

**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**  
**2023**



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# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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\$2,187.7 million and 6 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.

## ABOUT THIS REPORT

As the seventh Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) published by the Group, this ESG 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](http://aeso.hk) and the SEHK’s website at [www.hkexnews.hk](http://www.hkexnews.hk).

The ESG Report focuses on the Group’s business in renovation project and fitting-out project between 1 April 2022 and 31 March 2023 (the “**Reporting Period**” or “**2022/23**”) and covers the operation of the 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 (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). To provide stakeholders with an overview of the Group’s performance in ESG aspects, the ESG Report discloses environmental and social key performance indicators (“**KPIs**”) given the “comply or explain” provisions as set out in the ESG Reporting Guide. The four reporting principles, namely the principles of materiality, quantitative, balance and consistency, form the backbone of this ESG Report.

1. **Materiality:** ESG issues that have major impacts on investors and other stakeholders must be set out in this ESG Report.
2. **Quantitative:** If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. They must also be able to describe the purpose and impacts of quantitative information.
3. **Balance:** This ESG Report must provide an unbiased picture of the ESG performance of the Company. It should avoid selecting, omitting, or presenting formants that may inappropriately influence a decision or judgement of the readers.
4. **Consistency:** This ESG Report should use consistent statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the ESG Report.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Confirmation and Approval

The information documented in this ESG Report is sourced from official documents, statistical data, management and operation information 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 ESG Report is as accurate and reliable as possible. The ESG Report has been approved by Aeso's Board of Directors (the "Board").

## BOARD STATEMENT OF ESG GOVERNANCE

Being a responsible corporate citizen is a long-term commitment that requires continuous improvement to use resources efficiently, manage waste from our operations, provide a safe and empowering environment for our employees and continuously engage with our stakeholders. The Group recognises that being a sustainable company means that achieving commercial success and contributing to society for a better world are not mutually exclusive but, in fact, go hand-in-hand. To reach the mid-term and long-term business targets and goals, the Group is committed to maintaining a high standard of corporate and ESG governance. We are aware that potential risks and business opportunities may arise from the ESG-related issues.

The Board has ultimate responsibility for the oversight of the Group's policies, initiatives and performance on ESG aspect and the formulation of the ESG strategies of the Group. The Board is responsible for evaluating and determining the Group's ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The Board leads and provides direction to management by instituting ESG policies and initiatives, supervising their implementation and monitoring ESG performance. The Board continues to explore ways to further strengthen the ESG governance of the Group.

To demonstrate our commitment to transparency and accountability, our Group has established an ESG Working Group, which comprises our Senior Operating Manager and representatives from various departments including the Account, Human Resources and Admin team. The ESG Working Group has delegated the responsibility of coordinating the implementation of the Group's ESG policies under the supervision by the Chairman. The ESG Working Group reviews ESG affairs regularly, including environmental protection, employment and labour practices, operating practices, and community investment, and implements appropriate measures to enhance the ESG performance of the Group.

To integrate ESG issues into key governance process, the Group has established sets of internal policies and manual in different aspects to manage and govern ESG issues. To efficiently manage the risks and capitalise on the business opportunities brought by ESG issues, the ESG Working 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. For the daily operation, our Senior Operating Manager works closely with the Account, HR & Admin team under supervision by the ESG Working Group to perform the duties.

The performance and progress of the ESG-related targets and all identified sustainability risks and opportunities which may impact the Group are reported to the Board at least on an annual basis during the annual meetings. The progress of implementation and the performance of the goals and targets should be closely reviewed by the Group from time to time. If the progress falls short of expectations or changes in business operations, it may be necessary to make changes and communicate the goals and targets with key stakeholders.

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## Stakeholder Engagement

The participation of the stakeholders helps the Group to review its potential risks and business opportunities, and also facilitates the mitigation of those risks as well as the identification of business opportunities. Understanding stakeholders' views allows the Group to better fulfil their needs and expectations with its business practice and manage opinions from different stakeholders' opinions via different communication channels, such as the company website, letters, fax, email, calls and meetings, etc. Major stakeholder groups of the Group are as follows.

### External Stakeholders

- Shareholders
- Clients
- Suppliers and Sub-contractors
- Bankers
- Professional Consultants

### Internal Stakeholders

- Board of Directors
- Employees

## MATERIALITY ASSESSMENT

The Group adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. In the Reporting Period, the Group undertook its annual materiality assessment exercise internally. The objective of materiality assessment is to identify ESG topics that are material and relevant to the Group's operation. To identify potential material topics for disclosure in the ESG Report, we took reference to the ESG Reporting Guide and set possible topics for assessment. The Group has been able to prioritise ESG issues listed in the table below to be the material focus of this ESG Report.

