

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE ESG REPORT

We are proud to present to you our fifth Environmental, Social and Governance (“ESG”) report, presenting our continued efforts for driving sustainability and corporate social responsibility. This report is prepared in compliance with ESG Reporting Guidelines stipulated under Appendix 27 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

Reporting Period and Scope

This report discloses key indicators of the Group’s environmental and social performance during the period from 1 January to 31 December 2019 (“the reporting period”). The scope of this report encompasses the Group and all its subsidiaries unless stated otherwise.

The Board acknowledges its responsibility for ensuring the integrity of the report. To the best of its knowledge, this report fairly discloses details of topics material to the Group, their impacts and the performance in addressing ESG issues. This report has been reviewed and approved by the Board.

Reporting Principle

The reporting principles of Materiality, Quantitative, Balance, and Consistency underpinned the preparation of this ESG report. Data in this report are checked and analysed to account for year-on-year changes and is presented in a way that allows for meaningful comparison.

Feedback

The Group is committed to communicating with its stakeholders, learning their concerns and striving for ongoing improvement in ESG management approach and performance. We welcome your feedback on this report and on any aspect of our sustainability performance.

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We strive to provide a cleaner, greener and more sustainable living environment

MESSAGE FROM THE CEO

Dear stakeholders,

At Baguio, our core business is intimately entwined with wellness and sustainability of the community we operate in. We are well-positioned to contribute to a circular economy, and it is our passion for and commitment to what we do that has taken us to where we are today. We are glad to have deepened Baguio's commitments to sustainable development in the year and to present to you this ESG report documenting our achievements in 2019.

Baguio has in recent years begun to develop new businesses in resources recycling. Having been commissioned by the Environmental Protection Department as a glass management contractor, we are dedicated to facilitating recycling of glass beverage containers to lessen the landfill strain in Hong Kong. Capitalising on moves made in the past few years, the Group is committed to steering itself forward to the next stage to build and operate a food-grade ready plastic recycling facility, for which we have broken ground in 2019. It is expected to commence operations in late 2020.

We are well-positioned to contribute to a circular economy, and it is our passion for and commitment to what we do that has taken us to where we are today.

Together with this new joint-venture project, we are convinced that Baguio, as an integrated environmental services provider, will be able to contribute to driving a cleaner, greener and more sustainable Hong Kong.

Propelling a sustainability-driven business

We strive to leave the smallest possible environmental footprint at locations where we have operations. Our Tuen Mun waste glass bottle recycling facility is configured with environmentally efficient technology such that emissions from our recycling operations are reduced to minimal. We advocate procurement of goods with certified eco-labels, recycled content and reduced packaging. In 2019, 95% of our procured plastic bags were degradable, and over 70% of pesticides purchased were an eco-friendly alternative.

As a part of our sustainability strategy, we are devoted to not only turning to greener options when sourcing products for our day-to-day operations but also promoting sustainable practices in the upstream supply chain. As a founding member of the Green Procurement Charter Hong Kong, Baguio is committed to developing and implementing a sustainable procurement system that refers to the ISO 20400 Sustainable Procurement Standard. We work closely with our high-risk supply chain partners to improve the sustainability of their operations.

Building a strong and harmonious workforce

Our business depends on the contribution of our over 7,400 employees and their wellness is fundamental to our success. This year, we continued to focus on making Baguio a safe and healthy workplace by providing 10,629 hours of safety training to our operations staff. We are happy to report that in the year 2019, our work-related accident rate per 100,000 working hours decreased from 1.59 in 2018 to 1.33 in 2019, with zero work-related fatality recorded. Our newly published guidelines on handling suspected or diagnosed infectious diseases enables us to take effective and timely measures to control possible emergencies and minimise hazards related to public health.

Through the provision of various training opportunities, we aim to upskill our workforce and back them in achieving their full potential. In 2019, we supported 20 colleagues in obtaining accreditation for Level 4 in Management of Cleaning Work under the Recognition of Prior Learning (RPL) Mechanism of the Qualifications Framework. Together with the provision of a transparent and rewarding career path within the Group, we aim to create and retain more engaged employees.

Enhancing customer centricity

Positioning ourselves to be one of the key environmental services providers in Hong Kong, we make every effort to serve the community with the best quality services. By maintaining an ISO-standard quality management system and carrying out regular audits, we strive to deliver excellent services to our customers while complying with the relevant laws and regulations.

To enhance the satisfaction of our customers, we have been proactively engaging them through monthly surveys and interviews with selected customer groups. This year we have achieved an average response rate of 36.9 % in our monthly customer surveys, with 84.8 % of respondents rating the overall quality of service satisfactory or above.

Engaging our community

Baguio continues to promote public awareness of sustainable development in the community by stimulating the recycling movement. Our Tuen Mun waste glass bottle recycling facility serves as an education centre where schools and businesses are invited for guided tours and seminars. Besides, we have set up recycling bins and bartering booths at housing estates, shopping malls and institutions, and a donation of HKD\$300 for every ton of collected glass bottle was made to Tung Wah Group of Hospitals, in support of charitable organisations in Hong Kong. In 2019, we have organised a total of 20 community activities, engaging our staff in contributing to the community through volunteerism.

Going forward

The Group is encouraged by the recognitions it received during the year for efforts in undertaking its corporate social responsibility. With a firm belief and a resilient spirit, we are dedicated to creating continuously shared values for our business, stakeholders and the community.

While we have been putting incessant efforts in our sustainability journey, we recognise that there are areas where we need to improve. Looking ahead, we will undertake closer engagement with our stakeholders and refine our sustainability strategy to guide our management on the ESG front. On behalf of the Board, I would like to thank our staff for making the Group glow in the year and all who have been with us throughout our sustainability journey. We look forward to your continued partnership and support.

By Order of the Board

Phyllis Ng

Chief Executive Officer

Hong Kong, 30 March 2020



AWARDS AND RECOGNITION

The Group continues to be bestowed with awards and recognitions for its performance in environmental protection and fulfilling its social responsibilities. The following table lists our achievement during the reporting period.

| Issuer of Award | Award |
|--|--|
| Environmental Responsibility | |
| Alaya Consulting | Hong Kong ESG Reporting Awards (HERA) 2019 — Best ESG Report (Small-cap) Commendation |
| Bank of China & The Federation of Hong Kong Industries | Corporate Environmental Leadership Awards 2018 — EcoPartner + EcoPioneer (3 Years+) |
| Environmental Campaign Committee | Hong Kong Green Organisation Certification |
| Environmental Campaign Committee | Hong Kong Green Organisation Certification — Wastewi\$e Certificate — Excellence Level |
| Environmental Campaign Committee | Hong Kong Awards for Environmental Excellence (Manufacturing and Industrial Services) Certificate of Merit |
| Green Council | Hong Kong Green Awards 2019: Corporate Green Governance Award — Corporate Vision |
| Green Council | Certificate of Appreciation — Green Carnival 2019 |
| Green Council | Certificate of Appreciation — Green Run 2019 |
| Green Council | Hong Kong Green Day 2019 — Certificate of Appreciation Bronze Sponsor |
| World Green Organisation | Certificate of Appreciation — WGO 7th Anniversary Dinner Banquet |
| World Green Organisation | Green Office Award Labelling Scheme (GOALS) |
| Employer of Choice | |
| Employee Retraining Board | ERB Merit Award for Employers |
| Hong Kong Management Association | Award for Excellence in Training and Development 2019 — Best in Workforce Upskilling |
| The Hong Kong General Chamber of Small and Medium Business | Partner Employer Award (5+) |
| Health and Safety | |
| Hong Kong International Airport | Appreciation of Participation — Airfield and Baggage Hall Safety Campaign 2018 |
| Sun Fook Kong Construction Group | Sun Fook Kong Safety Awards Scheme 2018 — Certificate to Zero Accident Achievement (Oct 2017–Mar 2018) |
| Sun Fook Kong Construction Group | Sun Fook Kong Safety Awards Scheme 2018 — Certificate to Zero Accident Achievement (Apr–Sept 2018) |
| The Hong Kong Polytechnic University | Certificate of Appreciation — Integrated Pest Management Campaign 2019 |

| Issuer of Award | Award |
|--|---|
| Socio-economic Contribution | |
| CEC•CCC Joint Venture | Certificate of Excellence — Outstanding Subcontractor |
| Hong Kong Council of Social Service | 5 years+ Caring Company 2018/19 — Baguio Cleaning Services Company Limited |
| Hong Kong Council of Social Service | 5 years+ Caring Company 2018/19 — Baguio Landscaping Services Limited |
| Hong Kong Council of Social Service | 5 years+ Caring Company 2018/19 — Baguio Pest Management Limited |
| Hong Kong Council of Social Service | 5 years+ Caring Company 2018/19 — Baguio Waste Management and Recycling Limited |
| Hong Kong Council of Social Service | 5 years+ Caring Company 2018/19 — Tak Tai Enviroscape Limited |
| Hong Kong Council of Social Service | Caring Company 2018/19 — Baguio Green Group Limited |
| ISA Hong Kong Chapter | Appreciation of Sponsorship — Hong Kong Tree Climbing Championship 2019 |
| Ngong Ping 360 | Certificate of Appreciation — “360 Sharing Ambassador — Blindfold Cable Car Challenge” Sponsorship |
| People Service Centre | Certificate of Appreciation — “Food Friend Action” |
| Technological and Higher Education Institute of Hong Kong | Appreciation of Sponsorship — Horticulture & Landscaping Management scholarship |
| The Federation of Hong Kong Industries | “Industry Cares” 2019 — Caring Certificate |
| The Federation of Hong Kong Industries | “Industry Cares” 2019 — 3+ year award (Enterprise Group) |
| The Neighbourhood Advice-Action Council | Certificate of Appreciation — Career Counselling Service |
| The Young Landscape Architects’ Group | Certificate of Appreciation — The Young Landscape Architects’ Group Landscape Academic Exhibition |

MEMBERSHIPS AND CHARTERS

As we implement our sustainability strategy, our involvement in these organisations provides us with opportunities to share best practices with the industry, enabling us to pursue continuous improvement along our sustainability journey.

