectives of the Report

This environmental, social and governance (“ESG”) report (the “Report” or the “ESG Report”) published by Kwan On Holdings Limited and its subsidiaries (“Kwan On”, the “Group”, “We”) aims to provide the performance of the Group in respect of the environmental, social and governance aspects in a transparent and open manner over the past year, in response to the concerns and expectations of our stakeholders on the sustainable development of the Group.

Scope of the Report and Reporting Period

The Report covers the reporting period from 1 April 2022 to 31 March 2023 (the “Reporting Period” or the “Year”), which is in conformity with the Group’s financial year. The Report sets out the ESG obligation, managing approach, performance and initiatives of Kwan On as a licensed contractor. In particular, the environmental KPIs disclosed in the Report covers our headquarter in Hong Kong, as well as the construction sites of our key civil construction projects (the “Key Construction Projects”) selected by our directors. The Key Construction Projects cover 14 contracts tendered by Kwan On Construction Company Limited (“Kwan On Construction”), the principal operating subsidiary of Kwan On, which include Civil Engineering and Development Department contracts (KL/2012/03, CV/2015/01, CV/2015/08, NE/2016/05, GE/2018/03, GE/2018/01, ED2019/02), Water Supplies Department contract (2/WSD/21), Housing Authority contracts (20170102 and 20189126, 20219051), Drainage Services Department contract (DC/2017/04, DC/2018/10) and Highways Department contract (HY/2018/12). On the other hand, the social KPIs covers the general business across the Group¹.

Reporting Standards

The Report has been prepared with reference to the requirements set out in the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEx”). During the process of preparation of the Report, we summarised the Group’s performance in terms of corporate social responsibilities based on the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”. Please refer to the table below for our understanding of and response to these reporting principles.

¹ Social KPIs cover the general business across Kwan On, including our construction-related businesses and property development businesses in Hong Kong and Southeast Asia.

Reporting principles	Implications	Our responses
Materiality	Where ESG issues are sufficiently important to investors and other stakeholders, they should be reported by issuers.	The Report identifies the stakeholders associated with Kwan On and presents their concerns. We also describe how we have determined the key issues and prioritise those issues using a materiality matrix. In addition, we have stated the provisions of “comply or explain” in relation to the matters not to be disclosed as they are not material to the Group and the reasons for making this decision.
Quantitative	KPIs should be disclosed in a measurable manner. The issuer may set targets to reduce a particular impact thus the effectiveness of ESG policies and management systems can be evaluated and validated. Quantitative information should be accompanied by a narrative, explaining its purpose, impacts, and giving comparative data where appropriate.	The Report made quantitative disclosure about KPIs, and reported on the standards, methods or inputs for calculation used to compile KPIs and the sources of the conversion factors used.
Balance	The ESG Report should provide an unbiased picture to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.	The Report discussed our achievements and challenges in sustainability.
Consistency	The issuer should use consistent methodologies to allow for meaningful comparisons of ESG data over time.	The Report used consistent methodologies wherever possible and explains any changes to the methodologies adopted last year.

Collection of Data

The information disclosed in this Report is derived from the Group’s formal documents, statistics, or public information. The Board is responsible for the truthfulness, accuracy, and completeness of its contents.

II. STATEMENT FROM THE BOARD

On behalf of the Board of Directors (the “Board”) of Kwan On Holdings Limited, I am pleased to publish the Environmental, Social and Governance Report 2022, which covers our sustainability performance and results from 1 April 2022 to 31 March 2023.

Looking back on 2022, while the global economy continued to recover, global business development continued to face uncertainties brought by the resurgence of the Covid-19 pandemic and the volatile political and economic conditions. As a reputable construction company with over 20 years of experience in the construction industry in Hong Kong, the Company abides by its mission and upholds corporate responsibilities by devoting its whole to serving the community and its clients. The Board has prepared ESG policies which are incorporated into the Company’s management manual to govern our sustainable practices in the areas of business ethics, workplace health and safety, environment, community engagement and stakeholder communication channels. Aspects such as occupational health and safety, environmental management, human resource management and supplier management are all covered. Each management team is responsible for monitoring and managing issues, risks and effectiveness in relation to ESG policies. We also clearly define our short- and long-term sustainability visions to achieve sustainable emissions reduction plans in accordance with government regulations.

There is clear responsibility and accountability for the safety management system within Kwan On with a reporting line direct to the Project Director. Management treats frontline staff as they would like to be treated. Our ultimate goal is to promote safety and environmental protection with a concerted effort. We have all along been upholding our core values – “being safe, environmental friendly, high-quality”, striving to provide a safe and healthy workplace to our staff and explaining every step in a construction project to all frontline colleagues. In project planning, we assess and review whether the construction process is safe or not to minimise construction hazards. The project manager will also lead by example in promoting safety awareness by regularly assessing the implementation of safety measures and resolving any problems that may arise during construction.

Looking forward, the Board will continue to uphold the Company’s vision and mission to achieve sustainable development. By continuously monitoring and improving the overall sustainability performance, it will facilitate the Group’s sustainability planning and the effective deployment of investment in important sustainability issues. We will work with all parties on the journey to advance the sustainable development process.

Chen Zhenghua

Chairman

30 June 2023

III. PRINCIPLE AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

Objectives of Sustainable Governance and Development

While driving its business to grow steadily, the Group regards sustainable development as one of the core values of its business operations and is committed to integrating the concept of sustainable development into its business and management, with a view to become a reputable and respected green civil construction contractor. The Group is committed to fulfilling our environmental and social responsibilities by increasing information transparency, proactively maintaining the quality of our professional services and adhering to operational standards, with an aim to build a green and sustainable future for the next generation.

Sustainable Governance Strategies

In line with the Group's concept of sustainable development, we have established a top-down Environmental, Social and Governance ("ESG") framework: the Board is responsible for formulating ESG strategies, assessing and identifying the Group's ESG risks, as well as ensuring the effectiveness of our risk management and internal controls; senior management is responsible for organising relevant initiatives in accordance with our ESG strategies and reporting to the Board on the progress of our ESG initiatives and the preparation of the Group's annual ESG report; the administration department, human resources department, financial accounting department, procurement department and project department are responsible for the execution of ESG initiatives, including the collection of stakeholders' feedback, internal and external materiality assessment and preparation of ESG reports. They shall report the progress of ESG-related issues and the preparation of ESG reports to the senior management.

Involvement of the Board

The Board is committed to integrating sustainable development into the Group's business development and assumes full responsibility for the following:

- assess and identify the Group's ESG-related risks and opportunities;
- ensure the Group has appropriate and effective risk management and internal control system in place;
- formulate the Group's ESG management approaches, strategies, priorities and objectives;
- review the progress and performance of ESG-related issues; and
- review and approve the disclosures in the Group's ESG Report.

The Board regularly assesses, identifies and manages the risks associated with sustainable development and identifies potential opportunities by complying with regulatory requirements and industry practices to create long-term value for our stakeholders. In addition, the Board regularly reviews the progress of each ESG target and adjust them where appropriate and feasible to minimise the adverse impact on the society and environment.

IV. STAKEHOLDER ENGAGEMENT

Our understanding of and response to stakeholders' opinions are fundamental to the formulation and implementation of the Group's short-term and long-term development strategies. To understand their concerns and to progress and grow together, the Group proactively engages with key stakeholders, including shareholders and investors, the government, our employees, customers, suppliers, subcontractors, and the community, through diverse communication channels such as seminars, trade unions, surveys or other platforms.

