



aeso

AESO HOLDING LIMITED

艾碩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8341)

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT
2021





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ABOUT THE GROUP

Aeso Holding Limited (“**Aeso**”, or the “**Group**”) is principally engaged in the provision of fitting-out work for construction of newly built commercial premises and residential developments and renovation (including alteration and addition) work for existing commercial premises in Hong Kong. In the fiscal year, the Group submitted tenders amounting to approximately HK\$2,706 million and 19 projects were awarded. The corporate objectives of the Group are to achieve sustainable growth in its business and financial performance, to actively expand and strengthen its market position in Hong Kong, and to expand its business portfolio.

ESG GOVERNANCE

To reach mid-term and long-term business targets and goals, the Group is committed to maintaining a high standard of corporate governance. We are aware that potential risks and business opportunities may arise from Environmental, Social and Governance (“**ESG**”) related issues. The Board has ultimate responsibility for the oversight of the Group’s policies, initiatives and performance on ESG and oversees and formulates ESG strategies of the Group.

The Group has established internal controls and risk management systems to manage and review the operational and financial functions. To efficiently manage the risks and capitalise on the business opportunities brought by ESG issues, in the future the Group will conduct a comprehensive review on its day-to-day operations and incorporate ESG material issues in its risk management and assessment as to ensure timely responses and effective policies for ESG issues and risks are in place.

ABOUT THIS REPORT

As the fifth Environmental, Social and Governance report (the “**ESG report**”) published by the Group, this report continues to disclose the policies, practices, targets and performances of the Group in terms of the ESG aspects. The ESG report aims at enabling all stakeholders to understand the progress and sustainability directions of the Group. The ESG report is available in both Chinese and English, and has been published on the website of the Group at aeso.hk and the SEHK’s website at www.hkexnews.hk.

The ESG report focuses on the Group’s business in renovation project and fitting-out project between 1 April 2020 and 31 March 2021 (the “**Reporting Period**”), and covers the operation of one office located in Hong Kong. While this ESG report does not cover some of Aeso’s business, it is on the Group’s agenda to extend the scope of the ESG report in the future.

Reporting Principles

This ESG report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) in Appendix 20 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited. The four reporting principles, namely the principles of materiality, quantitative, balance and consistency, form the backbone of this ESG report.

To provide stakeholders with an overview of the Group’s performance in ESG aspects, the ESG report not only discloses environmental key performance indicators (“**KPIs**”) given the “comply or explain” provisions but also reports additional social KPIs under the “recommended disclosures” as set out in the ESG Reporting Guide. A complete index is inserted in the last section of this ESG report for reference.

Confirmation and approval

The information documented in this report is sourced from official documents, statistical data, management and operation information of and collected by the Group in accordance with relevant internal policies. The Group has established internal controls and a formal review process to ensure that any information presented in this report is as accurate and reliable as possible. The ESG report has been approved by Aeso's Board of Directors (the "Board") in September 2021.

IDENTIFYING MATERIAL ISSUES

Stakeholder participation helps the Group review potential risks and business opportunities, and also facilitates the mitigation of these risks as well as the identification of opportunities. Understanding stakeholders' views allows the Group to better fulfil their needs and expectations with its business practice and manage different stakeholders' opinions. The Group has been able to prioritise eight issues from the eleven environmental and social aspects specified in the ESG Reporting Guide to be the material focus of this report. The material issues are: generation of non-hazardous waste, efficient use of energy and water, employment, health and safety, development and training, labour standards, supply-chain management and anti-corruption.

ENVIRONMENTAL ASPECTS

As a Group engaged in fitting-out and renovation work, Aeso attaches great importance to reducing emissions, waste of resources and the impact on the surrounding environment during the daily operation. The Group strives to standardize the environmental management approaches through adopting Environmental Policy.