### Aspects

### Material ESG Issues

#### A. Environmental Aspect

- A1. Emissions
- A2. Use of Resources

- Waste management
- Energy consumption and efficiency
- Water consumption

#### B. Social Aspect

- B1. Employment
- B2. Health and Safety
- B3. Development and Training
- B5. Supply Chain Management
- B6. Product Responsibility
- B7. Anti-corruption

- Employee welfare
- Talent attraction and retention
- Occupational health and safety
- Safe working environment
- Development and training
- Supply chain management
- Quality assurance
- Customer satisfaction
- Corporate governance
- Anti-corruption

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ENVIRONMENTAL ASPECTS

### Emissions

As the Group is mainly engaging 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. To ensure the environmental management procedures of all employees and projects are conformed, the Group strives to standardize the environmental management approaches through adopting our internal "Environmental Policy", which is a set of generic environmental guidelines with standard operating instructions for employees to follow.

During the Reporting Period, the Group did not violate any environmental protection laws and regulations that had a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes, including but not limited to Air pollution Control Ordinance (Cap. 311), Noise Control Ordinance (Cap. 400), Waste Disposal Ordinance (Cap. 354) and Water Pollution Ordinance (Cap. 358).

### Air Emissions

The major sources of air pollutants, which include the emission of Sulphur Oxides (SO<sub>x</sub>), Nitrogen Oxide (NO<sub>x</sub>) and Respirable suspended particles (RSP), come from the fossil fuels used by mobile vehicles. The Group has arranged regular maintenance and proper tuning for the vehicles to maximise the fuel efficiency. The Group has also encouraged the employees to take public transportation or share transport and replace highly polluting vehicles with more environmentally-friendly vehicles.

Air emissions	2022/23	2021/22	2020/21	Unit
Nitrogen oxides (NO <sub>x</sub> )	23.7	6.8	21.8	kg
Sulphur oxides (SO <sub>x</sub> )	0.3	0.3	0.1	kg
Respirable suspended particles (RSP)	2.1	0.5	1.9	kg

### Greenhouse Gas Emissions

The primary sources of greenhouse gas ("GHG") emissions come from direct emissions through the fuel combustion of company-owned vehicles (Scope 1 emissions) and indirect emissions through electricity consumption (Scope 2 emissions). The amount of Scope 1 emissions was 47.6 tonnes of carbon dioxide-equivalent ("CO<sub>2</sub>-e"), accounting for approximately 58% of the Group's total emissions. Indirect emissions from electricity consumption account 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 other indirect emissions generated from water and sewage processing (Scope 3 emissions) were insignificant.

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the total GHG emissions were 82.3 tonnes of CO<sub>2</sub>-e and the GHG intensity was 0.015 tonnes of CO<sub>2</sub>-e per square foot of floor area. The Group will continue to assess and monitor its emissions for establishing a carbon reduction strategy in the future. The Group targets to reduce 5% of the GHG intensity in scope 1 and 2 in 2027/28 with baseline year of 2022/23 by reducing carbon footprint to address climate change.

GHG emissions	2022/23	2021/22	2020/21	Unit
Scope 1 emissions	47.6	47.3	19.4	tonnes CO <sub>2</sub> -e
Scope 2 emissions	34.6	32.8	48.2	tonnes CO <sub>2</sub> -e
Total GHG emissions	82.3	80.1	67.6	tonnes CO <sub>2</sub> -e
Intensity (by floor area)	0.015	0.014	0.012	tonnes CO <sub>2</sub> -e/ sq. ft.

### Waste Management

The Group sets up marked trash cans to collect different types of waste, like recyclable materials or non-recyclable materials. Labelled bins are provided to allow segregation of recyclable materials from other waste for transportation to landfills whenever possible. 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.

Designated personnel assigned to ensure all charges and levies, and all other relevant requirements under the Waste Disposal Ordinance are fully complied with from time to time for the execution of the Group's site work. During the Reporting Period, the Group did not generate significant amount of hazardous wastes from our operations due to the business nature.

With an objective to waste generation along our business operations as minimal, the Group has a waste management policy in place, by the adoption of the '4R Principles — Reduce, Reuse, Replace and Recycle', to achieve a green operation. Apart from domestic waste, most of the waste are recycled and reused.