The table below summarises how we communicate with our stakeholders, their concerns and our action plans.

Stakeholder groups	Communication methods/channels	Major demands/concerns	Our action plans
Shareholders and investors	<ul style="list-style-type: none"> • Convene annual general meetings • Publish annual and interim reports • Public disclosures • Analyst meetings • Interviews, conference calls and e-mail engagement • Official website of the Company 	<ul style="list-style-type: none"> • Maximise investment returns • Enhance company value • Facilitate information transparency and effective communication 	<ul style="list-style-type: none"> • Regular general meetings • Regular board meetings • Frequently meet with investors
The government	<ul style="list-style-type: none"> • Information disclosure • Public consultation • Seminars • Reports/Surveys • Interviews 	<ul style="list-style-type: none"> • Fulfill regulatory requirements • Pay tax on time and in compliance with laws • Maintain good relationship with the government • Promote employment • Echo with national strategies 	<ul style="list-style-type: none"> • Compliance with national laws and regulations • Pay tax in full, on time and in compliance with laws • Create jobs

Stakeholder groups	Communication methods/channels	Major demands/concerns	Our action plans
Employees	<ul style="list-style-type: none"> • Opinion surveys • Staff caring and welfare campaigns • Mental health counseling channels • Staff mailbox • Internal communications • Retain staff 	<ul style="list-style-type: none"> • Provide a healthy and safe working environment • Enhance vocational skills • Provide more training opportunities • Access to benefits • Labour rights and interests • Staff caring • Fair promotion and development 	<ul style="list-style-type: none"> • Organise training courses for professional development, enhancing vocational skills and promoting safety procedures • Identify employees' personal development needs and perform a fair and objective assessment • Create a competitive workplace • Staff caring and welfare campaign
Customers	<ul style="list-style-type: none"> • Listen to customer feedback • Handling enquiries or complaints • Customer satisfaction surveys • Customer communication meetings • Tender meetings 	<ul style="list-style-type: none"> • Provide quality services • Respect for privacy and confidentiality 	<ul style="list-style-type: none"> • Normalization and standardization of services • Conduct regular satisfaction surveys • Timely response to and handling of customer complaints

Stakeholder groups	Communication methods/channels	Major demands/concerns	Our action plans
Suppliers and subcontractors	<ul style="list-style-type: none"> • Sharing sessions • Review on suppliers' and subcontractors' performance • Communication meetings • Conference Call • Surveys • Regular business sharing sessions 	<ul style="list-style-type: none"> • Enhance transparency in procurement process • Ensure the selection process is conducted in a fair and equitable manner • Honor promises • Achieve win-win situation 	<ul style="list-style-type: none"> • Provide equal chances for competing suppliers and subcontractors • Improve selection system for suppliers and subcontractors • Establish an open and transparent tendering system
Community	<ul style="list-style-type: none"> • Hotlines for handling complaints • Social charity events • Seminar and workshop 	<ul style="list-style-type: none"> • Invest in public welfare • Adopt green operation strategies • Participate in community building • Promote community well-being • Care for the underprivileged groups 	<ul style="list-style-type: none"> • Organise regular community charity activities • Hold charity events • Promote energy saving and environmental protection

V. MATERIALITY ASSESSMENT

In order to determine key disclosures for the Report, we have conducted materiality assessment on ESG issues with our stakeholders. The procedures of the materiality assessment are set out as below:

Step 1: Identify ESG issues

The Group identified the following 21 ESG issues based on the existing operations, and taking into the consideration of the disclosure requirements of “Environmental, Social and Governance Reporting Guide” and ESG management priorities in our industry.

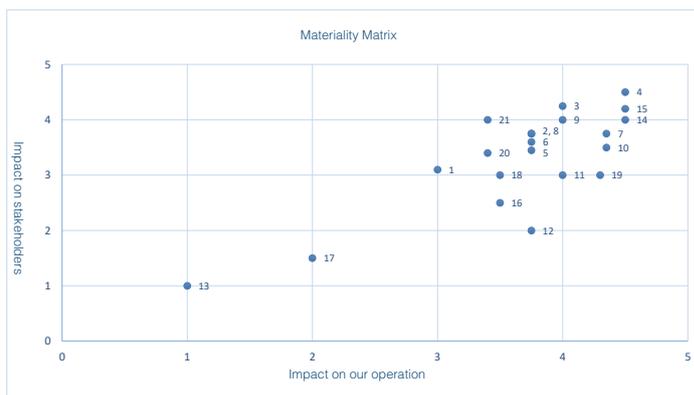
ESG aspects		No.	ESG issues
A. Environmental	Aspect A1: Emission	1	Air emission
		2	Greenhouse gas emission
		3	Waste management
	Aspect A2: Use of Resources	4	Energy consumption
		5	Water consumption
		6	Paper usage
	Aspect A3: The Environment and Natural Resources	7	Management of environmental and natural resource risk
	Aspect A4: Climate Change	8	Climate change-related issues
B. Social	Aspect B1: Employment	9	Equal opportunity
		10	Employee’s welfare
	Aspect B2: Health and Safety	11	Occupational health and safety measures
	Aspect B3: Development and Training	12	Staff development
	Aspect B4: Labour Standards	13	Prohibition of child labour and forced labour
		14	Selection and evaluation of suppliers
	Aspect B5: Supply Chain Management	15	Monitoring and managing environmental and social risk along the supply chain
		16	Service quality
	Aspect B6: Product Responsibility	17	Managing complaints
		18	Protecting intellectual property rights
		19	Customer’s data privacy and data security
	Aspect B7: Anti-corruption	20	Anti-corruption and anti-money laundering
	Aspect B8: Community Investment	21	Community involvement

Step 2: Materiality Assessment

The Group's management conducted meetings based on the opinions gathered from the engagement with our stakeholders and rates the degree of relevance and importance of every ESG issues from 0 to 10 (0 represents irrelevant; 10 represents most important).

Step 3: Priority

Based on the score from materiality assessment, we prioritised the issues in two dimensions, namely "impact on stakeholders" and "impact on our operation", and prepared the materiality matrix as below. Issues at the right upper quadrant are defined as the most important issues to the Group's business operation and our stakeholders.



The Group is principally engaged in undertaking civil construction contracts in Hong Kong. While we rely on a stable workforce and our subcontractors to complete our projects, generation of different emissions during the course of our operation is inevitable. According to the results of the materiality assessment, energy consumption; monitoring and managing environmental and social risk along the supply chain; waste discharge; and selection and evaluation of suppliers are ESG issues that are of utmost concern to Kwan On and our stakeholders. By attaching more attention to the above-mentioned issues and regularly reviewing major ESG issues, we take into account the view of every stakeholder and firmly refine our long-term development strategy.

No.	ESG issues
1	Air emission
2	Greenhouse gas emission
3	Waste discharge
4	Energy consumption
5	Water consumption
6	Paper usage
7	Management of environmental and natural resource risk
8	Climate-change-related issues
9	Equal opportunity
10	Employee's welfare
11	Occupational health and safety
12	Staff development
13	Prohibition of child labour and forced labour
14	Selection and evaluation of suppliers
15	Monitoring and managing environmental and social risk along the supply chain
16	Service quality
17	Managing complaints
18	Protecting intellectual property rights
19	Customer's data privacy and data security
20	Anti-corruption and anti-money laundering
21	Community involvement

VI. ENVIRONMENTAL ASPECTS

Kwan On acknowledges the importance to maintain sustainable development in its daily operation. While striving to expand our business, the Group has always been committed to the green concept of protecting our ecological environment and slowing down the depletion of natural resources. We have implemented various resource conservation and environmental protection initiatives with an aim to reduce the direct impact on environment in the course of our business.