Emissions

Air Emissions

In order to reduce the emissions generated during operations, the Group has adopted the following methods:

- Putting up filtration nets around the construction sites to reduce the spread of dust
- Watering dusty materials during the loading and unloading process
- Fitting in sprinklers to clean the dust on the vehicle at the exit of the construction site

The major sources of air pollutants are fossil fuels used by mobile vehicles.

Type of Air Emissions	2020/21	Unit
Nitrogen Oxides (NO _x)	21.8	kg
Sulphur Oxides (SO _x)	0.1	kg
Respirable Suspended Particulates (RSP)	1.9	Kg

Greenhouse Gas Emissions

The primary source of greenhouse gas (“GHG”) emissions is the electricity consumption (Scope 2), 48.2 tonnes of CO₂-e, accounting for approximately 71% of the Group’s total emissions. The GHG emissions caused by electricity consumption has decreased 18% compared with last fiscal year. Direct emissions from mobile combustion accounts for the rest of the Group’s GHG emissions. Due to COVID-19, there was no business air travel during the reporting period and thus the emission (Scope 3) is insignificant.

During the Reporting Period, the total GHG emissions were 67.6 tonnes of CO₂ equivalent (“CO₂-e”) and the GHG intensity is 0.012 tonnes of CO₂-e per square feet of floor area. The Group will continue to assess and monitor its emissions to confirm the feasibility of establishing a carbon reduction strategy in the future.

Scope	2020/21	Unit
Scope 1 – Direct emissions	19.4	tCO ₂ -e
Scope 2 – Energy indirect emissions	48.2	tCO ₂ -e
Total GHG emissions	67.6	tCO ₂ -e

Waste Management

The Group sets up marked trash cans to collect different types of garbage, like recyclable materials or non-recyclable materials. Non-recyclable materials will be transported to the landfills if necessary. Designated staff will ensure that all waste disposal processes fully comply with the Waste Disposal Ordinance.

In the Reporting Period, the Group’s operations produced 0.5 tonnes of non-hazardous wastes, which mainly consists of waste paper and general waste generated by the office operation. A total of 368.7 kg of non-hazardous waste, including paper and carton was recycled. 9.4kg of waste, such as computers, printers and hard disk, was reused and 5.5kg of waste materials were sent to landfill. During the Reporting Period, the Group did not generate significant amounts of hazardous wastes from our operations due to the business nature.

The Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact concerning air and greenhouse gas emissions, discharges into water or land, or generation of hazardous and non-hazardous waste during the Reporting Period.

Use of Resources

The Group is committed to controlling the use of resources such as electricity, petrol and water resources in its daily operations. Relevant measures are also listed in the Environmental Policy.

Electricity	To encourage employees to use energy-efficient products, such as LED lights, energy-saving appliances and/or new energy vehicles. The air-con temperature in office should be maintained at 24°C – 25°C.
Water	To carry out employee engagement activities under the theme of “saving water”.
Paper	To use recyclable paper recommended by EPD.

Energy Consumption

The primary type of energy consumption was from fuel use of mobile vehicles, accounting for approximately 54% of total energy consumption. The second largest type of energy consumption was purchased electricity, accounting for approximately 46% of total energy consumption. Other energy consumption included diesel from mobile vehicles use.

During the Reporting Period, the total energy consumption was 130.0 MWh-equivalent; the energy intensity was 0.023 MWh-equivalent per square foot of floor area as recorded. Details of energy use are listed below:

Type of Energy	2020/21	Unit
Direct Energy Consumption – Diesel	24.0	GJ
Direct Energy Consumption – Petrol	227.3	GJ
Indirect Energy Consumption – Electricity	60.2	MWh
Total Energy Consumption	130.0	MWh-e
Energy Intensity (by floor area)	0.023	MWh-e/m ²

Water Consumption

During the Reporting Period, the Group mainly sourced sufficient water from municipal supplies and faced no issue in sourcing water. The total water consumption of the Group was 122 m³ while the water intensity was 0.022 m³/square metre of floor area.