In the Reporting Period, the Group's operations produced a total of 0.37 tonnes of non-hazardous wastes, which mainly consist of waste paper and general waste generated by the office operation. 305.8 kg of non-hazardous waste, including paper and carton, was recycled. 65.9 kg of non-recyclable domestic wastes were sent to landfill. The Group has set a target of reducing non-hazardous waste intensity by 5% by 2027/28 with the baseline year in 2022/23, and remain zero generation of hazardous waste in the next five years.

	2022/23	2021/22	2020/21	Unit
<b>Non-hazardous waste</b>				
Total non-hazardous waste produced	0.37	0.17	0.52	tonnes
Intensity (by floor area)	0.010	0.030	0.092	kg/sq. ft.

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## 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 internal Environmental Policy and office manual. Due to the business nature, the consumption of the packaging materials is not a material topic to the Group and the amount is not significant.

Electricity	<ul style="list-style-type: none"> <li>The use of energy-efficient products, such as LED lights, energy-saving appliances and/or new energy vehicles, are highly encouraged.</li> <li>The temperature of the air-conditioning system in the office should be maintained at 24–25 degree Celsius.</li> <li>Employees should switch off computers and all the electrical appliances (e.g. lighting, printer, copier, A/C thermostat, chiller switch inside cabinet) when not in use.</li> </ul>
Water	<ul style="list-style-type: none"> <li>Employee engagement activities are carried out under the theme of “water saving”.</li> <li>The faucet shall be tightly closed after use and any dripping found should be fixed immediately.</li> </ul>
Paper	<ul style="list-style-type: none"> <li>Recyclable paper recommended by EPD are adopted for the paper use in office.</li> <li>Double-side printing are encouraged to reduce wastage if printing is necessary.</li> <li>Envelopes, folders and blank on the used paper should be reused and utilized.</li> <li>Paper disposal/obsoleted catalogues or samples should be kept separately for recycle use to collector/recycler recommended by EPD.</li> </ul>

## Energy Consumption

The primary type of energy consumption was the fuel use of mobile vehicles, accounting for 78% of total energy consumption. The second largest type of energy consumption was purchased electricity, accounting for 22% of total energy consumption.

During the Reporting Period, the total energy consumption was 220.1 MWh-equivalent; the energy intensity was 0.039 MWh-equivalent per square foot of floor area as recorded. Details of energy use are listed below:

### Direct and indirect energy consumption by type

	2022/23	2021/22	2020/21	Unit
Direct energy consumption — Petrol	572.0	590.3	227.3	GJ
Direct energy consumption — Diesel	44.9	20.4	24.0	GJ
Indirect energy consumption — Electricity	48.8	46.2	60.2	MWh
Total energy consumption	220.1	215.8	130.0	MWh-e
Intensity (by floor area)	0.039	0.038	0.022	MWh-e/sq. ft.

The Group is targeted to closely monitor the energy intensity and ensure its consumption is in line with business growth. Regular review will be conducted on our energy objectives and targets to seek continuous improvement in the Group’s energy performance. The Group has initiated a reduction target of 5% energy consumption intensity by 2027/28, compared with the baseline year of 2022/23.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **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 56.0 m<sup>3</sup> while the water intensity was 0.010 m<sup>3</sup> per square foot of floor area.

The Group aims to achieve a 5% reduction in water intensity in 5 years from 2022/23, or by 2027/28. The Group will continue to promote reasonable water use initiatives and water-saving measures among its employees.

## **Water consumption in total and intensity**

	2022/23	2021/22	2020/21	Unit
Total water consumption	56.0	59.0	122.2	m <sup>3</sup>
Intensity (by floor area)	0.010	0.010	0.022	m <sup>3</sup> /sq. ft.

## **The Environment and Natural Resources**

During 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 and strive to reduce the emissions and pollutions towards the environment.

## **Dust Control**

The Group abides by all related environmental laws and regulations in its daily operations, including Air Pollution Control (Construction Dust) Regulations. For dust control, watering will be carried out when necessary for any dusty materials before loading and unloading. Dusty load on vehicles is covered by tarpaulin and vehicle washing facilities are provided at all site exits to wash away dusty materials from vehicle body and wheels. In order to reduce the dust 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; and
- Fitting in sprinklers to clean the dust on the vehicle at the exit of the construction site.

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## **Noise Pollution**

The Group will ensure the site of project is under Designated Areas in accordance with Noise Control Ordinance (Cap. 400). In hopes of reducing the impacts of noise pollution, regular noise level surveys using a calibrated industrial grade noise level meter are undertaken for respective areas or activities suspected of generating excessive noise levels.