The Group established different environmental targets for its construction sites to achieve sustainable development:

Environmental Management Indicators	Short-term Targets for Environmental Management Indicators	Long-term Targets for Environmental Management Indicators	Actions
Reduce air emissions	<ul style="list-style-type: none"> Maintain a minimum fleet of vehicles operating on site as required by our contracts and reduce the use of other vehicles. Reduce air emissions by at least 5% over the next five years, using 2021 as the baseline year. 	<ul style="list-style-type: none"> Establish emissions reduction plan by 2025 	<ul style="list-style-type: none"> Optimize fleet by phasing out older vehicles in succession
Reduce greenhouse gas emission	<ul style="list-style-type: none"> Organize low-carbon training for our operating staff at least once a year for the next two years. 	<ul style="list-style-type: none"> Achieve carbon neutrality in Hong Kong by 2060 	<ul style="list-style-type: none"> Provide low-carbon training to staff; save energy by maintaining air-conditioning temperatures at 25.5°C; and support customers' initiatives to reduce carbon footprint

Environmental Management Indicators	Short-term Targets for Environmental Management Indicators	Long-term Targets for Environmental Management Indicators	Actions
Reduce hazardous waste and non-hazardous waste discharge	<ul style="list-style-type: none"> The Group is committed to stepping up its waste reduction efforts, starting with waste sorting and monitoring of disposal processes. Continuing with the goals set in 2021 and continue to reduce paper usage by at least 3% in the next year. 	<ul style="list-style-type: none"> Establish waste reduction plan by 2025 	<ul style="list-style-type: none"> Reduce and recycle construction site waste, particularly waste from civil engineering works; and wherever waste disposal is unavoidable, the Group engage qualified handlers to dispose of those waste to ensure compliant disposal
Reduce energy usage	<ul style="list-style-type: none"> Replace upon expiry of designed life our existing lighting and electrical devices with energy-efficient alternatives. Establish a quality supplier procedures to select eco-friendly suppliers whenever possible. 	<ul style="list-style-type: none"> The Group will enhance energy management performance and energy efficiency in the long term through monitoring and recording energy consumption by business segment. Establish the relevant plan by 2025 	<ul style="list-style-type: none"> Switch on lighting only when necessary; maximise the use of daylight; and use LED lamps instead of conventional fluorescent lamps

Environmental Management Indicators	Short-term Targets for Environmental Management Indicators	Long-term Targets for Environmental Management Indicators	Actions
Reduce water consumption	<ul style="list-style-type: none"> Further encourage our staff to practice water conservation in daily operations. 	<ul style="list-style-type: none"> The Group will enhance water management performance and water efficiency in the long term through monitoring and recording water consumption by business segment. Establish the relevant plan by 2025 	<ul style="list-style-type: none"> Post notices to remind staff of the need to conserve water, install water saving devices; and install flow restrictors, gas filling devices or other water-saving equipment at the tap to reduce water consumption

A1: Emissions

In view of the increasingly worrying global issues such as climate change, we make efforts to minimise the Group's emission. We strictly complies with emission-related laws and regulations such as "Air Pollution Control Ordinance", "Water Pollution Control Ordinance" and "Waste Disposal Ordinance", which clearly set out the requirements for the discharge of pollutants. To be effectively in line with and in compliance with the relevant requirements, we have formulated and strictly implemented internal policies such as the "Waste Management Regulations" to provide clear guidance to our staff for their environmental protection routine, with an aim to reduce pollution.

Air and Greenhouse Gas Emissions

During the Reporting Period, the main sources of the Group's air and greenhouse gas emissions are gasoline and diesel consumption, purchased electricity, paper waste, fresh water and sewage. During the Reporting Period, the Group generated approximately 60.33 kg of nitrogen oxides, 1.28 kg of sulphur oxides and 732.61 kg of particulate matter, while the total greenhouse gas emissions were amounted to approximately 599.56 tonnes of carbon dioxide equivalent. Emissions of nitrogen oxides (NO_x), sulphur oxides (SO_x) and particulate matter (PM) for the Year decreased by 16%, 20% and 19% respectively compared to the previous year, while the total greenhouse gas emissions were also reduced by 13% compared to the previous year. Looking ahead, we will continue to work towards the target set in the previous year of reducing air emissions by at least 5% over the next five years, in order to continue to reduce air and greenhouse gas emissions from the Group's operations.

In order to sustainably reduce air and greenhouse gas emissions from the Group's operations, Kwan On has implemented a series of environmental protection management initiatives to manage the emissions generated from our office premises and construction projects, covering details in the procurement of construction materials, operation of construction machinery and vehicles, and electricity and paper consumption.

Sources of Air and Greenhouse Gas Emissions and the Measures Taken

Sources of air and greenhouse gas emissions	Measures taken
Fuel Consumption	<p>Kwan On has taken a series of measures to reduce air and direct greenhouse gas emissions generated from fuel consumption (Scope 1²) as follows:</p> <ul style="list-style-type: none"> • Construction vehicles and machinery deployed for the delivery of materials must meet the government's environmental and energy efficiency requirements; • More eco-friendly construction materials, machinery and vehicles are used; • Switch off the engine of an idling vehicle; • Encourage our staff to use public transport wherever possible; and • Regular maintenance and repairing of machinery, equipment and vehicles to maintain engine performance and fuel efficiency.
Purchased Electricity	<p>Electricity consumption is the Group's major indirect source of greenhouse gas emissions (Scope 2³). During the Reporting Period, 60% of the total greenhouse gas emissions is attributed to the use of purchased electricity. Since 2015, the Group has been actively participating in the Energy Saving Charter on Indoor Temperature promoted by the Electrical and Mechanical Services Department to reduce electricity consumption by maintaining the average indoor temperature at 24°C to 26°C (especially during summertime). In addition, to further reduce the daily electricity consumption in our offices, we prefer electronic appliances with energy efficiency labels, replace the fluorescent tube in our offices with LED and encourage our staff to develop eco-friendly habits such as turning off lights and air conditioning after work.</p>

² Scope 1 emissions cover direct greenhouse gas emissions from operations that are owned or controlled by the Group.

³ Scope 2 emissions cover "energy indirect" greenhouse gas emissions resulting from the Group's internal consumption (purchased or acquired).

Sources of air and greenhouse gas emissions	Measures taken
Paper waste	Methane generated from the Group's disposal of paper waste at landfills has contributed to other indirect greenhouse gas emissions (Scope 3) ⁴ . To reduce greenhouse gas emissions, we actively encourage our employees to print internal documents on both sides and develop eco-friendly photocopying habit. Apart from reducing paper waste at source, the Group also encourages its employees to recycle paper waste in order to raise their awareness of saving paper.
Fresh water and sewage	Electricity consumed by governmental departments in treating water and sewage discharged by the Group also contributes to other indirect greenhouse gas emissions (Scope 3). Therefore, Kwan On has implemented various water saving measures to reduce our water consumption. For example, we install restrictors on our faucets and perform regular maintenance on our water fixtures to reduce water consumption and eliminate drips and leaks. Kwan On also limits the amount of detergents and chemicals used to reduce the wastewater discharged. In addition, wastewater is collected and treated by sewage treatment facilities before being discharged to the sewers. The Group's discharges also comply with the pH value, suspended solid and chemical oxygen demand standards stipulated in the Discharge Licence issued by the Environmental Protection Department.