The Environment and Natural Resources

In the operation of the Group, there were no actions that have a significant impact on the environment and natural resources. While acknowledging the potential environmental impacts of the construction sector, the Group as a concerned member of this industry will continue to pay attention to its own operating activities.

The Group abides by all related environmental laws and regulations in its daily operations, including Air Pollution Control (Construction Dust) Regulations, Waste Disposal (Chemical Wastes) (General) Regulation and so on. In the Reporting Period, there were no non-compliance cases in relation to the environment reported.

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

Employment

The Group is committed to providing a harmonious working environment for all employees where each staff's rights can be protected. In addition, the health and safety of employees and their professional development are also the areas that the Group focus on.

Human Resources and Payroll Policy has been formulated to standardize the Group's principles on recruitment, promotion, compensation, anti-discrimination, benefits and welfare.

The Group understands each employee should be treated fairly. If anyone who have concerns about any types of discrimination in the workplace, they are strongly encouraged to report the issues to their supervisor or HR department without fear of retaliation.

The Group promotes a balanced lifestyle and provides employees with different leave opportunities. All employees are eligible for 7-day paid annual leave in each calendar year and annual leave can increase to a maximum of 17 days according to the employees' length of services. In addition to annual leave, Aeso also provides employees with Family Leave, etc.

The Group abides by the employment laws and regulations, including but not limited to the Employment Ordinance, the Employee Compensation Ordinance and the Sex Discrimination Ordinance. During the Reporting Period, the Group was not involved in any non-compliance cases relating to employment.

Health and Safety

The Group pursues a healthy workforce by providing decent working conditions, creating a healthy and safe working environment, and caring for the wellbeing of its employees. Aeso has established The Health and Safety Plan to ensure that the working environment conforms to recognised occupational safety and health standards in places where the group operates.

Safety Meeting

In order to ensure the health and safety of the staff, the Group conducts different types of health and safety meetings on a regular basis, such as the Site Safety Committee Meeting, Weekly Safety Meeting, Weekly Subcontractor Meeting, and Bi-weekly Site Progress Meeting. The purpose of the meetings is to provide chances for the staff to discuss the overall safety performance and seek rooms for improvements.

Health and Safety Training

The Group has held different types of health and safety training regularly, such as the Safety Induction Training, Specific Training and Safety Management Training, to enhance employees' safety awareness and ability to cope with emergent situations. All related training records are kept on site by the Site Agent or Site Supervisor.

Safety Inspection

In order to ensure employee's health and safety during the operation process, Aeso has implemented inspection systems such as the Daily Safety Inspection, Weekly Safety Inspection and Joint Safety Inspection.

Inspection Type

Measures

Daily Safety Inspection

- The Site Agent/Supervisor is required to have onsite inspection inspecting every day to identify the risk factors of the site and ensure that the site conditions meet the expectations of employees and requirements of laws and regulations.
- The Site Agent/Supervisor should guide the workers with correct working methods.

Weekly/Joint Safety Inspection

- The Group invites subcontractors' and client's representatives to join the weekly safety inspection. Any safety risk found in the inspection shall be notified to Safety Ambassador and the responsible subcontractors for immediate correction.

In addition, in order to ensure the health and safety of employees during the work, the Group will provide employees with personal protective equipment based on the actual situation. The Site Agent is responsible for checking the status of the personal protective equipment monthly. If any damage is found, it should be replaced immediately.

The Group abides by laws and regulations related to health and safety, including but not limited to the Occupational Safety and Health Ordinance and Building Ordinance. During the Reporting Period, the Group was not involved in any non-compliance cases relating to health and safety.

Development and Training

The Group believes that it is our responsibility to provide training opportunities for employees so that they can develop skills and knowledge for discharging duties at work. This is not only critical to the achievement of the Group's strategic goals, but also conducive for employees' career development.

Human Resources and Payroll Policy stipulates that all employees need to conduct performance evaluation once a year, in order to provide an opportunity for everyone to solve problems in the work process and evaluate the daily performance of each employee. The evaluation form should be prepared by department head and confirmed by individual staff after discussion. All evaluation forms must be kept confidentially.