## **Climate Change**

Climate change has become a major environmental problem in the world and it may affect the health, safety and working condition. The Group also recognizes that there may be different climate-related risks and opportunities to the business operation. The Group has reviewed the current business operation and assessed the impacts of climate change.

The major climate-related risks include the physical risks caused by extreme weather events and rising temperature. For the acute physical risks, the Group's services will be affected under extreme weather as the safety of our employees is threatened and the operational sites might be damaged. The non-performance and delayed performances may lead to direct negative impact on the Group's revenue. To mitigate the impacts of extreme weathers, the Group will review the existing working arrangements and preparations during adverse weather conditions so as to protect the safety of the employees and properties.

Climate change will also bring about chronic physical risks, such as rising temperature and shift in rain patterns. Constant high temperatures affect the environment and the workplace condition for onsite workers, thus lowering the productivity. The operating cost may increase to provide sufficient water supplies and cooling systems.

In the future, the Group will continue to evaluate the potential impacts of climate-related risks and update the mitigation plan if necessary. The Group will look for better alternatives to reduce the greenhouse gas emissions at the same time.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 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. Different health and medical scheme is provided to the staffs according to their position and year of service.

#### *Recruitment and Promotion*

Staff performance appraisal should be conducted by the Department Heads annually to assist the management and employees in a communication process to focus on objectives and achievements of the employee. Promotion, salary increment and bonus release will be initiated based on the performance appraisal of each employee annually.

#### *Compensation and Dismissal*

Unless otherwise stipulated in the Employment Contract, employment with the Group may be terminated by either the Group or employee by giving the other party due notice or payment in lieu of notice. The Group strictly prohibits any kind of unfair or unreasonable dismissals.

#### *Equal Opportunity and Diversity*

The Group understands each employee should be treated fairly. During recruitment, promotion, termination and training, the Group does not discriminate in employment opportunities or practices on the basis of race, colour, religion, disability, national origin, genetic information, sex (including pregnancy), age, sexual orientation, gender (including gender identity and expression), marital status, protected veterans status, citizenship status or any other characteristic protected by applicable law.

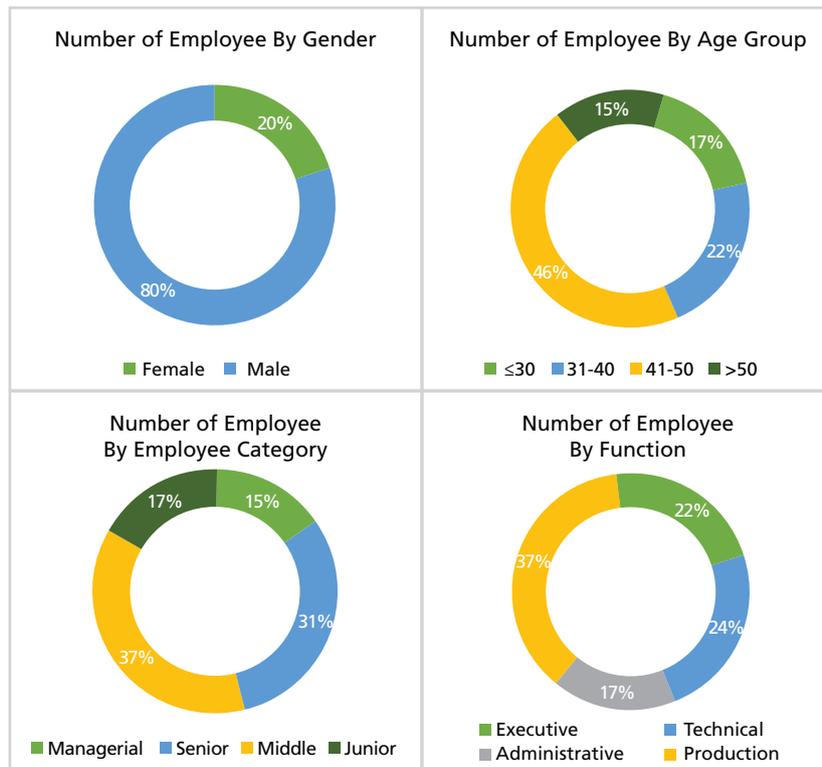
If anyone who have concerns about any types of discrimination in the workplace, they are strongly encouraged to report the issues to their supervisors or HR department without fear of retaliation. All employees found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment. Suggestions or comments on the company management can be delivered to the Department Head via meeting email or letter.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Working Hours and Rest Periods

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, Maternity Leave, Study Leave, etc.