Summary of Air Emissions

Air Emission ⁵	Unit	2021	2022
Nitrogen oxides (NO _x)	kg	71.47	60.33
Sulphur oxides (SO _x)	kg	1.61	1.28
Particulate matter (PM)	kg	903.13	732.61

⁴ Scope 3 emissions cover all other indirect greenhouse gas emissions that occur outside the Group.

⁵ The air emission is calculated based on the "How to prepare an ESG Report" Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx and "Energy Utilization Index and Benchmarking Tools" published by Electrical and Mechanical Services Department of the HKSAR Government in 2022 (<https://ecib.emsd.gov.hk/index.php/hk/energy-utilisation-index-hk/transport-sector-hk>).

Summary of Greenhouse Gas Emissions and the Intensity

Greenhouse gas ^{6,7}	Unit	2021	2022
Scope 1: Direct greenhouse gas emission			
Generated from mobile combustion sources	Tonnes of Carbon dioxide equivalent ("tCO ₂ e")	290.42	230.79
Total amount of direct carbon dioxide equivalent emission	tCO ₂ e	290.42	230.79
Intensity of total amount of direct carbon dioxide equivalent emission	tCO ₂ e/project	29.04	16.49
Scope 2: Indirect greenhouse gas emission			
Generated from electricity consumption	tCO ₂ e	280.03	266.27
Total amount of indirect carbon dioxide equivalent emission	tCO ₂ e	280.03	266.27
Intensity of total amount of indirect carbon dioxide equivalent emission	tCO ₂ e/project	28.00	19.02
Scope 3: Other indirect greenhouse gas emission			
Generated from disposal of paper waste at landfill	tCO ₂ e	0.81	0.63
Generated from consumption of electricity for fresh water and sewage processing by the governmental departments ⁸	tCO ₂ e	3.46	1.87
Total amount of other indirect carbon dioxide equivalent emission	tCO ₂ e	4.27	2.50
Intensity of total amount of other indirect carbon dioxide equivalent emission	tCO ₂ e/project	0.43	0.18
Total greenhouse gas emission			
Total greenhouse gas emission	tCO ₂ e	574.72	499.56
Intensity of total greenhouse gas emission	tCO ₂ e/project	57.47	42.02

⁶ The greenhouse gas emission is calculated based on the "How to prepare an ESG Report" Appendix 2: Reporting Guidance on Environmental KPIs" published by HKEx.

⁷ As at 31 March 2022, the number of principal contracts tendered by Kwan On Construction Company Limited was 10 and such data was used to calculate the intensity of total greenhouse gas emission.

⁸ According to the 2020/21 Annual Report issued by the Water Supplies Department of the HKSAR Government and the 2020/21 Sustainability Report issued by the Drainage Services Department of the HKSAR Government, the electricity consumption per unit of treated fresh water and sewage are 0.612 kWh and 0.29 kWh respectively.

Hazardous Waste

The Group does not generate a significant amount of hazardous waste due to its business nature, KPI A1.3 (total amount of hazardous waste generated) is therefore not applicable to our business and the relevant data is not disclosed. If we generated any hazardous wastes, we will hand them over to registered and licensed recyclers for disposal in order to comply with relevant environmental regulations and rules.

Non-hazardous Wastes

The non-hazardous waste generated by the Group is mainly paper waste and construction waste. During the Reporting Period, the Group generated approximately 0.13 tonnes of paper waste and 5,938.32 tonnes of construction waste. Paper waste for the Year decreased by 23% compared to the previous year, thus successfully accomplishing the paper waste reduction target set in the previous year. The discharge of non-hazardous waste increased by 33% compared to the previous year. The increase in construction waste was mainly due to the increase in the number of contracts covered by the environmental performance to 14 contracts in the Year as compared to 10 contracts in the previous year.

Through good planning on site housekeeping and stockpile management, proper segregation and storage of materials, as well as avoiding the purchase of non-essential materials, Kwan On endeavors to avoid and reduce the generation of paper waste and construction waste. Since 2014, the Group has also been advocating Hong Kong Environmental Protection Department’s “A Food Waste & Yard Waste Plan for Hong Kong 2014-2022” by nominating representatives from the principal business of the Group as Waste Reduction Officers to raise employees’ awareness on recycling and waste reduction.

Sources of Non-hazardous Waste and the Measures Taken

Sources of non-hazardous waste	Measures taken
Paper waste	<p>Kwan On has implemented a series of paper saving measures to reduce the generation of paper waste and boost employees’ awareness on paper saving:</p> <ul style="list-style-type: none"> • Encourage our employees to use digital documents and two-side printing; • Encourage our employees to recycle used paper; • Set up a collection point in our office to promote paper recycling; • Encourage our employees to use email or notice boards for internal communications; and • Suggest everyone to bring their own cup to reduce the use of disposable paper cups.



Sources of non-hazardous waste	Measures taken
Construction waste	<p>The Group has established a series of green procurement management initiatives for its construction business to reduce construction waste from various projects. We procure material in several phases according to our construction schedule and taking into account how many construction materials we need and when will we use them. This could prevent construction materials from being wasted due to prolonged storage, maximise the utilisation of construction materials and avoid the generation of excess construction waste. Kwan On also requires our staff to, wherever possible, procure recyclable or reusable materials with low environmental impact that are non-hazardous to human.</p> <p>The Group also formulates environmental management plan which states that potential recycling or reuse of construction materials should be considered before disposal. If materials can be recycled or reused, we will arrange for their collection and reuse to reduce waste. We will also pick out waste with recycle potential and assign our waste reduction officers to record and inspect the removal.</p>

Summary of Non-hazardous Waste Disposal and the Intensity

Non-hazardous waste ⁹	Unit	2021	2022
Paper waste	Tonne	0.17	0.13
Construction waste	Tonne	4,465.44	5,938.32
Total amount of non-hazardous waste	Tonne	4,465.61	5,938.45
Intensity of total amount of non-hazardous waste	Tonne/project	446.56	424.18

⁹ As at 31 March 2023, the number of principal contracts tendered by Kwan On Construction Company Limited was 14 and such data was used to calculate the intensity of total amount of non-hazardous waste in 2022.

A2: Use of Resources

Both enhancing resource efficiency and reducing energy consumption are key environmental issues to the Group. To fulfill our corporate responsibility to protect the environment, we have formulated the Management Rules on Energy Saving and Reduction of Consumption, which outlines a series of measures to save energy and reduce emissions, with a view to save as many resources as possible and minimise energy consumption. It can enable us to strike a balance between environmental protection and business development.

Energy Use

The Group's direct energy consumption is mainly attributed to the use of diesel and petrol from vehicles, and our indirect energy consumption is mainly attributed to purchased electricity. During the Reporting Period, the Group's total energy consumption was approximately 1,467.21 kWh in '000.