- All-China Environmental Foundation
- Business Environment Council
- Environmental Contractors Management Association
- Environmental Protection Department — Green Event Pledge
- Federation of Hong Kong Industries
- Green Council — Sustainable Procurement Charter
- Guangdong Association of Landscape Architecture
- Hong Kong Environmental Industry Association
- Hong Kong General Chamber of Commerce
- Hong Kong Greening Contractors Association
- Hong Kong Pest Management Association
- Hong Kong Waste Disposal Industry Association
- Hong Kong Waste Management Association
- Labour Department — Good Employer Charter
- National Pest Management Association
- Occupational Safety & Health Council — Green Cross Group
- Occupational Safety & Health Council and Department of Health — Joyful @ Healthy Workplace Charter
- Pest Control Personnel Association of Hong Kong
- Proper Operation of Reference Collection Vehicles Steering Committee — The Charter on Proper Operation of Refuse Collection vehicles
- The Chamber of Hong Kong Listed Companies
- The Labour and Welfare Bureau, The Rehabilitation Advisory Committee, and The Hong Kong Joint Council for People with Disability — Talent-Wise Employment Charter
- World Green Organisation — Paper Towel-saving Campaign

CORPORATE GOVERNANCE

The Board ensures sound corporate governance structures are in place to safeguard the interests of its stakeholders. During the reporting period, the Group has complied with all applicable provisions in the CG Code as set out in Appendix 14 to the Listing Rules.

The Board comprises a total of 9 members, with 6 executive directors, and 3 independent non-executive directors. For full details of the Board committee, including responsibilities, please refer to our Corporate Governance Report from page 25 to 35 of this annual report.

OUR SUSTAINABILITY APPROACH

Baguio is primarily engaged in providing professional cleaning, landscaping, pest management, waste management and recycling services.

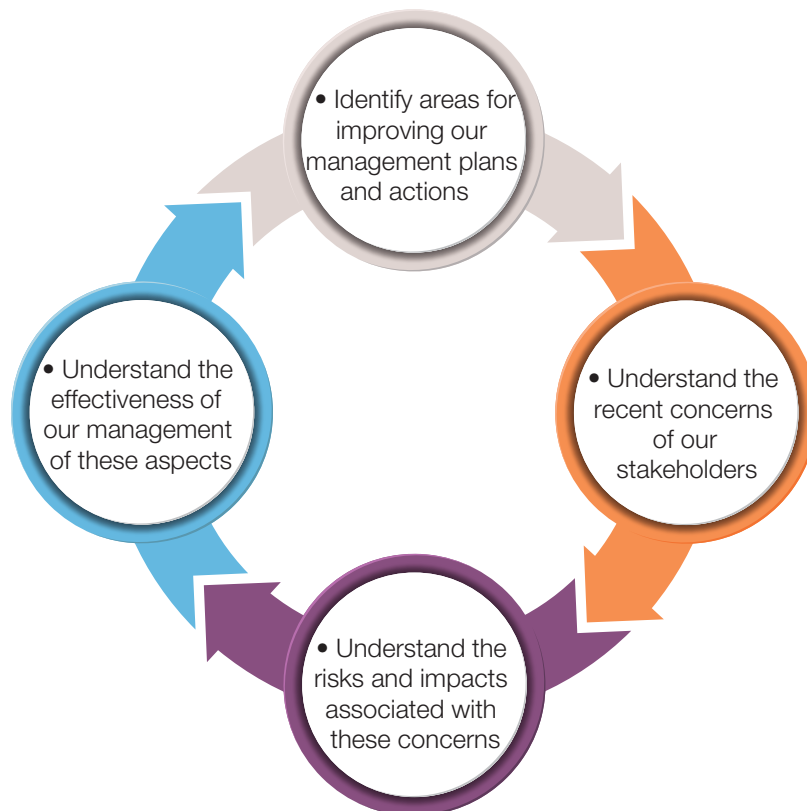
As a leading company in the environmental services industry, Baguio aims to help build a cleaner and greener community through its sustainability agenda. The Group's ISO-standard Integrated Management System is certified to meet the ISO 9001, ISO 14001 and OHSAS 18001 standards.

Our CEO and CFO set the direction for our sustainability approach and lead our ESG working group in reviewing and refining the Group's strategy, addressing the current and emerging material topics on the ESG front. Stepping up our efforts in managing environmental and social aspects, the Group has newly appointed a Sustainability Manager, who directly reports to the CEO, to lead the implementation of the Group's strategy. The ESG working group, which comprises the CEO, CFO and other senior management, is responsible for keeping abreast with the latest trends in ESG and report to the Board. Members from various departments and committees are tasked with the responsibility to implement the sustainability strategy of the Group in their daily operations.

How We Listen to Stakeholders

While there are many environmental and social issues that demand attention, we understand that sustainability is about listening to our stakeholders and responding to their concerns, balancing the interests of different stakeholder groups. On an ongoing basis, we reach out to our stakeholder groups for their feedback on our sustainability performance through multiple channels.

In 2019, we strengthened our stakeholder engagement and invited more than 10 representatives of different stakeholder groups for interviews, aiming to collect their opinions on matters related to the Group's sustainability efforts and performance. This helps ensure that we:



What We Heard

| 1. Safety should be the first consideration of everything we do. | 2. Build a greener corporate culture to propel a greener community. | 3. Enhancing customer satisfaction is to understand their needs. |
|--|--|---|
| <p>The smooth running of the Group’s business depends heavily on the contribution of its frontline operation staff. Stakeholders are concerned about the adequacy and coverage of safety training for the frontline employees. We determined to constantly enhance our safety strategy and provide our staff with the best protection.</p> | <p>We are glad to see stakeholders approving our efforts for advancing internal environmental management. Committed to propelling a sustainability-driven business, we will explore more options to improve our environmental performance.</p> | <p>Our products and services are designed to meet the customer’s needs. To enhance customer satisfaction, it is important that we proactively engage with our customers and suppliers and provide them with effective communication channels for giving us feedback.</p> |
| <p><i>“The safety awareness level of Baguio’s frontline staff is one of our major concerns.”</i> Customer</p> <p><i>“In addition to safety training, we also receive reminders regarding infectious diseases and work precautions.”</i> Employee</p> | <p><i>“Due to the nature of our business, we are actively doing a lot of internal waste recycling work in the office to reduce our solid waste production.”</i> Employee</p> <p><i>“We can see Baguio is strengthening its green procurement. We suggest that they also consider turning for cleaner vehicle fuels.”</i> Professional Service Provider</p> | <p><i>“Delivering excellent customer service can demonstrate how much do we value our customers.”</i> Employee</p> <p><i>“We would like Baguio to engage with us more proactively.”</i> Customer</p> <p><i>“We use multiple channels to communicate with Baguio. Our communication is smooth and effective.”</i> Supplier</p> |
| <p>For More, please see Occupational Health and Safety on page 58</p> | <p>For More, please see How We Achieve Environmental Sustainability on page 52</p> | <p>For More, please see Enhancing Customer Satisfaction on page 60</p> |

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The following table summarises the key concerns of our stakeholders and the progress made in 2019 towards addressing these concerns.

| Stakeholder Group | Priority Topics of Interest | Ways We Interact |
|----------------------------|---|--|
| Investors and shareholders | <ul style="list-style-type: none"> • Long-term shareholder value creation • Corporate governance • Risk management and internal control | <ul style="list-style-type: none"> • Investor conferences and roadshows • Annual general meeting • Financial reports and press releases • ESG report |
| Employees | <ul style="list-style-type: none"> • Training and development • Remuneration • Occupational health and safety | <ul style="list-style-type: none"> • Corporate activities and events • Employee grievance mechanism • Feedback from training workshops • Education and support |
| The government | <ul style="list-style-type: none"> • Legal compliance and corporate governance • Public's environmental awareness • Labour protection • Business ethics | <ul style="list-style-type: none"> • Compliance with laws and regulations • Active response to government policy • Ongoing communication with relevant government departments |
| Customers | <ul style="list-style-type: none"> • Service quality control • Occupational health and safety • Customer satisfaction | <ul style="list-style-type: none"> • Monthly customer surveys • Maintain high service level • Websites • Feedback from front-line employees |
| Suppliers & subcontractors | <ul style="list-style-type: none"> • Occupational health and safety • Responsible sourcing • Green procurement • Energy conservation and waste management | <ul style="list-style-type: none"> • Site visits and assessments • Annual Interviews and appraisals |
| Community | <ul style="list-style-type: none"> • Recycling services • Investment in the community | <ul style="list-style-type: none"> • Recycling educational booths • Support charity organisations • Participate in voluntary work |
| Environmental NGOs | <ul style="list-style-type: none"> • Recycling services • Waste management • Emission control | <ul style="list-style-type: none"> • Lead public environmental education • Promote waste segregation |

MATERIALITY ASSESSMENT

Adhering to the materiality principle, this annual materiality refresh aims to track trends in our sustainability topics and determines if there are any new potential issues that we need to take into consideration and to put greater focus on the management of those aspects.