The Group abides by the employment laws and regulations, including but not limited to the Employment Ordinance (Cap. 57), the Employee Compensation Ordinance (Cap. 282), Mandatory Provident Fund Schemes Ordinance (Cap. 485), Personal Data (Privacy) Ordinance (Cap. 486), Disability Discrimination Ordinance (Cap. 487), Family Status Discrimination Ordinance (Cap. 527), Race Discrimination Ordinance (Cap. 602) and Minimum Wage Ordinance (Cap. 608). During the Reporting Period, the Group was not involved in any material non-compliance with the laws and regulations relating to employment. Breakdown of the employee by gender, age group, employee category and function during the Reporting Period are presented in the charts below.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***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 the recognised occupational safety and health standards in places where the Group operates. The Group commits to place the management of safety and health as one of the prime responsibilities from the top management level to the frontline supervisory level.

### *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, prevent injuries 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. Induction safety training will be provided for all new staff and workers, including those of sub-contractors, by the main contractor. 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. Safety Officers are also deployed to monitor and suggest suitable measures to be taken in related to safety and environmental issues.

## **Inspection Types    Measures**

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Daily Safety Inspection	<ul style="list-style-type: none"><li>• 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.</li><li>• The Site Agent/Supervisor should guide the workers with correct working methods.</li></ul>
Weekly/Joint Safety Inspection	<ul style="list-style-type: none"><li>• The Group invites representatives of the subcontractor and client to join the weekly safety inspection to identify defects, unsafe conditions and practices, and breaches of statutory or safety plan requirements.</li><li>• Any safety risk found in the inspection shall be notified to Safety Ambassador and the responsible subcontractors for immediate correction.</li></ul>

In addition, in order to ensure the health and safety of employees during work, the Group will provide employees with personal protective equipment based on the actual situation. Employees must wear appropriate safety equipment, such as safety helmets, eye protectors, safety belts, safety shoes and reflective vests, when performing certain tasks. 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. Fans are also provided for on-sit staff to enhance air flow and promote heat dissipation in the outdoor working environment under hot weather.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk control measures are specified for the foreseeable hazardous operations, such as working at height, electrical installation, welding and cutting operations and exposure to noise and dust. Emergency drills such as fire, typhoon, rainstorm, serious accident, shall be conducted quarterly basis and all persons on site are invited to attend accordingly.

The Group abides by laws and regulations related to health and safety, including but not limited to the Occupational Safety and Health Ordinance (Cap. 509), Employees' Compensation Ordinance (Cap. 282), Fire Services Ordinance (Cap. 95) and Building Ordinance (Cap. 123). During the past three years, including the Reporting Period, the Group did not record any accidents that resulted in death or serious physical injury and did not identify any material non-compliance with laws and regulations relevant to the health and safety of employees.

	2022/23	2021/22	2020/21
Number of work-related fatalities	0	0	0
Rate of work-related fatalities	0%	0%	0%
Lost days due to work injury	0	0	0

## ***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 to employees' career development.

The 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 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.

Internal training programme will be arranged by the department head according to the need of the employees. Apart from the internal training programme, any training course upgrading staffs' ability relating the job duties is highly encouraged. Subsidization can be provided by Group case by case. During the Reporting Period, 9% of the employees received training and the average training hour was 1.5 hours per employee.

## ***Labour Standards***

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. If there are any cases of forced labour, child labour and illegal immigrant labour on staff, employment with all these candidates will be immediately terminated. The Group would also take responsibility for the investigation.

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, including Employment Ordinance (Cap. 57) and Immigration Ordinance (Cap. 115).

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## **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, product availability, quality of works, timeliness of completion for past projects, reputation and safety performances. The Group's materials are purchased from qualified suppliers whose products meet the requirements of applicable environmental and social law and regulations in the operating regions. Purchase & Payment Policy has been established to manage relevant issues and improve the objectivity and transparency in making purchase transactions.

Relevant documents, including Business Registration, Certification and so on, should be submitted to the Quantity Surveyor for assessment when the Group begins to inspect new suppliers. After conducting the assessment, eligible new supplier or subcontractors should be added to the Approved List of Supplier/Subcontractor. The Group maintains an Approved List of Supplier/Subcontractor for purchasing goods/sub-letting from approved supplier/subcontractor who deliver goods and services at acceptable quality standard.