To enhance energy efficiency, the Group proactively implemented energy saving initiatives in our daily office operation and construction projects. In order to reduce the energy consumption of motor vehicles used for transportation, we strongly encourage our employees to use public transports. In addition, we have adopted various electricity saving measures to reduce the Group's indirect energy consumption, which include monitoring the use of motor vehicles and electricity consumption in our operation sites on a monthly basis, encouraging employees to turn off all lighting and electrical equipment not in use after work, purchasing and using electrical equipment with energy-saving labels wherever possible, using LED lights instead of traditional fluorescent tube for illumination and maintaining the average room temperature at 24°C to 26°C. Since 2015, the Group has also been actively advocating Energy Saving Charter and 4T Charter Schemes jointly promoted by the Hong Kong Environment Bureau and the Electrical and Mechanical Services Department and has displayed posters of the charter scheme at prominent locations to encourage our staff to save energy.

Summary of Energy Consumption and the Intensity

Energy ^{10,11}	Unit	2021	2022
Direct energy consumption			
Diesel	kWh in '000	47.96	67.01
Petrol	kWh in '000	1,014.97	780.55
Direct energy consumption	kWh in '000	1,062.93	847.57
Intensity of direct energy consumption	kWh in '000/project	106.29	60.54
Indirect energy consumption			
Purchased electricity	kWh in '000	594.05	619.65
Indirect energy consumption	kWh in '000	594.05	619.65
Intensity of indirect energy consumption	kWh in '000/project	59.41	44.26
Total energy consumption			
Total energy consumption	kWh in '000	1,656.98	1,467.21
Intensity of total energy consumption	kWh in '000/project	165.70	104.80

Water Consumption

The Group consumes water from municipal water supply and therefore has not encounter any issues while sourcing water. During the Reporting Period, the Group consumed approximately 2,959 m³ of water. The decrease in water consumption was mainly due to the substantial drop in water usage as most of our employees worked from home during the Covid-19 pandemic.

To optimising the use of water resources, Kwan On carries out various water saving initiatives in its operations, including:

- Regular maintenance of water facilities to prevent drips and leaks;
- Use of equipment such as wet and dry vacuum cleaners and sweeper vehicle;
- Installation of restrictors on faucets;
- Installation of high pressure faucets in pantries; and
- Post tips on how to reduce water consumption.

¹⁰ The energy consumption is calculated based on the “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

¹¹ As at 31 March 2023, the number of principal contracts tendered by Kwan On Construction Company Limited was 14 and such data was used to calculate the intensity of total energy consumption in 2022.

Summary of Water Consumption and the Intensity

Water consumption ¹²	Unit	2021	2022
Water consumption	m ³	5,482.98	2,959.39
Intensity of water consumption	m ³ /project	548.30	211.39

Use of Packaging Material

Due to the nature of our business, the Group does not consume a large amount of packaging material for product packaging, the relevant data of KPI A2.5 (total packaging material used for finished products) is therefore not applicable to our business.

A3: The Environment and Natural Resources

To fulfill our corporate social responsibility, Kwan On is committed to minimising the impact of our business operations on the environment and natural resources. The “Procedures for Identification and Assessment of Environmental Factors and Preventive Control” formulated by the Group provides guidances for us to identify potential environmental impacts during the course of construction and operation of our projects and formulate mitigation measures to reduce such impacts to an acceptable level. For example, construction site tends to produce a lot of dust, therefore we have adopted dust prevention measures and conceal dusty materials and stockpile in our sites to minimise our environmental impact. In addition, we are aware that pests in construction site will not only cause damage to the structure and foundation of buildings, but also cause nuisance to community in the vicinity. Therefore, we have formulated a comprehensive and efficient pest solution. In addition to regular application of pest control spray, pest-prone area is recorded for follow-up action. Our construction projects may also generate noise pollution, therefore we installed noise barriers and noise monitoring equipment in our sites. The Group is committed to giving its best to adhere to the concept of green development and explore innovative solutions to minimise its impact on the environment and natural resources in order to build an environmentally friendly business.

¹² As at 31 March 2023, the number of principal contracts tendered by Kwan On Construction Company Limited was 14 and such data was used to calculate the intensity of water consumption in 2022.

A4: Climate Change

Climate change is one of the most concerned global issues nowadays. Developing a low-carbon economy has become an international consensus. As climate change may lead to extreme weather conditions, it may pose a potential hazard to the Group's operation. The Group also acknowledges that outdoor work arrangements are susceptible to the weather. In the event of inclement weather conditions such as typhoons, rainstorms and extreme heat, the management is bound to make adjustment and take precautionary measures to prevent injuries to workers. In order to cope with extreme weather changes, the Group has identified and assessed climate change risks and prepared operational guidelines for extreme weather conditions. It covers actions to be taken in response to different signals issued by the Hong Kong Observatory. When drafting the relevant measures to be taken, the Group has made reference to the "Guide on Safety at Work in times of Inclement Weather" and "Code of Practice in times of Typhoons and Rainstorms" issued by the Labour Department, as well as "Site Safety Measures for Working in Hot Weather" issued by Construction Industry Council. For our office staff, we make commuting arrangement according to "Code of Practice in times of Typhoons and Rainstorms" ("Code of Practice") issued by the Hong Kong Labour Department. We will also remind in advance our staff to take precautions against extreme weather conditions.

VII. SOCIAL ASPECTS

B1: Employment

We believe that our employees are one of the important assets for the sustainable development of a business. Kwan On strictly complies with the laws and regulations on remuneration and dismissal, working hours, rest periods, equal opportunities, anti-discrimination and other benefits and welfare such as "Employment Ordinance", "Employees' Compensation Ordinance", "Disability Discrimination Ordinance", "Sex Discrimination Ordinance", "Race Discrimination Ordinance", "Minimum Wage Ordinance" and "Mandatory Provident Fund Schemes Ordinance". In order to effectively fulfill and monitor such requirements, we have formulated internal policies such as the "Recruitment Management System", "Attendance and Leave Management System" and "Fair Treatment Policy", which cover prudent recruitment procedures and fair treatment protocols, with a view to provide a decent working environment for our employees to unleash their potential and enhance their satisfaction and sense of belonging to the Group. As at 31 March 2023, the Group employed a total of 284 employees, including 191 full-time employees and 93 temporary employees.

Recruitment and Promotion

In terms of recruiting, the Group strictly implements its “Recruitment Management System” to ensure the overall standard of our human resources. To attract high caliber staff, Kwan On adopts a transparent recruitment process to recruit capable employees in a fair manner as well as attracts and recruits staff using multiple channels, including but not limited to posting online information and engaging headhunters. During our recruitment process, we look for integrity, team spirits and vocational ethics in the candidates. We also adopt the principles of openness and fairness in establishing a series of fair promotion criteria to regularly evaluate the performance and contribution of our employees, by which we can encourage all our staff to unveil their true potential and improve their performance to the benefits of both the Group and our staff.

Compensation and Benefits

In respect of staff remuneration and benefits, the Group has been actively reviewing and improving the staff remuneration and benefits system. We regularly analyse market data and trends on remuneration and benefits, and adjust our staff remuneration and benefits according to our business development and the market standard to ensure that the Group’s remuneration and benefit system remains competitive in the market. In terms of salaries and bonuses, the Group has a comprehensive performance appraisal system in place, based on which regular performance appraisals are conducted and staff salaries and annual bonuses are adjusted and distributed according to the results. In terms of benefits, employees are entitled to a wide range of employee benefits, such as insurance, annual leaves, sick leaves, various allowances and severance payments. We frequently organise staff activities, such as festive parties, to maintain a harmonious relationship between the Group and our employees.