Identification

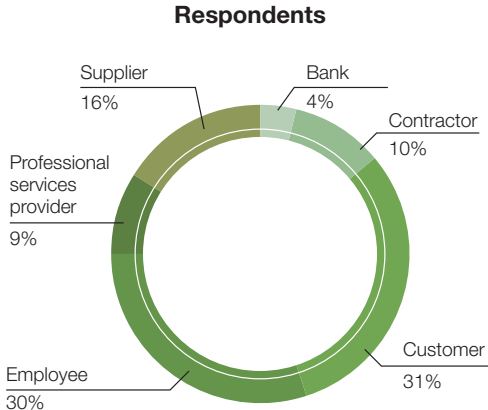
Baguio commissioned an independent consultancy to conduct the materiality assessment. After a thorough review of the HKEX ESG Reporting Guide, latest development trends of the industry and peer analysis, two additional topics were deemed relevant to the Group, namely, anti-discrimination and customer satisfaction, making a total of 25 sustainability topics for further assessment. The 25 sustainability topics were grouped into three key themes that drive the content of our reporting: Environment, People and Operations.

| Environment | | People | | Operation | |
|-------------|--|--------|---|-----------|--|
| 1. | Air emissions management & reduction | 12. | Employee retention and benefits | 19. | Supply chain management |
| 2. | Effluent discharges management & reduction | 13. | Employee communication channels | 20. | Service quality control and complaint handling |
| 3. | GHG emission management & reduction | 14. | Occupational health and safety | 21. | Customer satisfaction* |
| 4. | Hazardous waste management & reduction | 15. | Employee training and promotion | 22. | Intellectual property rights protection |
| 5. | Non-hazardous waste management & reduction | 16. | Precautionary measures of child/forced labour | 23. | Customer privacy protection |
| 6. | Energy management & reduction | 17. | Employee diversity | 24. | Anti-corruption |
| 7. | Water management & reduction | 18. | Anti-discrimination* | 25. | Community investment |
| 8. | Packaging material consumption | | | | |
| 9. | Ecological conservation | | | | |
| 10. | Green procurement | | | | |
| 11. | Environmental benefits derived from corporate business | | | | |

* Topics newly identified in 2019 survey

Prioritisation

To determine materiality of the topics, an online survey was carried out, covering over 70 of our internal and external stakeholders to evaluate the influence of each sustainability topic on their assessments and decisions related to Baguio. Our senior management was also invited to evaluate the significance of the impacts brought by these sustainability topics. These results make the two axes of the materiality matrix, which helps us to understand the importance of each topic to our stakeholders and to our business.

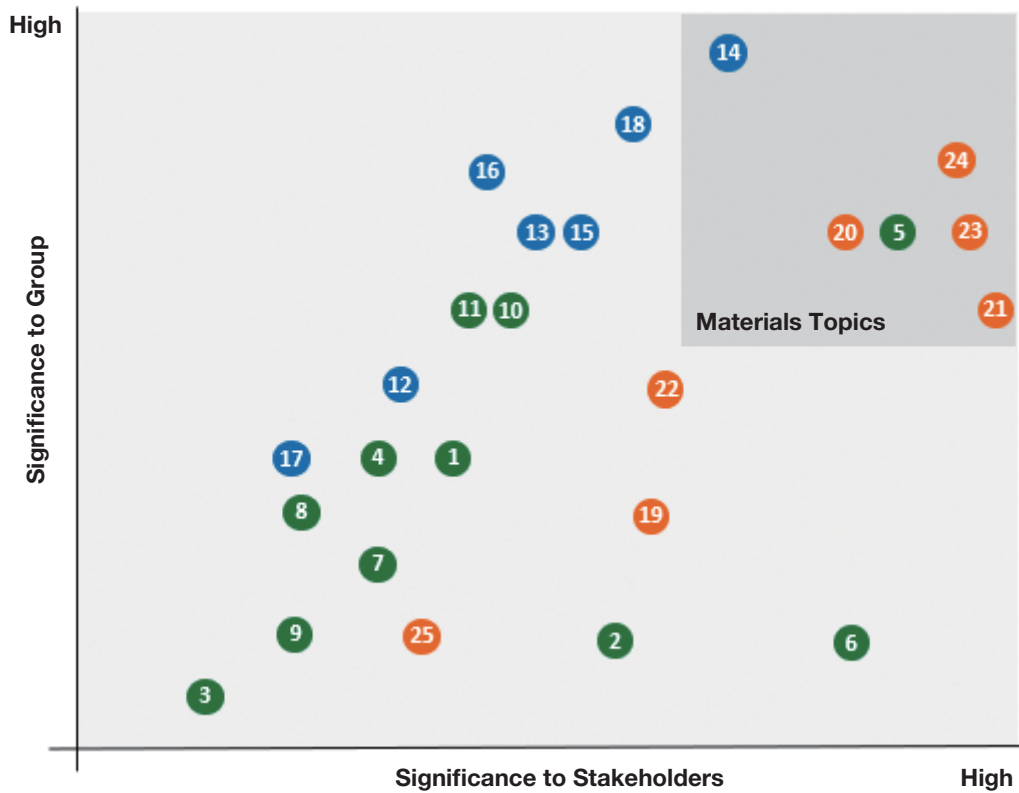


Validation and Review

The matrix in the adjoining diagram illustrates that the Group’s material topics in the year were Occupational health and safety, Anti-corruption, Customer privacy protection, Customer satisfaction, Non-hazardous waste management and reduction, and Service quality control and complaint handling.

The change in ranking of our material topics reflects the changing expectations of our stakeholders.

This result of this materiality assessment has been validated by the Group’s management. This ESG report is structured around the material topics identified.



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| Material Topics | Baguio's Efforts in 2019 | Corresponding Section |
|---|---|-------------------------------------|
| 14 Occupational health and safety | <ul style="list-style-type: none"> Recorded a total of 10,629 hours of safety training Recorded zero work-related fatalities Qualified 25 trainers in our Train-the-trainer program | CARING FOR PEOPLE |
| 21 Customer satisfaction | <ul style="list-style-type: none"> Engaged customers through monthly surveys and interviews with selected customer groups Achieved an average response rate of 36.9 % in our monthly customer surveys, with 84.8% of our customer respondents rated the overall quality of service satisfactory or above | STRIVING FOR OPERATIONAL EXCELLENCE |
| 24 Anti-corruption | <ul style="list-style-type: none"> Continued full compliance with all applicable laws and regulations | BUSINESS ETHICS |
| 23 Customer privacy protection | <ul style="list-style-type: none"> Continued full compliance of all applicable laws and regulations | BUSINESS ETHICS |
| 5 Non-hazardous waste management and reduction | <ul style="list-style-type: none"> Recycled 44% of office general waste 95% of our procured plastic bags were degradable, and over 70% of pesticides purchased were an eco-friendly alternative Approximately 96% of procured paper were recycled products composing at least 50% recycled content | ENVIRONMENTAL STEWARDSHIP |
| 20 Service quality control and complaint handling | <ul style="list-style-type: none"> The number of complaints has declined compared to 2018 All grievances have been redressed satisfactorily | STRIVING FOR OPERATIONAL EXCELLENCE |

BUSINESS ETHICS

We are committed to upholding high moral and ethical principles as affirmed in the Group's policies, and to operating based on honesty, integrity and respect.

Upholding Anti-corruption Practices

Anti-corruption standards have been incorporated in the Group's policies and are clearly communicated to employees via Employee Handbook. We strictly prohibit any form of corruption, extortion, bribery, embezzlement and other illegal acts. To reinforce our anti-corruption policy, all new-comers undergo ethical training orientation and current employees are reminded of the anti-corruption practices through a series of training events held by external experts every two years.

During festive seasons, special email reminders are sent to employees informing that luxuriant or frequent entertainment provided by business partners or any form of benefits whose value exceeds a set limit should not be accepted. In the case of any non-compliance, the associated personnel face disciplinary action and may be dismissed in severe cases.

In addition, employees should avoid any situations that may be considered as conflict of interest. In case any relevant situation happens, a declaration must be made via the Group's "Conflict of Interest Return Form".

Ethical practices are applicable to our tendering process and supply chain partners also. During the reporting period, the Group's operations complied with all relevant laws and regulations¹ relating to bribery, extortion, fraud and money laundering.