To promote environmentally preferable products and services when selecting suppliers and subcontractors, suppliers and subcontractors with certain environmental and social responsibility accreditation or no previous record of violation in environmental and social issues will be given preference when the same package was offered by the potential suppliers and subcontractors.

To ensure the quality of the services provided, Aeso will evaluate all suppliers and subcontractors in November annually to check if their services can meet the Group's standards. The Quantity Surveyor or HR and Admin Manager 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.

In addition, the Group supplies its subcontractors with its safety manual on workplace safety and organizes relevant safety training sessions to ensure that their safety standard complies with the requirement of the Group. The Group will brief its measures to subcontractors before the commencement of work and monitor their compliance with such measures on an on-going basis at work sites.

During the Reporting Period, the total number of the suppliers was 786. The Group gives priority to local suppliers when developing businesses all over the country in order to create employment opportunities for local communities and fulfil corporate social responsibility. 99% of the suppliers are located in Hong Kong and the rest are located in China and Taiwan.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ***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.

## ***Quality Assurance***

The Group established the Project Management Policy and Quality Management Plan to provide guidance on the project management procedures.

During the course of the execution of the site work, the project manager or the designated member of the project management team should carry out site inspection to monitor the work progress and the quality of work from time to time. Depends on the nature of the project, reports on the work progress on a weekly, bi-weekly or monthly basis are required to ensure the work performed are in conformity with the requirements as set out in the relevant contracts.

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 determined the major roles, responsibilities and authorities as follows.

<b>Position</b>	<b>Duty</b>
Project Director	<ul style="list-style-type: none"><li>• To organize management review meetings</li><li>• To provide sufficient resources for the project operation</li></ul>
Project Manager	<ul style="list-style-type: none"><li>• To review and approve the project inspection and test plan</li><li>• To communicate with clients and subcontractors if necessary</li><li>• To ensure that the client's requirements and government's specification are met</li></ul>
Site Agent	<ul style="list-style-type: none"><li>• To manage subcontractors to ensure that their works are properly performed</li><li>• To ensure that company policies are effectively enforced</li><li>• To perform material inspection, workmanship inspection and final inspection before handover to clients</li></ul>

## ***Complaint Handling***

Training on complaint handling is also provided to the project team members. Upon receiving complaints from public, government or client via telephone, fax, letter, verbal, the Project Director shall raise the Non-conformance Record and investigate the causes to provide appropriate solutions. Complaints and suggestions received should bring back to the monthly Site Safety Committee Meeting for discussion and further actions.

## ***Protection on Intellectual Property Rights***

The internal Intellectual Property Rights — Trade Marks Policy and Procedures provide operating instructions for employees to follow so that the registration and on-going protection procedures of intellectual property rights — trademarks are conformed. Registration of trademarks ensures the Exclusive right to use the trademark in relation to the goods and services for which the mark is registered.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Protection on Data and Privacy*

The Group respects personal data and is committed to full implementation and compliance with the data protection principles and all relevant provisions of the Hong Kong Personal Data (Privacy) Ordinance. Data is classified according to the sensitive levels and corresponding protection measures will be taken for different type of data. Customer data is strictly protected by regulations, company policies or contractual language. Directors and staff should not disclose any classified information of the Group without authorization or misuse any Company information (e.g. unauthorized sale of the information). Access to customer data and private information is restricted to authorized individuals only.

The Group did not have any non-compliance with applicable laws and regulations regarding health and safety, advertising, labelling and privacy matters related to services offered during the Reporting Period.

## **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 established its Code of Conduct demonstrating the policy on acceptance of advantage and handling of conflict of interest when dealing with the business.

In conducting all business or affairs of the Company, all directors and employees must comply with the Prevention of Bribery Ordinance (POBO) of Hong Kong and must not:

- solicit or accept any advantage from others as a reward for or inducement to doing any act or showing favour in relation to the Company's business or affairs, or offer any advantage to an agent of another as a reward for or inducement to doing any act or showing favour in relation to his principal's business or affairs;
- offer any advantage to any public servant (including Government/public body employee) as a reward for or inducement to his performing any act in his official capacity or his showing any favour or providing any assistance in business dealing with the Government/a public body; or
- offer any advantage to any staff of a Government department or public body while they are having business dealing with the latter.

Director and employees are required to decline an offer of advantage if acceptance could affect his/her objectivity in conducting the Group's business or induce him/her to act against the interest of the Group, or acceptance will likely lead to perception or allegation of impropriety. The Group strictly prohibits employees from offering, requesting and accepting gifts to and from third parties, except for the following cases:

- Symbolic souvenir or promotional gift of a nominal value;
- 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.