Working Hours and Holidays

The Group formulates “Attendance and Leave Management System” to regulate the legal working hours of our employees on a daily or weekly basis. In addition to basic annual leaves and statutory holidays, employees are also entitled to other paid leaves such as birthday leaves, marriage leaves, bereavement leaves, maternity leaves and paternity leaves. To contain the outbreak of Covid-19, the Group has provided our staff with additional “vaccine leaves” with pay for each dose of vaccine they received.

Equal Opportunities, Diversity and Anti-Discrimination

Kwan On is committed to creating a working environment free of discrimination for our employees so they can work in an environment with fair competition, mutual respect and diversity. In accordance with our “Recruitment Management System” and “Fair Treatment Policy”, we uphold the principles of openness, fairness and equity in our recruitment process and treat all candidates equally in terms of hiring criteria and selection process to ensure that all of them are entitled to equal employment opportunities. From recruitment to daily operations, the Group strictly prohibits any forms of discrimination or harassment against any employees based on religion, ethnicity, race, gender, age, sexual orientation, disability, education and nationality to ensure that all employees are treated fairly.

As at 31 March 2023, among our 284 employees, the male-to-female ratio was approximately 82%:18%. During the Reporting Period, the Group recorded no case of discrimination.

B2: Health and Safety

We attach great importance to occupational health and safety. In order to provide a decent and safe working environment, the Group strictly complies with relevant laws and regulations on health and safety such as “Occupational Safety and Health Ordinance” and the “Employees’ Compensation Ordinance”. To create a safe, healthy and comfortable working environment for our staff, Kwan On has formulated and strictly implemented “Project Safety Plan”, which stipulates the responsibilities in safety of our management and staff at all levels and our subcontractors. The Group’s management also conducts regular safety meetings with our site supervisors and safety officers to update and revise our “Project Safety Plan” when needed. In addition, the Group disseminates our “Safety Policy” and “Internal Safety Rules” to our employees and subcontractors to allow them to understand the importance of occupational safety. During the past 3 years, there were no record of work-related fatalities and no case of work days lost due to work-related injuries.

The health and safety measures implemented include but are not limited to:

- Conduct regular interviews to show care for our staff and understand their needs;
- Provide protective gears such as safety helmets and gloves for our staff;
- Take out work injury insurance for our staff;
- Review on accidents and injuries regularly to ensure proper handling of work injuries;
- Provide appropriate training to our staff and appoint supervisors to guide them on the correct posture when handling heavy or bulky items;
- Inspect the machinery in advance and ensure that they are only operated by trained professional workers;
- Perform regular maintenance on machinery to prevent malfunctioning;
- Erect warning signs in areas with potential occupational hazards; and
- Engage professionals to conduct regular site inspections and oversee the implementation of the “Project Safety Plan”.

In the face of the Covid-19 pandemic, the Group proactively echoed the government's prevention policy and took precautionary measures in our workplace to avoid the risk of infection and create a safe and healthy working environment for our employees. In response to the Covid-19 outbreak, the Group had taken precautions to prevent the virus spreading across its workplace:

- All employees are required to wear surgical masks in the workplace to prevent the spread of the virus;
- Distribute masks and rapid antigen test kits to our staff;
- Arrange for staff to work in a flexible schedule and/or remote mode;
- Conduct regular disinfection of the office at least quarterly;
- Issue guidelines on the prevention of Covid-19 infection; and
- Require our staff to report any of their fever and respiratory symptoms to the Group, and to seek medical advices immediately and stay at home until fully recovered if any such symptoms arise.

B3: Development and Training

The Group has always attached great importance to employees' professional skill improvement, and is committed to providing continuous training courses and learning opportunities for its employees to enhance their vocational skills and knowledge, so they can grow together with the Group. During the Reporting Period, the Group provided a total of approximately 284 hours of training to the site staff and office workers. Our training hours decreased by 44% as compared with last year. It was mainly due to a significant decrease in training hours as most training was cancelled during the Covid-19 outbreak. In addition, the Group noted a significant increase in the number of work days lost due to work-related injuries in the previous year and had taken proactive action to minimise work-related accidents by providing additional safety training to site officers, including the occupational safety and health courses organised by the Occupational Safety & Health Council, and the Diploma in Foundation Studies (Engineering) organised by the Vocational Training Council. The number of work days lost for the Year was 1,182, a decrease of 7% compared to the previous year, and the Group had no work-related fatalities in the past three years.

We have designed a series of training programs for different targeted groups:

- **Training for construction workers:** Provide training on occupational safety issues to allow our construction workers to have a comprehensive understanding and knowledge of our project features and safety information;
- **Training for new staff and newly-transferred staff:** Provide training and counseling on job functions, technical operations, rules and regulations to prepare them for their new duties;
- **On-the-job training:** Provide training courses on job-specific skills to ensure that the professional skills and knowledge of our staff are kept up-to-date; and
- **Training for management:** Provide courses and seminars to enhance their professional knowledge and leadership skills required as our management, allowing them to fully understand and implement the Group's decision-making approach.

We make reference to the professional guidelines and relevant health and safety training published by the Hong Kong Construction Association, the Occupational Safety and Health Council, Labour Department and other professional bodies when we design and regularly update our training contents to ensure that our employees are updated with the latest work safety information. In addition, to assist our staff in their career development and to encourage lifelong learning, we also set up staff development funding scheme to provide our staff with various education allowances and examination leaves.

B4: Labour Standards

In order to safeguard the legal rights and interests of our employees, the Group strictly complies with laws and regulations on the prevention of child labour or forced labour, such as the “Employment Ordinance”. During the Reporting Period, the Group did not record any cases of non-compliance of laws and regulations relating to the employment of child labour and forced labour.

Kwan On has formulated the “Recruitment Management System”, which stipulates that our human resources department shall conduct background checks during recruitment in order to eliminate the use of child labour. To avoid the use of forced labour, the Group follows the principles of equal, voluntary and consensual. When we enter into employment contracts or agreements with our employees, we set out clearly the required employment conditions such as location, time and remuneration in accordance with the laws.

The Group recorded no non-compliance during the Year and the relevant data of KPI B4.2 (description of steps taken to eliminate non-complying practices when discovered) is therefore not applicable to our operation.

B5: Supply Chain Management

Kwan On understands that an efficient partnership with our supply chain partners is one of the essentials to become a responsible and sustainable business. During the Reporting Period, the Group sourced goods and services from 50 Hong Kong suppliers and 35 Mainland suppliers, and partnered with 260 Hong Kong subcontractors, 2 Mainland subcontractors and 10 Malaysian subcontractors.

The Group’s “Service Provider Management System” provides well-defined criteria for the selection of suppliers and subcontractors. While selecting suppliers and subcontractors, their performance is competitively evaluated to ensure that they meet our technical standards and share our environmental vision. Aspects to be evaluated include product or service quality, technical capability, ethical practices, health and safety standards, and environmental and social performance. To build a responsible supply chain which provide high quality services, our suppliers and subcontractors are continuously monitored and evaluated using fair and strict criteria in the following three occasions:

- **Immediate assessment:** Conduct immediate assessment upon an occurrence of significant non-compliance of laws or regulations, including damage to environment, safety and quality issues, malicious claims, intentional breach of contract and negative media coverage;
- **Post-performance assessment:** Conduct evaluation on our suppliers and subcontractors after completion of a procurement agreement or contract; and
- **Annual assessment:** Conduct evaluation on all of our suppliers and subcontractors at least once a year. Suppliers and subcontractors are rated base on their performance of our project, willingness to cooperate, occupational safety, environmental protection and significant safety and liability issues. If they failed the assessment, the suppliers and subcontractors would not be engaged on Group level.