Our Speak-up Policy functions as a whistle-blowing channel for anyone to submit concerns regarding ethical or legal matters without fear of repercussions

Whistle-blowing Channel

Safeguarding Confidentiality Matters

In the digital era, data security threats continue to escalate, making it an evolving issue of concern for both Baguio and its customers. Awareness regarding data privacy and security is integrated into the fundamentals of our business. Employees of Baguio who are in regular contact with sensitive information are required to sign a Declaration of confidentiality; under any and all circumstances, they are allowed to make use of any confidential information only in line with the method and scope specified, or they are required to apply for written authorization consent for purposes otherwise. Employees are also prohibited from disclosing the Group's confidential information such as trade secrets, business plans or investment intents.

During the reporting period, the Group did not encounter any cases of infringement of laws and legislations related to data privacy and security as well as intellectual property rights.

¹ List of applicable laws and regulations available in ESG Content Index.

ENVIRONMENTAL STEWARDSHIP

As one of the largest integrated environmental services providers in Hong Kong, we seize every single opportunity to develop a clean, safe and sustainable community.

Resource Recycling- Striving for a Closed-loop Economy

Hong Kong has long been facing various waste related challenges including an enormous ‘waste load’ and the limited capacity for waste absorption. The Hong Kong government has developed a set of specific targets² on municipal solid waste (MSW) disposal rate reduction. A 40% reduction, to 0.8 kg or below, in per capita MSW disposal rate is expected by 2022 over 2011 levels. It is also expected that 3,900 tonnes of MSW can be prevented from being landfilled. A range of key actions is required in order to achieve the targets, including investment in infrastructure and enhancing social mobilisation.

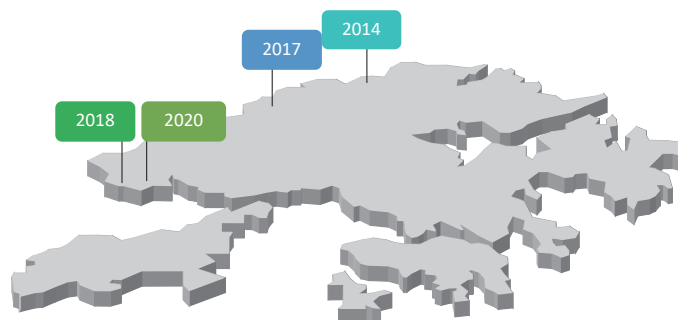
To tackle the imminent waste problem and help achieve the waste reduction targets in Hong Kong, Baguio has been stepping up efforts for promoting waste reduction and recycling. On one hand, we help accelerate development of the city’s recycling industry by incorporating advanced technologies and our own experience in recycling and continuously looking into the potential of establishing waste processing facilities and expanding our footprint in the recycling industry. On the other hand, we mobilise the community to help waste reduction by launching public participative activities such as our ‘Glass Bottle Recycling X Donation’, ‘Glass Bottle Bartering Activity’ and the ‘ECO Office — Refreshing and Go Green’ recycling activity.



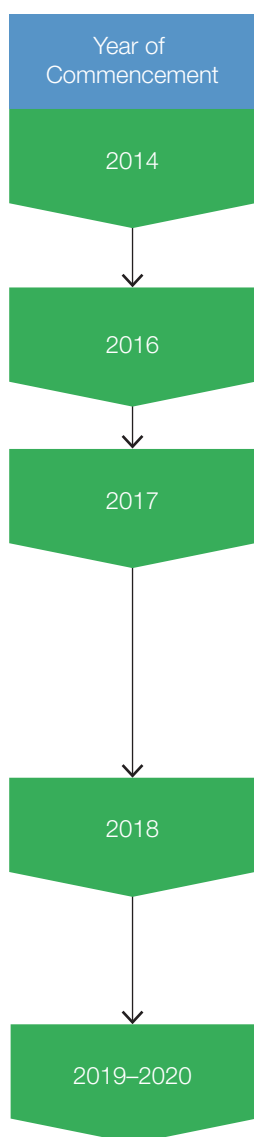
Baguio has continued to put in effort in devoting our commitment in exploring opportunities in the recycling business and transforming from a recyclable waste collector to one of the key players in recyclable waste processing and recycling in Hong Kong. Not only are we keeping an eye on the potential need to expand our collection networks to plastic bottles and other waste materials, but we are also looking for more innovative methods to enhance our collection efficiency and increase the collection volume of recyclables. Supporting by the commenced operations of our glass bottles and plastic bottles recycling facilities which we have and are going to set up, Hong Kong is able to locally recycle its own waste and recovered materials for local consumption. We will continue to put in effort to expand the other parts of our recycling business, moving towards our ultimate goal of diverting recyclables away from landfills.

² Reference: <https://www.enb.gov.hk/en/files/WastePlan-E.pdf>

Baguio is committed to step up efforts and investment for making a greener and cleaner Hong Kong. The following presents the recycling milestone we achieved:



We have made impressive strides in expanding our one-stop waste management and recycling platform, providing motivation in moving Hong Kong towards a circular and zero waste economy.



Our first step into recycling industry – Establishment of Waste Sorting and Recycling Centre

- Successfully obtained contracts from the Government to collect recyclable plastics, papers and metals from approximately 3,000 roadside three-coloured recycling bins in 18 districts in Hong Kong
- Established a Waste Sorting and Recycling Centre in Fanling for waste processing and recycling
- Obtained a chemical waste collection license and a clinical waste collection license, which further enhanced our position into recycling business

Collection of yard waste

- Gained contracts from the Environmental Protection Department of Hong Kong to collect yard waste, which further expanded our recycling business into organic waste
- Began collecting and processing natural Christmas tree, peach blossoms tree and other yard wastes into recyclable materials for horticulture use

Collection of Animal Waste and operation of Animal Waste Composting Plant

- Entered into a servicing contract with Hong Kong Jockey Club for collecting animal manure
- Partnered with The Jardine Engineering Corporation Limited to win the contract from the Environmental Protection Department to operate Animal Waste Composting Plant in Ngau Tam Mei in composting the collected animal waste and turning it into organic compost
- The resulted organic soil conditioner (BG Soil) can be used for local horticulture and cultivation
- Procured the first food waste collection truck to kick off our food waste collection services

Establishment of Waste Glass Bottle Recycling Plant

- Appointed by the Hong Kong government as a qualified glass management contractor to undertake waste glass container collection and treatment services in Hong Kong Island (including Islands District) and the New Territories
- Kicked off the establishment of glass collection network and our Waste Glass Bottle Recycling Plant in Tuen Mun
- Configured with advanced glass crushing technology to produce glass cullets which can be used for producing eco-friendly materials such as eco-paving blocks

Construction and operation of Waste Plastic Bottle Recycling Plant

- Further expanded the recycling business by joining with partners to operate a state-of-the-art, first food-grade ready plastic recycling facility in Hong Kong
- Planned to be able to process and recycle the entire domestic volume of post-consumer beverage packaging (PET) combined with used personal care bottles (HDPE), which is collectable in the foreseeable future
- Began construction in 2019 and expected to commence operations in the second half of 2020
- Advocating “Local waste, local recycling”, our Waste Plastic Bottle recycling facility helps closing the loop for plastic wastes we generate in Hong Kong

Environmental Benefits We Create (daily capacity of the facility):



Promoting sustainability through effective glass management

Our Waste Glass Bottle Recycling Plant creates an opportunity to convert waste glass into reusable materials such as raw material for eco-paver and for public works applications. At the same time, it serves the twin purposes of environmental protection and education.

The Group is devoted to promoting and facilitating recycling of waste glass bottles. We have established an extensive collection network stretching across commercial and industrial sectors, food and beverage outlets, as well as public and private housing estates.

To facilitate the collection of waste glass bottles, it is essential to increase the provision and placement of recycling bins. During the year, we increased the number of collection points to more than 2,000, covering the New Territories and Hong Kong Island (including Islands). During the year, we recovered more than 15,960 tonnes of waste glass containers, a 177% rise compared to 2018.

The Group believes that it is of great importance to cultivate environmental awareness and green living among younger generation, as well as to educate the public in developing “Clean” and “Recycle” glass bottles habits. In 2019, 1,060 public participative events were launched throughout the year. We also held 23 educational tours in the Waste Glass Bottle Recycling Plant to institutions and organisations during the year, aiming to deepen the knowledge and arouse public awareness of the public on glass bottle recycling.



Leading the way towards a closed loop for plastic materials

Accounting for 21% and being the third largest category of MSW disposed of at landfill sites in 2018³, plastics can take up to 1,000 years to decompose into the ecosystem which imposes great challenges to the environment. Tapping the potential of a very small composition (only 4% of plastic waste is recovered from MSW), the Group has embarked upon a new recycling project.

We are proud to be part of the solution for Hong Kong's plastic waste crisis. This year, the Group were involved in a joint venture project with ALBA and Swire on a state-of-the-art facility for recycling plastic waste in Hong Kong. The facility is located in Lot T6 of the EcoPark, Tuen Mun, under a 20-year lease from the Environmental Protection Department (EPD). Baguio aims to leverage our extensive waste collection network to secure the volume of the feedstock of the plastic bottle processing plant. Upon commencement of operations in the second half of 2020, the facility will be able to process and recycle about 35,000 tonnes of post-consumer PET (polyethylene terephthalate or clear beverage bottles) and HDPE (high density polyethylene or personal care bottles) plastic materials in the foreseeable future.