Labour Standard

The Group understands that the use of child labour and forced labour are acts that undermine basic human rights.

As stipulated in the Human Resources and Payroll Policy, the Group should check the applicant's ID card during the recruitment process to determine that his/her age meets the relevant laws and regulations. In addition, the Group also respects the employees' right to leave their position in case of advance notice.

The Group abides by the relevant laws and regulations, including but not limited to the Employment Ordinance. During the Reporting Period, the Group was not involved in any non-compliance cases relating to child labour and forced labour.

OPERATING PRACTICES

As a responsible enterprise, it is the Group’s duty to provide high quality services and show its business ethics. Therefore, Aeso has formulated a series of policies on product responsibility, supply chain management and anti-corruption to ensure that the Group’s operations meet the requirements of all parties.

Supply Chain Management

The Group understands that the supply chain management has impacts on the quality of the services provided by the Group. In addition to considering the price factor, Aeso pays attention to suppliers’ experience, reputation and safety performance. Purchase & Payment Policy has been established to manage relevant issues.

Relevant documents, including Business Registration, Certification and so on, should be submitted to the Quantity Surveyor of the Group for assessment when the Group begins to inspect new suppliers. Eligible new supplier or subcontractors should be added to the Approved List of Supplier/Subcontractor.

To ensure the quality of the services provided, Aeso will evaluate all suppliers and subcontractors in November each year to check if their services can meet the Group’s standards. The Quantity Surveyor or HR and Admin Manager should assess the performance of supplier/subcontractor in the previous year based on the quality of works and services provided and safety performance, etc. Unqualified supplier or subcontractor will be removed from the Approved List of Supplier/Subcontractor.

Product Responsibility

The Group’s various sites of operation have passed internal policies such as Quality Management Plan and Intellectual Property Rights – Trade Marks Policy and Procedures to ensure that the product quality, intellectual property and customer’s privacy protection complies with relevant laws and regulations.

The purpose of the Group is to provide its customers with satisfactory services under the regulatory and statutory requirement. Therefore, the Group has established an internal management system, and employees of different positions are responsible for different matters.

Position	Duty
Project Director	<ul style="list-style-type: none">To organize management review meetingsTo provide sufficient resources for the project operation
Project Management	<ul style="list-style-type: none">To review and approve the project inspection and test planTo communicate with client and subcontractors if necessaryTo ensure that the client’s requirement and government’s specification are met
Site Agent	<ul style="list-style-type: none">To manage subcontractors to ensure that their works are properly performedTo ensure that company policies are effectively enforced

Anti-corruption

The Group operates its business with integrity and fairness and does not tolerate any form of corruption, such as bribery, extortion, fraud and money laundering. The Group strictly prohibits employees from offering and requesting gifts to and from third parties, except for the following cases:

- Symbolic souvenir or gift;
- Holiday gifts subject to a maximum limited of 1,000 HKD; or
- Discounts and special offers given by third parties, on the condition equally applicable to other general customers.

If any employee is found to have taken part in any corruption activities, the Group will immediately terminate his or her contract and report to appropriate authority if necessary.

During the Reporting Period, there were no cases of non-compliance related to anti-corruption laws and regulations, including but not limited to the Prevention of Bribery Ordinance. During the Reporting Period, the Group was not involved in any cases of non-compliance or legal cases in relation to corruption.

COMMUNITY

Community Investment

The Group has attached great importance to the investment in the community and strives to repay the society through different measures, such as collaboration, capacity-building initiatives, and community services. The Group has formulated the Community Investment, Sponsorship and Donation Policy setting out two areas that the Group focuses on in community investment, being community wellness as well as education and development.