We strive to work with our suppliers and purchase environmental-friendly office supplies and construction material wherever possible. We conduct analysis to determine whether the item to be purchased fulfill specific environmental standards, such as whether it has obtained environmental certifications or approvals from an authoritative independent third party.

B6: Product Responsibility

As a recognised public construction contractor, Kwan On is committed to providing quality and professional construction services to its customers. The Group strictly complies with laws and regulations on product responsibilities such as the “Competition Ordinance” and the “Personal Data (Privacy) Ordinance”. We place emphasis on ethical standards and attach importance to the protection of privacy and intellectual property rights of our customers, employees, subcontractors and suppliers. During the Reporting Period, the Group did not have any cases of non-compliance of laws and regulations on health and safety, advertising, labelling and privacy matters relating to our products and services, nor did we receive any complaints from our customers or the public, or involve in any litigation related to health and safety matters of our construction. The Group’s business does not involve any advertising activities and therefore our business operations do not expose to any significant risk related to advertising and labelling. As a result of the above-mentioned, the relevant data of KPI B6.1 (percentage of total products sold or shipped subject to recalls for safety and health reasons) was not applicable to our business.

Safeguard and Protect Intellectual Property Rights

As a responsible corporate, Kwan On has always safeguarded and protected intellectual property rights. The Group strictly prohibits the use of unlicensed computer software. The Group also forbids its staff from downloading unauthorised software on the Company’s computers.

Project Quality Control

Kwan On has established “Quality Management Internal Auditing Standards” to enhance quality control and arranges regular site inspections by our project team, quantity surveyors, clients and consultants, as well as conducts monthly progress review meetings to ensure that our projects are completed on schedule and meets quality standards.

Protection of Customer Privacy

Kwan On attaches great importance to the confidentiality of personal and sensitive business data. With regard to the handling of important and confidential data, the Group has privacy protection management measures in place to ensure that only authorised personnel are allowed to handle confidential data. To protect the data of our suppliers, subcontractors, customers and the Group, we strictly prohibit our employees from carrying data storage equipment, maintenance equipment, portable storage devices or other data out of our offices without prior approval.

Customer Service

The Group believes in customer-oriented practices. We identify and review customer demands by collecting industry information, customer feedback and competitor intelligence. We also have a sound system and well-thought-out procedures to handle customer complaints properly and implement any appropriate improvement.

B7: Anti-corruption

Kwan On has zero tolerance against any business frauds such as corruption, offering or receiving bribe and money laundering. The Group strictly complies with anti-corruption and anti-bribery laws and regulations such as the “Prevention of Bribery Ordinance”. During the Reporting Period, the Group was not involved in any legal cases related to corruption.

In order to uphold our high standards of integrity and ethical business practices, our “Whistleblowing Policy” and “Employee Handbook” encourage employees to report and expose improper or illegal activities. Whistleblowers may report, verbally or in writing, any suspected misconduct to their own departments or the Group’s senior management. To further emphasise the Group’s commitment to corporate integrity, we encourage our management and employees of our quantity surveying department and procurement department to attend anti-corruption seminars organised by the Independent Commission Against Corruption on a regular basis to acquire knowledge about anti-corruption laws and situations that should be aware of in their daily routine and operations.

B8: Community Investment

The Group believes that business is inseparable from the communities in which it operates. As a member of the community, Kwan On proactively invests resources in environmental protection, social services and education. The Group proactively minimises the impact of our business operations on the surrounding communities by setting up various effective communication channels such as providing our complain hotline numbers on the barriers of our sites for the public. In addition, Kwan On is committed to fulfilling its social responsibility by promoting a culture of using fewer straws through answering to the call of public campaigns such as the “No Straw Campaign” in order to protect our ecological environment. In addition, the Group actively communicates with non-governmental organizations and charities to understand the needs of the community. We also proactively participate in community activities to create a caring atmosphere in the neighbourhood and strive to promote harmony and prosperity in the community.

VIII. KPI SUMMARY¹

Environmental Performance

KPI No.	KPIs	Unit	2021	2022
A1.1 Emissions ²	Nitrogen oxides (NO _x)	kg	71.47	60.33
	Sulphur oxides (SO _x)	kg	1.61	1.28
	Particulate matter (PM)	kg	903.13	732.61
A1.2 Greenhouse Gases ³	Scope 1: Direct greenhouse gas emission			
	Mobile vehicles	tCO ₂ e	290.42	230.79
	Total amount of direct carbon dioxide equivalent emission	tCO ₂ e	290.42	230.79
	Intensity of total amount of direct carbon dioxide equivalent emission	tCO ₂ e/project	29.04	16.49
	Scope 2: Indirect greenhouse gas emission			
	Purchased electricity	tCO ₂ e	280.03	266.27
	Total amount of indirect carbon dioxide equivalent emission	tCO ₂ e	280.03	266.27
	Intensity of total amount of indirect carbon dioxide equivalent emission	tCO ₂ e/project	28.00	19.02
	Scope 3: Other indirect greenhouse gas emission			
	Disposal of paper waste at landfill	tCO ₂ e	0.81	0.63
	Consumption of electricity for fresh water and sewage processing by the governmental departments ⁴	tCO ₂ e	3.46	1.87
	Total amount of other indirect carbon dioxide equivalent emission	tCO ₂ e	4.27	2.50
	Intensity of total amount of other indirect carbon dioxide equivalent emission	tCO ₂ e/project	0.43	0.18
	Total greenhouse gas emission			
	Total greenhouse gas emission	tCO ₂ e	574.72	499.56
	Intensity of total greenhouse gas emission	tCO ₂ e/project	57.47	35.68

¹ Unless otherwise stated, the emission factors used to calculate Environmental KPIs were based on “How to prepare an ESG Report” Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

² The amount of emission was calculated with reference to “Energy Utilization Index – Transport sector” (2022 edition).

³ The carbon dioxide equivalent emissions from direct generation and purchased electricity were calculated with reference to the conversion factors provided by scientific research institutions: https://archive.ipcc.ch/pdf/assessment-report/ar5/syr/SYR_AR5_FINAL_full_wcover.pdf, the 2020/21 Annual Report published by the Water Supplies Department of the HKSAR Government, and the 2020/21 Sustainability Report published by the Drainage Services Department of the HKSAR Government.

⁴ According to the 2020/21 Annual Report issued by the Water Supplies Department of the HKSAR Government and the 2020/21 Sustainability Report issued by the Drainage Services Department of the HKSAR Government, the electricity consumption per unit of treated fresh water and sewage are 0.612 kWh and 0.29 kWh respectively.