How We Achieve Environmental Sustainability

Environmental Management

Our SHEQ department is responsible for monitoring and managing the Group's environmental impacts through implementation of an Integrated Management System (IMS), certified for ISO 14001 Environmental Management System. The IMS manager and operations manager or their subordinates also take part in supervising the IMS, and they are responsible for environmental inspection and improving the Group's environmental performance.

We comply with the Environmental Protection Policy and internal procedures which guide our environmental management approach. By regularly reviewing all related environmental and safety policies, we ensure our business operations are in full compliance with all applicable environmental laws and regulations⁴ in Hong Kong. During the year, we did not aware of any non-compliance of relevant laws and regulations that could have 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 waste.

³ Hong Kong 2018 Waste Statistics: https://www.wastereduction.gov.hk/sites/default/files/msw2018_ataglance.pdf

⁴ List of applicable laws and regulations available in ESG Content Index

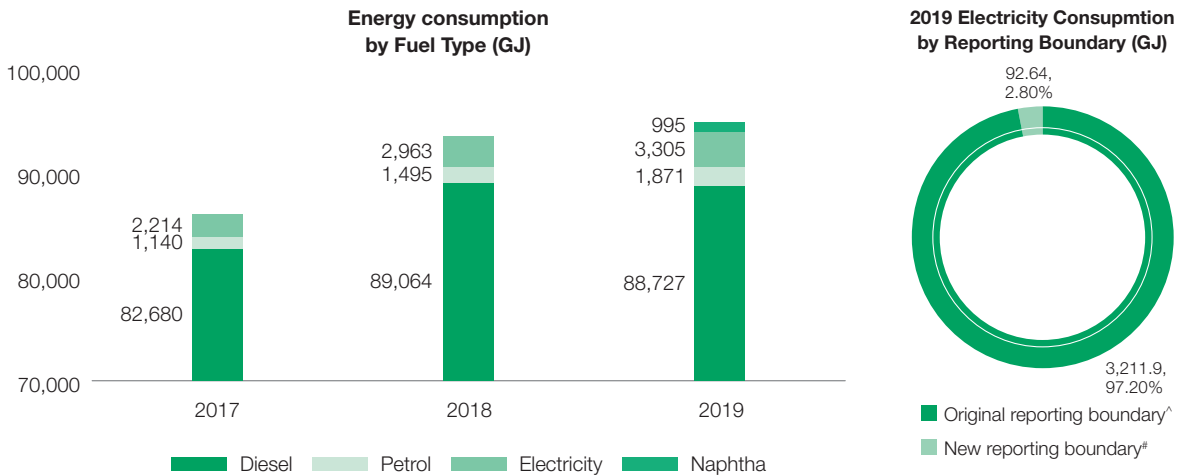
Overview of 2019 Environmental Performance

| Aspect | Approach | Progress In 2019 |
|-----------------------|---|---|
| Air quality | <ul style="list-style-type: none"> Carry out regular maintenance on all vehicles, plants, equipments and power generators to reduce emissions Use diesel of good quality to prevent dark smoke emission | <ul style="list-style-type: none"> Renewed or replaced obsolete vehicles or vehicle parts |
| Carbon footprint | <ul style="list-style-type: none"> Use energy-saving vehicles, machineries, equipments and tools Promote environmentally friendly behaviors i.e. use public transport and switch off electric appliances when they are not in use | <ul style="list-style-type: none"> Over 80% of the Group's registered vehicles were energy-saving models Vehicular fuel consumption decreased 1% to 0.3 litres/km |
| Noise control | <ul style="list-style-type: none"> Purchase and use quieter equipment and appliances Arrange noisy operations and activities to be carried out at times when there is high background noise and away from noise sensitive receivers | <ul style="list-style-type: none"> 0 cases of noise-related complaints Regular monitoring of the noise level at the Animal Waste Composting Plant and Waste Glass Bottle Recycling Plant to ensure compliance with the Noise Control Ordinance |
| Wastewater management | <ul style="list-style-type: none"> Minimise the use of water for cleaning and recycle the water whenever possible Direct all wastewater to the storm water drain and collect wastewater in a designated area to avoid stagnant water Prevent chemical spillage into sewage or rainwater drains by using sand bags or other measures to enclose operations area | <ul style="list-style-type: none"> At the glass bottle recycling plant, 90% of the wastewater is channelled back for reuse At the animal waste composting plant, wastewater after treatment is reused for internal use such as irrigation, realising zero discharge of wastewater |
| Waste management | <ul style="list-style-type: none"> Reduce the amount of waste generated by fully utilizing the materials Handle chemical, construction and animal waste in accordance with statutory requirements | <ul style="list-style-type: none"> Recycled 44% of office general waste 95% of our procured plastic bags were degradable Approximately 96% of procured paper were recycled products composing at least 50% recycled content |
| Ecological impacts | <ul style="list-style-type: none"> Deploy services which minimise invasive and chemical-based approaches, such as prioritising biological and bio-pesticide control before using chemicals | <ul style="list-style-type: none"> Over 70% of pesticides purchased were an eco-friendly alternative. |

Energy Consumption

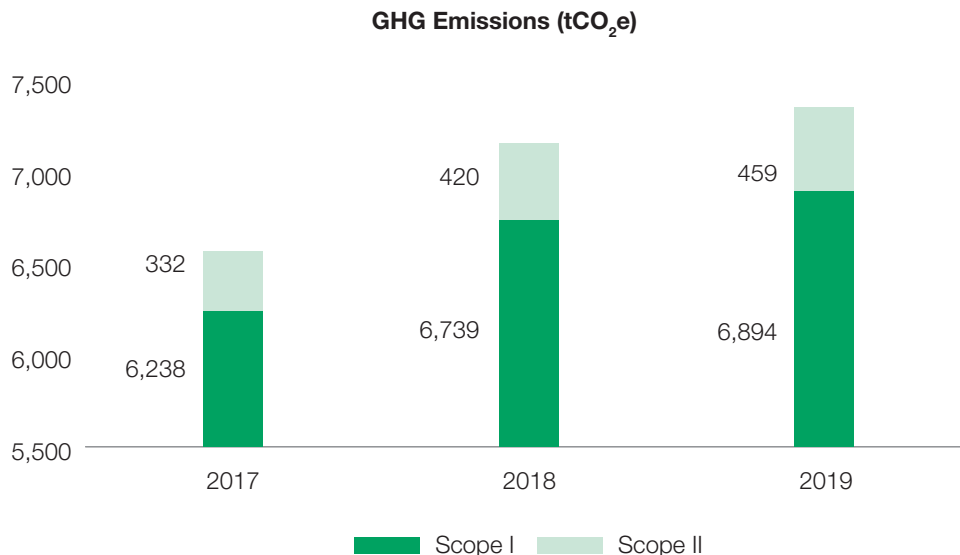
The major component of our energy consumption is the fuel used by our fleet of 380 vehicles that provide comprehensive environmental services. Enhancing the efficiency of our fleet operations is of the highest priority to us.

This year, we saw an increase 1.5% in our total energy consumption, from 93,522 GJ to 94,898 GJ. This is mainly attributable to the expanded reporting boundary, that the stationary consumption of fuel by our facilities, as well as the energy use from our waste glass bottle recycling operations, were incorporated in this 2019 ESG report.



[^] Original reporting boundary includes our operations in headquarters office, animal waste composting plant and waste sorting and recycling centre and several other sites
[#] New reporting boundary includes our operations in waste glass bottle recycling plant

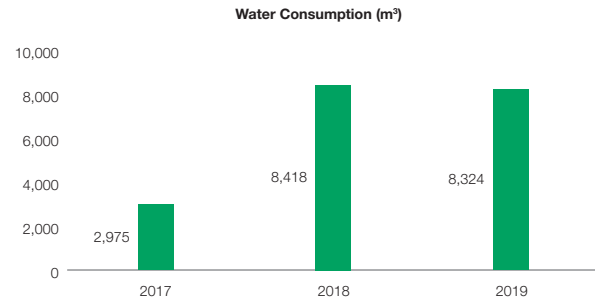
Carbon Emissions



Our carbon footprint is mainly composed of energy consumption. Scope 1 emissions and Scope 2 emissions represent fuel consumption and electricity usage respectively. In 2019, the Group's total greenhouse gas ("GHG") emissions amounted to approximately 7,353 tonnes of carbon dioxide equivalent (tCO₂e), comprising 6,894 tonnes of direct emissions (Scope 1) and 459 tonnes of indirect emissions (Scope 2). Corresponding to the energy consumption, the increased carbon emissions are mainly attributable to the expanded reporting boundary.