Directors and staff should avoid any conflict of interest situation or perception of such conflict. 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Any enquiries about this Code or reports of possible breaches of this Code should be made to General Manager. In cases of suspected corruption or other criminal offences, a report should be made to the appropriate authority.

In order to encourage our employees to report illegality, irregularity, malpractice, unethical or inappropriate conducts, which may damage the Group's interests, we established whistle-blowing policy and implement procedures for our employees to report improprieties via a confidential reporting channel to the extent that is made possible to all employees. Any reports of possible breaches of the internal Code of Conduct should be made to General Manager. In cases of suspected corruption or other criminal offences, a report should be made to the appropriate authority.

To strengthen the anti-corruption practice and enhance its employees' awareness on conflicts of interest and integrity issues, the Group provide induction training on the internal Code of Conduct for each staff when joining the Group. Managers and supervisors will also ensure that the employees under their supervision understand well and comply with the internal Code of Conduct. The Group understands the importance of promoting anti-corruption thoughts to the employees and will develop a record of anti-corruption training in the future.

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 (Cap. 201) and other national or regional laws and regulations. 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 major areas that the Group focuses on in community investment, being community wellness as well as education and development.

For community wellness, the Group endeavors to improve quality of living for the communities by any means that serve the needs of the poverty, elderly, disabled, or in economic difficulties, including programme created growth opportunities, healthcare, food and resources, etc.

The Group also believes in investing sports, education and development, especially to the youth for cultivating the leaders to lead the community in this ever-changing world. The Group supports training and skills development to the sectors with difficulties in learning physically and economically. During the Reporting Period, the Group donated HKD\$5,000 to E-scooter Limited to support the sport team in Hong Kong. The Group's contribution demonstrates their commitment to supporting local communities, promoting healthy lifestyles, and fostering sportsmanship.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Aspects <sup>1</sup>	2022/23	2021/22	2020/21	Unit
<b>Aspect A1: Emissions</b>				
<b>A1.1 The types of emissions and respective emissions data</b>				
Nitrogen oxides (NO <sub>x</sub> )	23.7	6.8	21.8	kg
Sulphur oxides (SO <sub>x</sub> )	0.3	0.3	0.1	kg
Respirable suspended particles (RSP)	2.1	0.5	1.9	kg
<b>A1.2 Greenhouse gas emissions in total and intensity</b>				
Scope 1 emissions	47.6	47.3	19.4	tonnes CO <sub>2</sub> -e
Scope 2 emissions	34.6	32.8	48.2	tonnes CO <sub>2</sub> -e
Scope 3 emissions	0.0	–	–	tonnes CO <sub>2</sub> -e
Total greenhouse gas emissions	82.3	80.1	67.6	tonnes CO <sub>2</sub> -e
Intensity (by floor area)	0.015	0.014	0.012	tonnes CO <sub>2</sub> -e/ sq. ft.
<b>A1.4 Non-hazardous waste</b>				
Total non-hazardous waste produced	0.37	0.17	0.52	tonnes
Intensity (by floor area)	0.010	0.030	0.092	tonnes/sq. ft.
<b>Aspect A2: Use of Resources</b>				
<b>A2.1 Direct and/or indirect energy consumption by type</b>				
Direct energy consumption – Petrol	572.0	590.3	227.3	GJ
Direct energy consumption – Diesel	44.9	20.4	24.0	GJ
Indirect energy consumption	48.8	46.2	60.2	MWh
Total energy consumption	220.1	215.8	69.8	MWh-e
Intensity (by floor area)	0.039	0.038	0.023	MWh-e/sq. ft.
<b>A2.2 Water consumption in total and intensity</b>				
Total water consumption	56.0	59.0	122.2	m <sup>3</sup>
Intensity (by floor area)	0.010	0.010	0.022	m <sup>3</sup> /sq. ft.