KPI No.	KPIs	Unit	2021	2022
A1.3 Hazardous Waste⁵	Total amount of hazardous waste	Tonne	N/A	N/A
	Intensity of total amount of hazardous waste	Tonne/project	N/A	N/A
A1.4 Non-hazardous Waste	Paper waste	Tonne	0.17	0.13
	Construction waste	Tonne	4,465.44	5,938.32
	Total amount of non-hazardous waste	Tonne	4,465.61	4,938.45
	Intensity of total amount of non-hazardous waste	Tonne/project	446.56	424.18
A2.1 Energy⁶	Direct energy consumption			
	Diesel	kWh in '000	47.96	67.01
	Petrol	kWh in '000	1,014.97	780.55
	Amount of direct energy consumption	kWh in '000	1,062.93	847.57
	Intensity of direct energy consumption	kWh in '000/ project	106.29	60.54
	Indirect Energy Consumption			
	Purchased electricity	kWh in '000	594.05	619.65
	Amount of indirect energy consumption	kWh in '000	594.05	619.65
	Intensity of indirect energy consumption	kWh in '000/ project	59.41	44.26
	Total energy consumption			
	Total energy consumption	kWh in '000	1,656.98	1,467.21
	Intensity of total energy consumption	kWh in '000/ project	165.70	104.80
A2.2 Water Consumption	Water consumption	m ³	5,482.98	2,959.39
	Intensity of water consumption	m ³ /project	548.30	211.39

⁵ Not applicable to the Group as its business does not directly generate significant amounts of hazardous waste.

⁶ Energy consumption is calculated based on the "Energy Statistics Manual" from the Energy Statistics Division (ESD) of the International Energy Agency (IEA).

SOCIAL PERFORMANCE

KPI No.	KPIs	Unit	2021	2022
B1.1 Total Workforce	By employment type			
	Full-time	Number of individuals	189	191
	Part-time	Number of individuals	22	93
	By geographical region			
	Hong Kong	Number of individuals	211	284
	By gender			
	Male	Number of individuals	159	232
	Female	Number of individuals	52	52
	By age group			
	30 and below	Number of individuals	36	38
	31-40	Number of individuals	31	36
	41-50	Number of individuals	36	62
	51 and above	Number of individuals	108	148
B1.2 Employee Turnover⁷	By employment type			
	Full-time	%	38	39
	Part-time	%	63	74
	By geographical region			
	Hong Kong	%	42	57
	By gender			
	Male	%	42	58
	Female	%	42	50
	By age group			
	30 and below	%	47	60
	31-40	%	28	62
	41-50	%	42	53
	51 and above	%	44	57

⁷ The employee turnover rate is calculated as follows: Employee turnover rate = Number of employees lost during the year/(number of employees at year-end + number of employees lost during the year)

KPI No.	KPIs	Unit	2021	2022
B2.1 Number and Rate of Work-related Fatalities⁸	Work-related fatalities	Number of individuals	Nil	Nil
	Rate of work-related fatalities	%	Nil	Nil
B2.2 Lost Days due to Work Injury	Lost days due to work injury	Days	1,272	1,182
B2.3 Safety Training	Number of employees participated in safety training	Number of individuals	1	Nil
	Total Safety Training Hours	Hours	201	Nil
B3.1 Percentage of Employees Trained⁹	Percentage of employees trained	%	5	3
	By gender			
	Male	%	90	100
	Female	%	10	Nil
	By employee category			
	Senior management	%	0	0
	Middle level	%	70	11
	Junior level	%	30	89
B3.2 Average Training Hours Completed per Employee	Average training hours completed per employee	Hours	2	1
	By gender			
	Male	Hours	3	1
	Female	Hours	1	Nil
	By employee category			
	Senior management	Hours	Nil	Nil
	Middle level	Hours	24	6
	Junior level	Hours	Nil	1

⁸ The number and rate of work-related fatalities of the Group in 2020 was zero.

⁹ To improve the accuracy of the data, we have updated the calculation of the percentage of employees trained by gender and employee category, which is now calculated as: number of employees trained in that category/total number of employees trained. 2021 data has been adjusted to take into account the updated calculation to ensure comparability and consistency of the data.

KPI No.	KPIs	Unit	2021	2022
B5.1 Number of Suppliers	Number of suppliers by geographical region			
	Mainland China	Number of suppliers	30	35
	Hong Kong	Number of suppliers	51	50
	Total number of suppliers	Number of suppliers	81	85
	Number of subcontractors by geographical region			
	Mainland China	Number of subcontractors	Nil	2
	Hong Kong	Number of subcontractors	256	260
	Malaysia	Number of subcontractors	2	10
	Total number of subcontractors	Number of subcontractors	258	272
B6.2 Number of Products and Service Related Complaints	Number of products and service related complaints received	Number of cases	Nil	Nil
B7.1 Legal Cases Regarding Corrupt Practices	Number of concluded legal cases regarding corrupt practices	Number of cases	Nil	Nil
	Anti-corruption training provided to directors and staff	Hours	Nil	Nil
B8.1 & B8.2 Community Investment	Total contribution by focus areas of contribution			
	Community investment	N/A	Nil	Nil

IX. REFERENCE TO HKEX ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
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.		Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A1.1	The types of emissions and respective emissions data.	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Disclosed	VI. ENVIRONMENTAL ASPECTS
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.	Disclosed	VI. ENVIRONMENTAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
Aspect A2: Use of Resources			
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, etc.		Disclosed	VI. ENVIRONMENTAL ASPECTS
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).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Disclosed	VI. ENVIRONMENTAL ASPECTS
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.	Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable	This KPI is not applicable to our business as our operation does not involve the use of packaging material.
Aspect A3: The Environment and Natural Resources			
General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.		Disclosed	VI. ENVIRONMENTAL ASPECTS
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Disclosed	VI. ENVIRONMENTAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
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.		Disclosed	VI. ENVIRONMENTAL ASPECTS
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.	Disclosed	VI. ENVIRONMENTAL ASPECTS
B. Social			
Employment and Labour Practices			
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.		Disclosed	VII. SOCIAL ASPECTS
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Disclosed	VI. ENVIRONMENTAL ASPECTS, VIII. KPI SUMMARY
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Disclosed	VIII. KPI SUMMARY

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
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.		Disclosed	VII. SOCIAL ASPECTS
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Disclosed	VII. SOCIAL ASPECTS VIII. KPI SUMMARY
KPI B2.2	Lost days due to work injury.	Disclosed	VIII. KPI SUMMARY
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Disclosed	VIII. KPI SUMMARY
Aspect B3: Development and Training			
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		Disclosed	VII. SOCIAL ASPECTS
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	VIII. KPI SUMMARY
KPI B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	VIII. KPI SUMMARY

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
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.		Disclosed	VII. SOCIAL ASPECTS
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Disclosed	VII. SOCIAL ASPECTS
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	VII. SOCIAL ASPECTS
Aspect B5: Supply Chain Management			
General Disclosure Policies on managing environmental and social risks of the supply chain.		Disclosed	VII. SOCIAL ASPECTS
KPI B5.1	Number of suppliers by geographical region.	Disclosed	VII. SOCIAL ASPECTS, VIII. KPI SUMMARY
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.	Disclosed	VII. SOCIAL ASPECTS
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Disclosed	VII. SOCIAL ASPECTS
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
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.		Disclosed	VII. SOCIAL ASPECTS
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable	This KPI is not applicable to our operation.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Disclosed	VII. SOCIAL ASPECTS
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	VII. SOCIAL ASPECTS
KPI B6.4	Description of quality assurance process and recall procedures.	Disclosed	VII. SOCIAL ASPECTS
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS

Subject Areas, Aspects, General Disclosures and KPIs		Disclosure	Section/Explanation
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.		Disclosed	VII. SOCIAL ASPECTS
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.	Disclosed	VIII. KPI SUMMARY
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Disclosed	VII. SOCIAL ASPECTS
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Disclosed	VII. SOCIAL ASPECTS
C. Community			
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.		Disclosed	VII. SOCIAL ASPECTS
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Disclosed	VIII. KPI SUMMARY
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Disclosed	VIII. KPI SUMMARY