During the Reporting Period, the Group has participated in some community investment activities as detailed below:

Project Name	Resources Contributed	Amount
New World Construction Co. Ltd. (抗疫關懷行動)	Monetary	\$10,000 HKD
Benji's Centre	Volunteer Hours	10 Hours
Rotary Club of Admiralty	Volunteer Hours	36 Hours

SUMMARY OF KEY PERFORMANCE INDICATORS (KPIs)

KPIs	2020/21	Unit
ENVIRONMENTAL ASPECTS		
Aspect A1: Emissions		
A1.1 Air emissions in total and intensity		
Nitrogen oxides (NO _x)	21.8	kg
Sulphur oxides (SO _x)	0.1	kg
Respirable suspended particulates (RSP)	1.9	kg
A1.2 Greenhouse gas emissions in total and intensity		
Total GHG emissions	67.6	tonnes CO ₂ -e
Scope 1 emissions	19.4	tonnes CO ₂ -e
Scope 2 emissions	48.2	tonnes CO ₂ -e
Greenhouse gas intensity (by floor area)	0.012	tonnes CO ₂ -e/m ²
A1.4 Non-hazardous waste in total and intensity		
Total non-hazardous waste	0.52	tonnes
Non-hazardous waste intensity (by floor area)	0.092	kg/m ²
Aspect A2: Use of Resources		
A2.1 Direct and indirect energy consumption by type		
Total energy consumption	69.8	MWh-e
Direct energy consumption – Petrol	227.3	GJ
Direct energy consumption – Diesel	24.0	GJ
Indirect energy consumption – Electricity	60.2	MWh
Energy intensity (by area)	0.023	MWh-e/m ²
A2.2 Water consumption in total and intensity		
Total water consumption	122.2	m ³
Water consumption intensity (by floor area)	0.022	m ³ /m ²

KPIs	2020/21	Unit
SOCIAL ASPECTS		
Aspect B1: Employment		
B1.1 Total workforce by gender, employment type and age group		
Total number. of workers	34	employees
By gender		
– Male	25	–
– Female	9	–
By age group		
– Below 30 years old	7	–
– 31-40 years old	13	–
– 41-50 years old	11	–
– >50 years old	3	–
B1.2 Employee turnover rate by gender and age group		
Total turnover rate of employees	71	%
By gender		
– Male	72	%
– Female	67	%
By age group		
– Below 30 years old	43	%
– 31-40 years old	69	%
– 41-50 years old	100	%
– >50 years old	33	%
Aspect B2: Health and Safety		
B2.1 Number and rate of work-related fatalities		
Number (rate) of work-related fatalities in 2020/21	0 (0)	– (%)
B2.2 Lost days due to work injury		
Number of lost-days as a result of work injuries	0	day

	KPIs	2020/21	Unit
Aspect B3: Development and Training			
B3.1	The percentage of employees trained		
	Percentage of employees trained	44	%
	By gender		
	– Male	60	%
	– Female	40	%
	By level		
	– Managerial	20	%
	– Senior	20	%
	– Middle	13	%
	– Junior	47	%
B3.2	The average training hours completed per employee		
	By gender		
	– Male	1	hour/employee
	– Female	3	hours/employee
	By level		
	– Managerial	5	hours/employee
	– Senior	6	hours/employee
	– Middle	2	hours/employee
	– Junior	1	hour/employee
Operating Practices			
Aspect B5: Supply Chain Management			
B5.1	Number of suppliers by geographical region		
	Total number of suppliers	543	suppliers
	By geographical region		
	– Hong Kong	539	suppliers
	– China	3	suppliers
	– Taiwan	1	supplier

KPIs	2020/21	Unit
Aspect B7: Anti-corruption		
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	
Number of concluded legal cases regarding corruption brought against the issuer or its employees	0	–
Aspect B8: Community Investment		
B8.2	Resources contributed to focus area	
Project Name	Resource Contributed	Amount
New World Construction Co. Ltd. (抗疫關懷行動)	Monetary	\$10,000 HKD
Benji's Centre	Volunteer Hours	10 Hours
Rotary Club of Admiralty	Volunteer Hours	36 Hours