Water Consumption

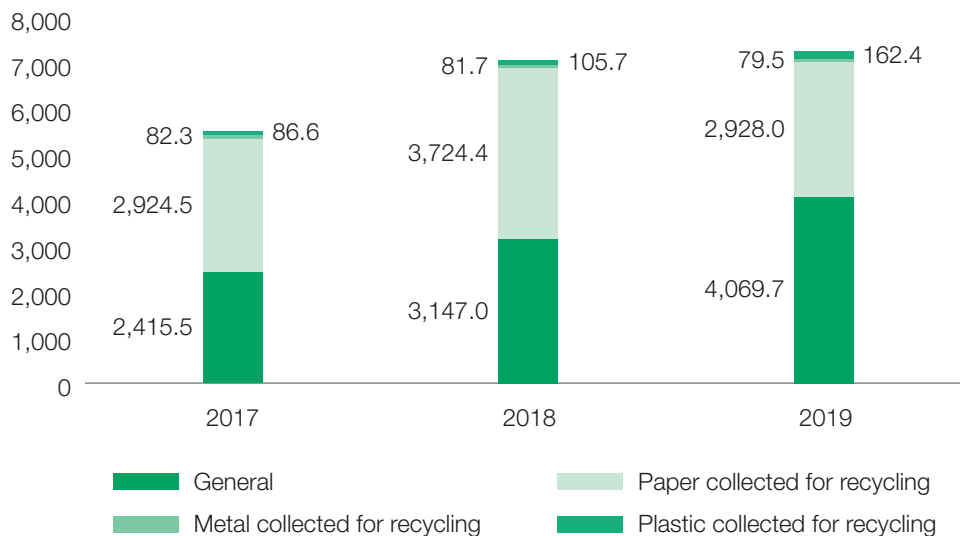
The major part of our water consumption is for water usage in our operations and offices. During the year, the total water consumption was 8,324⁵ cubic metres, compared to 8,418 cubic metres in 2018. The Group did not have any issue in sourcing water that is fit for the purpose.



Waste Management

In 2019, the Group's operations generated 2,000 litres of hazardous waste, consisting of engine oil (lube oil) that was disposed. Total non-hazardous waste generated was 7,239.6 kg. About 44% of non-hazardous waste, including paper, metal and plastics were collected for recycling in order to minimise waste of resources.

Non-hazardous Waste Generation (kg)



Environmental Emergency Management

The Group has developed an Emergency Preparedness And Response Guideline to address emergency situations, including prevention of potential environmental or safety incidents and response actions in the event of an emergency. It is aimed to enhance the Group's emergency response capacity and minimise the impact of environmental accidents. We provide specific emergency response plans for identified potential environmental hazards, including extreme weather conditions such as typhoons, accidental release of chemicals and dangerous goods and animals dead bodies handling.

⁵ Reporting boundary of water consumption includes our operations in headquarters office, animal waste composting plant and waste sorting and recycling centre and several other sites.

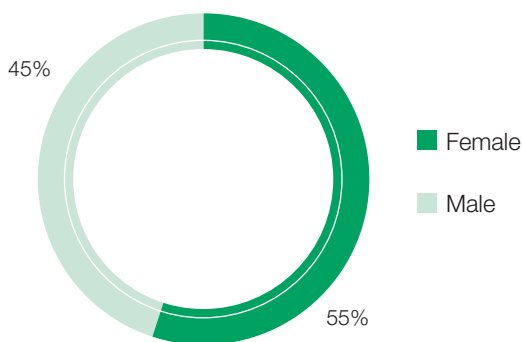
CARING FOR PEOPLE

At Baguio, people are our greatest asset. It is critical for us to listen and respond to their needs and enable them to fulfil career aspirations.

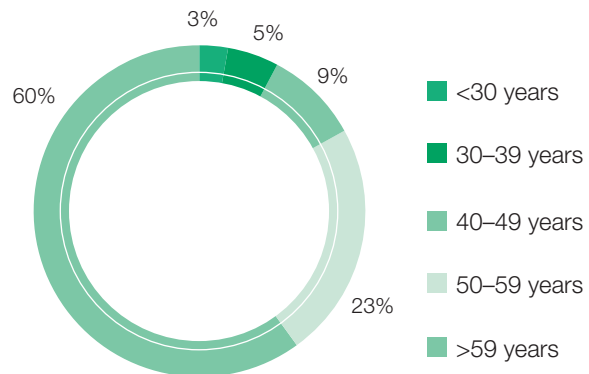
Our Employees

As of year-end in 2019, the Group employs a total of 7,457 staff, all of which are located in Hong Kong. We assess the available manpower on a continuous basis to determine the additional personnel needed to cope with our business growth. Our Employee Handbook articulates policies that strictly adhere to Hong Kong labour legislations, including Employment Ordinance and Minimum Wage Ordinance, to ensure compliance with laws in respect of employment, compensation, benefits, dismissals, working hours and rest periods.

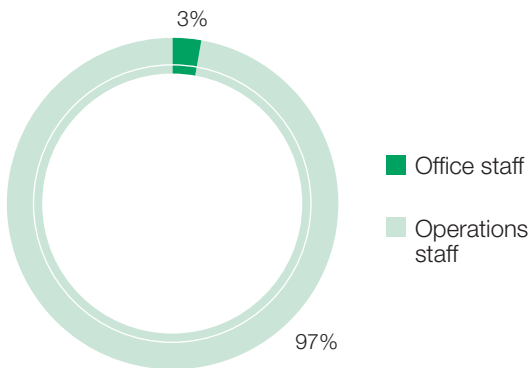
Employee Profile, by Gender



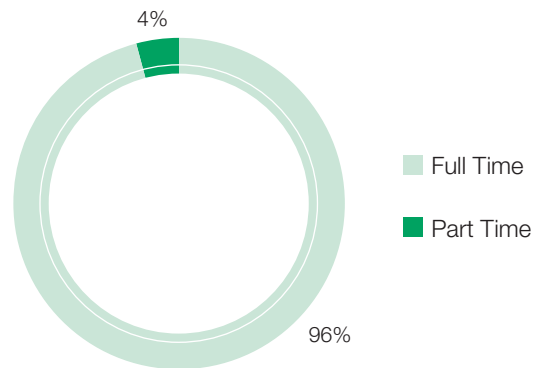
Employee Profile, by Age



Employee Profile, by Workforce



Employee Profile, by Employment Type



Upholding the principles of “Fairness, Openness and Impartiality”, the Group ensures equal opportunities in its recruitment and employment, regardless of employees’ race, gender, colour, marital and family status, or disabilities. The Group takes rigorous measures to prohibit recruitment of child or forced labour, such as verifying identity cards of candidates using the HRMS system. The Group’s speak-up policy, which is overseen by the Group’s Complaint and Appeal Committee, allows employees to voice their opinions and report grievances. Via this channel together with training on relevant topics, we strive to create a working atmosphere free of inequality, discrimination and harassment.

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and preventing child or forced labour.

Welfare and Benefits

To motivate and retain quality employees, the Group provides competitive remuneration and welfare packages to its people. Employees are entitled to comprehensive benefits including medical insurance and training subsidies. We review our benefits package annually to ensure it is comparable to the market. Besides, our CSR Working Group takes part in programs supporting environmental protection and volunteer work to give back to the community and environment.

Green Run 2019

This year, senior management of Baguio led a running team of 15 to participate in “Green Run 2019” organised by the Green Council. The activity aimed to raise public awareness of environmental protection and encourage participants to pursue a greener and healthy lifestyle. We are proud of our team winning the third place in the 10 km corporate team competition.



Talent Management

Baguio strives to support its talented people for honing their skills to contribute more to the economy of the future. Committed to the ongoing development of our people, we devote substantial resources to training and career development programmes for our operations staff, office staff and the management. We regularly review our performance appraisal system to ensure its fairness and effectiveness.

Focus of training has shifted to supervisory training for higher grade operations staff and technical knowledge sharing among office staff. Initiated in September 2019, technical knowledge sharing sessions aim to promote knowledge transfer among our office staff on the trends and dynamics of the industry. During the reporting period, we recorded a total of 20,168 training hours, which amounts to 9,539 hours excluding OHS training.

Operations staff

- Driver training
- QF training
- Supervisory training for foreman and above graded operation staff

Office staff

- Monthly orientation for all newly jointed office staff
- Technological knowledge sharing sessions

Training Focus in 2019

Recognition of Prior Learning (RPL) Mechanism

We continue to encourage and support our employees to seek professional accreditation through the Recognition of Prior Learning (RPL) Mechanism under the Qualifications Framework. This mechanism enables practitioners with various backgrounds to obtain formal recognition of their work experiences and competencies acquired on-the-job. Undergoing 296.5 hours of relevant training, our 20 colleagues with six years or more of related work experience have successfully attained Level 4 in Management of cleaning work administered by the Vocational Training Council, with a passing rate of 100%.

Career Ladder Policy

Implemented since 2016, our Career Ladder Policy details clear and transparent career development prospects for our operations staff. Through the provision of relevant training, the Group supports its operations staff in developing skill sets and professional knowledge for their career progression. Staff who successfully complete the required training and evaluation by their supervisors have the opportunity to move up the career ladder and become competent leaders in their respective disciplines.



Occupational Health and Safety

Supporting a safe and healthy workforce is at the forefront of the Group's priorities. The Group works unceasingly to improve its health and safety practices. All the Group's safety matters are implemented in accordance with the OHSAS 18001 standard and the Group's Occupational Safety and Health Policy by our SHEQ department. The department oversees and periodically reviews the Group's safety management system to ensure compliance with all applicable labour and safety regulations⁶.