<sup>1</sup> The environmental KPIs are calculated in accordance with the “How to Prepare an ESG Report? — Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Aspects <sup>2</sup>		2022/23	2021/22	2020/21	Unit
<b>Aspect B1: Employment</b>					
<b>B1.1 Total workforce</b>					
Total number of employees		46	46	34	employee
By gender	Female	9	10	9	employee
	Male	37	36	25	employee
By employment type	Full-time	45	45	–	employee
	Part-time	1	1	–	employee
By age group	30 years old or below	8	7	7	employee
	31–40 years old	10	17	13	employee
	41–50 years old	21	17	11	employee
	Over 50 years old	7	5	3	employee
By employee category	Managerial	7	6	–	employee
	Senior	14	13	–	employee
	Middle	17	22	–	employee
	Junior	8	5	–	employee
By function	Executive	10	9	–	employee
	Technical	11	10	–	employee
	Administrative	8	7	–	employee
	Production	17	20	–	employee
By geographical region	Hong Kong	46	46	–	employee
<b>B1.2 Employee turnover rate<sup>3</sup></b>					
Total employee turnover rate		43%	61%	71%	%
By gender	Female	44%	40%	67%	%
	Male	43%	67%	72%	%
By employment type	Full-time	44%	60%	–	%
	Part-time	0%	100%	–	%
By age group	Under 30 years old	25%	17%	43%	%
	31–40 years old	80%	47%	69%	%
	41–50 years old	43%	41%	100%	%
	Over 50 years old	14%	120%	33%	%
By employee category	Managerial	14%	17%	–	%
	Senior	7%	23%	–	%
	Middle	94%	95%	–	%
	Junior	25%	60%	–	%
By geographical region	Hong Kong	43%	61%	–	%

<sup>2</sup> The social KPIs are calculated in accordance with the “How to Prepare an ESG Report? — Appendix 3: Reporting Guidance on Social KPIs” issued by the Stock Exchange.

<sup>3</sup> The calculation of the turnover rate is shown as below and the rate may exceed 100%.

Turnover rate = L/E \* 100%

L = Number of employees leaving employment during the Reporting Year

E = Number of employees at the end of the Reporting Year

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Aspects	2022/23	2021/22	2020/21	Unit
<b>Aspect B2: Health and Safety</b>				
<b>B2.1</b> Number (rate) of work-related fatalities	<b>0 (0%)</b>	0 (0%)	0 (0%)	-(%)
<b>B2.2</b> Lost days due to work injury	<b>0</b>	0	0	day
<b>Aspect B3: Development and Training</b>				
<b>B3.1 Number of trained employees</b>				
Percentage of total employees trained	<b>9%</b>	39%	44%	%
By gender				
Female	<b>25%</b>	0%	40%	%
Male	<b>75%</b>	100%	60%	%
By employee category				
Managerial	<b>75%</b>	6%	20%	%
Senior	<b>25%</b>	22%	20%	%
Middle	<b>0%</b>	67%	13%	%
Junior	<b>0%</b>	6%	47%	%
By function				
Executive	<b>75%</b>	6%	–	%
Technical	<b>25%</b>	0%	–	%
Administrative	<b>0%</b>	0%	–	%
Production	<b>0%</b>	94%	–	%
<b>B3.2 Average training hours completed</b>				
Average training hour per employee	<b>1.5</b>	1.0	–	hour/employee
By gender				
Female	<b>1.9</b>	0.0	3.0	hour/employee
Male	<b>1.4</b>	1.2	1.0	hour/employee
By employee category				
Managerial	<b>7.3</b>	1.7	5.0	hour/employee
Senior	<b>1.2</b>	0.6	6.0	hour/employee
Middle	<b>0.0</b>	1.1	2.0	hour/employee
Junior	<b>0.0</b>	0.4	1.0	hour/employee
By function				
Executive	<b>5.1</b>	1.1	–	hour/employee
Technical	<b>1.5</b>	0.0	–	hour/employee
Administrative	<b>0.0</b>	0.0	–	hour/employee
Production	<b>0.0</b>	1.7	–	hour/employee
<b>Aspect B5: Supply Chain Management</b>				
<b>B5.1 Number of suppliers by geographical region</b>				
Total number of suppliers	<b>786</b>	634	543	supplier
By geographical region				
Hong Kong	<b>775</b>	623	539	supplier
China	<b>10</b>	10	3	supplier
Taiwan	<b>1</b>	1	1	supplier
<b>Aspect B6: Product Responsibility</b>				
<b>B6.1</b> Percentage of total products sold or shipped subject to recalls	<b>0%</b>	0%	–	%
<b>B6.2</b> Number of products and service-related complaints received	<b>0</b>	0	–	case
<b>Aspect B7: Anti-corruption</b>				
<b>B7.1</b> Number of concluded legal cases regarding corruption	<b>0</b>	0	0	case
<b>Aspect B8: Community Investment</b>				
<b>B8.2 Resources contributed to focus area</b>				
Total amount of donation in cash	<b>5,000</b>	19,600	10,000	HKD
Total voluntary hours	<b>0</b>	10	46	hour