Workplace Safety

Targeting job positions with high potential safety risks, we have prepared comprehensive working guidelines to mitigate risks inherent in daily operational duties, including but not limited to machinery operation, chemicals handling and working at heights. We train all our employees in accordance with our Occupational Health & Safety and Environmental Guidelines, available in four languages to ensure the diversified workforce is able to access our safety messages. In 2019, the Group recorded a total of 10,629 hours of safety training. We have also enhanced our communications on safety matters with our staff via communication applications.

In 2019, the Group recorded a total of 10,629 hours of safety training.

Launched in 2017, our Train-the-trainer programme focuses on upskilling our supervisors and project officers responsible for carrying out staff induction training and regular safety training sessions, with an aim to enhance the building of safety awareness among our employees. During the reporting period, we carried out three train-the-trainer sessions and have successfully qualified 25 trainers.

⁶ List of applicable laws and regulations available in ESG Content Index.

Rehabilitation Management

Since last year, Baguio has enhanced rehabilitation services with a guideline established to speed up the recovery process of injured staff. We keep close communication with the injured staff to ensure that we learn from the incident and prevent recurrence of similar incidents. Our rehabilitation services include:



- Follow up with the recovery status of the injured staff via calls or home visiting
- Escort the injured staff to attend medical appointment
- Review the incident case and propose rehabilitation treatment
- Provide work re-arrangement for injured staff after their resumption of duty, if necessary

During the reporting period, the Group has 12,387 lost days due to work injuries.

Occupational Health

We work to continuously enhance our occupational health monitoring to protect the health of our employees. During the year, the Group developed an emergency response procedure and safety guidelines for handling suspected or diagnosed infectious diseases. The guidelines aim to enable the Group to take effective and timely measures to control possible emergencies and minimise hazards related to public health. Besides, to enhance mental well-being of its employees, the Group continues to take part in the Joyful @ Healthy Workplace Charter organised by the Occupational Safety & Health Council

STRIVING FOR OPERATIONAL EXCELLENCE

Excellence in operations is paramount to achieving long-term success. Baguio is committed to driving continuous enhancement of its services to provide reliable waste management solutions for our society and to meet the rising demands of our customers.

Maintaining Quality Services

Baguio's Integrated Management System is certified to meet the ISO 9001 Quality Management System Standard. By carrying out regular audits to monitor the quality of our services, we strive to deliver excellent services to our customers, ensuring compliance of relevant laws and regulations. The Group was not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redressal.

Tools for Our Fleet Management

The Group's fleet of vehicles covers over 10 types to serve a range of purposes in its operations. For better management of our fleet and to improve the overall efficiency of our operations, the Group has embraced two tracking tools, namely:



Geographical Information System (GIS) platform

The Group has adopted the GIS platform to optimise route arrangements of the fleet.



iButton electronic key system

The Group has adopted the iButton system which allows authorised drivers to be identified, thus facilitating the tracking of the operation efficiency of our fleet.

Enhancing Customer Satisfaction

Beyond ensuring our customers' satisfaction with our services, Baguio is more committed to maintaining amicable relationships with our customers, making every customer happy and willing to cooperate with us. Our approach in this regard is to be proactive and prevent issues before they occur. We analyse and review customer feedback from all five business divisions gathered by monthly service quality surveys on a half-yearly basis, which encompasses a full spectrum evaluation of our service quality under three major categories: service provision, management performance and front-line worker performance. During the reporting period, an average response rate of 36.9 % was achieved. It is encouraging to find 84.8% of our customer respondents rated the overall quality of our services as satisfactory or above.

The Group also provides various channels for customers to express their opinions on our service quality. Subject to annual review, our customer complaints handling system is managed on intranet logs for prompt handling and follow-up on all submitted cases. Cases regarding workmanship are reviewed under formal follow-up procedures to ensure proper rectification ensues.

Looking ahead, we will further improve communication with our customers, proactively reaching out for their opinions to maintain a closer and long-term relationship with our customers.

Supply Chain Management

Baguio strives to build a responsible supplier network with suppliers and sub-contractors who demonstrate that they follow responsible practices while delivering high-quality goods and services. We invite tenders from reputable suppliers and conduct annual supplier reviews to ensure goods supplied align with our safety and environmental standards, encouraging our partners to establish recognised management systems such as the ISO standards to effectively manage their environmental and social-related matters.

To facilitate two-way communication, we engage with selected suppliers and sub-contractors through annual interviews to collect up-to-date information about their performance and discuss areas for improvement. We incorporate sustainability considerations into our discussions to share our expectations on their environmental and safety performance.

Sustainable Procurement

Green procurement practices have been embedded in Baguio's daily operations. The Sustainable Procurement Charter developed in 2018 by Green Council is signage of the trend of deepening commitment from Hong Kong corporates to practicing sustainable procurement activities. As a founding member of the charter, Baguio is committed to becoming a leading organisation to implement sustainable procurement with reference to ISO 20400 Sustainable Procurement Standard.

Our dedication includes establishing relevant procedures and working with our high-risk supply chain partners to improve the sustainability of their operations. The participation in this charter also enables us to share best practices and experiences in implementing sustainable procurement with companies in the similar industry. We advocate procurement of goods with certified eco-labels such as Energy Star, Green Seal, as well as products with recycled content and reduced packaging. We are committed to selecting goods and services with fewer impacts on the environment and society.

In 2019, 95% of our procured plastic bags were degradable, and over 70% of pesticides purchased were an eco-friendly alternative. In terms of office papers, we continued to procure recycled products comprising at least 50% recycled content, accounting for 96% of procured paper items this year — an additional 17% compared to last year's proportion.

In 2019, 95 % of our procured plastic bags were degradable.

ENGAGING OUR COMMUNITY

It is our fundamental duty to contribute to and serve the society we are in. Drawing on our specialty in environmental services, we continue to make progress in promoting awareness of sustainable development in our community. As a tribute to our continued care for the community, five of our subsidiaries have been recognised as “5 years+ Caring Company” by the Hong Kong Council of Social Service.

Eco Expo Asia 2019

This is the sixth year of the Group taking part in the hottest green event in Hong Kong — Eco Expo Asia. Echoing with the theme of the year — Less Carbon, Less Waste • Green Innovation, we showcased our recycling solutions on plastic bottle, glass bottle, yard waste and animal waste. All materials used in the decoration of our booth were recyclable and reusable. Through our participation in this Eco Expo Asia 2019, we aim to enable the public to make the best preparation for the coming MSW charging scheme.



Waste Glass Bottle Recycling Plant Guided Tour

Commenced operation in 2018, our 32,000 sq. ft Waste Glass Bottle Recycling Plant in Tuen Mun offers guided tours to organizations, schools and institutions to deepen the community’s understanding of glass bottle recycling. Through the provision of a seminar and a guided tour in our recycling plant, we are dedicated to promoting the recycling of glass beverage containers from the public and businesses.



Glass Bottle Recycling × Charity Donation

Further encouraging glass bottle recycling among the public and at the same time giving back to the community, the Group has launched the “Glass Bottle Recycling x Charity donation Campaign” in 2019. Through this campaign, the Group has made a donation of HKD \$300 for every ton of glass bottle collected from properties of supporting unit, in support of charitable organisations in Hong Kong.



Advocating Staff Volunteerism

The way we involve our people through volunteering drives our staff engagement. We believe, volunteerism from our staff not only helps the community but also agglomerates our people to share the values cherished by the Group. During the reporting period, the Group has organised 20 community activities (9 more activities as compared to last year), from organising public recycling education programmes to taking part in activities promoting green living, to engage our warm-hearted staff to contribute to the community.



Red Packet Reuse & Recycling



Mooncake Box Recycling



Green Carnival 2019



Mentally Handicapped & Elderly Visiting

Summary of Community Activities in 2019

| Partner Organisation | Volunteering Activity | Hours of Volunteering |
|--|--|-----------------------|
| Green Council | Green Carnival 2019 | 30 |
| Greeners Action | Red Packet Reuse & Recycle Program | 8 |
| Green Council | Green Run 2019 | 153 |
| World Wide Fund for Nature Hong Kong | Reserve Ranger Volunteering Experience at Mai Po | 69 |
| Hong Kong Institute of Vocational Education (Kwai Chung) — Applied Science | Baguio Glass Bottle Recycling Plant Visit | 4 |
| Queen Elizabeth School Old Students' Association Secondary School | Baguio Glass Bottle Recycling Plant Visit | 4 |
| Green Council | Hong Kong Green Day 2019 | 2 |
| World Wide Fund for Nature Hong Kong | Baguio Glass Bottle Recycling Plant & Waste Sorting & Recycling Centre Visit | 12 |
| The Open University of Hong Kong | Baguio Waste Sorting & Recycling Centre Visit | 4 |
| World Green Organisation | Baguio Waste Sorting & Recycling Centre Visit | 4 |
| Jockey Club Museum of Climate Change | Baguio Glass Bottle Recycling Plant Visit | 4 |
| Jockey Club Museum of Climate Change | Baguio Glass Bottle Recycling Plant Visit | 4 |
| The Salvation Army | Shoes Recycling Campaign | 8 |
| Haven of Hope Christian Service | Visiting the Elderly with Doctor Pets | 29.5 |
| Haven of Hope Christian Service | Visiting the Mentally Handicapped with Doctor Pets | 22 |
| Business Environment Council | Baguio Glass Bottle Recycling Plant Visit | 4 |
| Vocational Training Council | Baguio Glass Bottle Recycling Plant Visit | 4 |
| Ecobus | Baguio Waste Sorting and Recycling Centre Visit | 4 |
| Green Sense | Baguio Glass Bottle Recycling Plant Visit | 4 |
| Ecobus | Baguio Waste Sorting and Recycling Centre Visit | 4 |
| Total | | 377.5 |

Performance Data Summary

| | | Unit | 2019 | 2018 | 2017 |
|--------------------------|--|---------------------------------|---------------|--------|--------|
| Employment | Group-wide | Person | 7,457 | 8,715 | 8,853 |
| | By Employment type | | | | |
| | Full-time | Person | 7,135 | 8,389 | 8,498 |
| | Part-time | Person | 322 | 326 | 355 |
| | By Workforce | | | | |
| | Office Staff | Person | 218 | 208 | 165 |
| | Operations Staff | Person | 7,239 | 8,507 | 8,688 |
| | By Age group | | | | |
| | Under 30 | Person | 238 | 247 | 232 |
| | 30-39 | Person | 341 | 380 | 405 |
| | 40-49 | Person | 676 | 845 | 887 |
| | 50-59 | Person | 1,687 | 2,043 | 2,342 |
| | 60 or above | Person | 4,515 | 5,200 | 4,987 |
| By Gender | | | | | |
| Male | Person | 3,389 | 3,897 | 3,764 | |
| Female | Person | 4,068 | 4,818 | 5,089 | |
| Turnover rate | Group-wide | % | 3.72 | 3.53 | 2.16 |
| Training and Development | Training hours (including safety training) | Hour | 20,168 | 13,191 | 14,791 |
| | By Workforce Profile | | | | |
| | Office staff | Hour | 2,181 | 2,147 | 3,041 |
| | Operations staff | Hour | 17,987 | 11,044 | 11,750 |
| Health & Safety | Days lost due to work injury | Day | 12,387 | 17,766 | 13,292 |
| | Work-related accidents (cases of over 3 lost days) | Number | 237 | 317 | 247 |
| | Work-related accident rate | Cases per 100,000 working hours | 1.33 | 1.59 | 1.40 |
| | Confirmed work-related fatalities | Number | – | 1 | – |
| | Safety Training hours | Hour | 10,629 | 8,101 | 8,435 |

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

| | | Unit | 2019 | 2018 | 2017 | |
|--|--|--------------------|----------------------------|------------|------------|--|
| Environment | Total Resource Consumption | | | | | |
| | Electricity | kWh | 917,926[^] | 822,948 | 614,996 | |
| | Diesel | Litre | 2,478,070* | 2,487,467 | 2,309,188 | |
| | Petrol | Litre | 58,962* | 46,897 | 35,782 | |
| | Naphtha | Litre | 29,088* | – | – | |
| | Water | m ³ | 8,324 | 8,418 | 2,975 | |
| | Paper (Total) | Ream | 4,687 | 4,942 | 4,529 | |
| | Paper with recycled content | Ream | 4,480 | 3,925 | 2,715 | |
| | Non-degradable plastic bags | Bag | 607,100 | 446,500 | 5,980,460 | |
| | Degradable plastic bags | Bag | 10,568,661 | 14,948,620 | 13,978,799 | |
| | Energy intensity (average vehicular fuel consumption) | (litre/km) | 0.300 | 0.303 | 0.332 | |
| | Greenhouse Gas Emission | | | | | |
| | Scope I | tCO ₂ e | 6,893.68 | 6,739.43 | 6,238.33 | |
| | Scope II | tCO ₂ e | 458.96 | 419.70 | 332.10 | |
| | Total Emissions | tCO ₂ e | 7,352.64 | 7,159.13 | 6,570.43 | |
| | Air Emissions | | | | | |
| | Sulphur oxides | tonnes | 0.04 | 0.04 | 0.04 | |
| | Nitrogen oxides | tonnes | 25.99 | 26.28 | 22.31 | |
| | Particulate matter | tonnes | 2.05 | 2.06 | 1.72 | |
| | Hazardous waste | | | | | |
| Engine oil disposed (spent lube oil) | litre | 2,000 | 4,000 | 8,000 | | |
| Chemical disposed | kg | – | – | – | | |
| Pesticide disposed | kg | – | – | – | | |
| Non-hazardous waste | | | | | | |
| Office — general | kg | 4,069.7 | 3,147.0 | 2,415.5 | | |
| Office — paper collected for recycling | kg | 2,928.0 | 3,724.4 | 2,924.5 | | |
| Office — metal collected for recycling | kg | 79.5 | 81.7 | 82.3 | | |
| Office — plastic collected for recycling | kg | 162.4 | 105.7 | 86.6 | | |
| Community | Donations | HKD | 78,511.8 | – | – | |
| | Volunteer hours | hours | 377.5 | 600.0 | 356.0 | |

[^] 2019 electricity data boundary has been expanded to include our Glass Bottle Recycling Plant in Tuen Mun.

* The Group has been optimising its ESG data collection process. Starting from 2019, we have incorporated the stationary fuel consumption, including diesel, petrol and naphtha, into the data reporting boundary.

ESG CONTENT INDEX

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|-------------------------|---|---|
| A. Environmental | | |
| 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. | <p>Environmental Management During the reporting period, the Group was not aware of any non-compliance of applicable laws and regulations and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p> <p><i>Applicable Hong Kong laws:</i> Air Pollution Control Ordinance; Waste Disposal Ordinance; Water Pollution Control Ordinance; Hazardous Chemicals Control Ordinance; Noise Control Ordinance; Ozone Layer Protection Ordinance; Motor Vehicle Idling (Fixed Penalty) Ordinance; Road Traffic Ordinance; Environmental Impact Assessment Ordinance; Waste Disposal Ordinance; Pesticides Ordinance</p> |
| KPI A1.1 | The types of emissions and respective emissions data. | Performance Data Summary |
| KPI A1.2 | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Carbon Emissions; Performance Data Summary |
| KPI A1.3 | Total hazardous waste produced and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Waste Management; Performance Data Summary |
| KPI A1.4 | Total non-hazardous waste generated (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | Waste Management; Performance Data Summary |
| KPI A1.5 | Description of measures to mitigate emissions and results achieved. | Resource Recycling- A Closed-loop Economy; Overview of 2019 Environmental Performance |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved. | Overview of 2019 Environmental Performance; Waste Management |

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--------------------|---|--|
| Aspect A2 | Use of resources | |
| General disclosure | Policies on efficient use of resources including energy, water and other raw materials. | How we achieve environmental sustainability |
| 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) | Energy Consumption |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | Water Consumption |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved. | Overview of 2019 Environmental Performance; Energy Consumption |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | Overview of 2019 Environmental Performance; Water Consumption The Group sources water solely from municipal water supplies, having no issue in sourcing water that is fit for purpose. |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | Performance Data Summary |
| Aspect A3 | The environment and natural resources | |
| General disclosure | Policies on minimising the issuers' significant impact on the environment and natural resources. | Resource Recycling- A Closed-loop Economy; Environmental Emergency Management |
| KPI A3.1 | Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them. | Resource Recycling- A Closed-loop Economy; Environmental Emergency Management |

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--------------------|---|--|
| B. Social | | |
| Aspect B1 | Employment | |
| General disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | <p>Our Employees; Welfare and Benefits</p> <p>During the reporting period, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p> <p><i>Applicable Hong Kong laws:</i> Employment Ordinance; Minimum Wage Ordinance; Sex Discrimination Ordinance; Disability Discrimination Ordinance; Family Status Discrimination Ordinance; Race Discrimination Ordinance</p> |
| KPI B1.1 | Total workforce by employment type, age group and geographical region. | Our Employees; Performance Data Summary |
| KPI B1.2 | Employee turnover rate by age group and geographical region. | Performance Data Summary |
| 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. | <p>Occupational Health and Safety</p> <p>During the reporting period, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p> <p><i>Applicable Hong Kong laws:</i> Occupational Health and Safety Ordinance; Factories and Industrial Undertakings Ordinance; Employees' Compensation Ordinance; Fire Safety (Buildings) Ordinance</p> |
| KPI B2.1 | No. and rate of work-related fatalities | Performance Data Summary |
| KPI B2.2 | Days lost due to work injury. | Performance Data Summary |
| KPI B2.3 | Description of occupational health and safety measures adopted and how they are implemented and monitored. | Occupational Health and Safety |

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|---|---|--|
| Aspect B3 Development and training | | |
| General disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | Talent Management |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. senior management, middle management) | Total training hours available in Performance Data Summary |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | |
| Aspect B4 Labour standards | | |
| General disclosure | Information on: <ul style="list-style-type: none"> (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. | <p>Our Employees</p> <p>During the reporting period, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p> <p><i>Applicable Hong Kong laws:</i> Employment of Young Persons (Industry) Regulations; Employment of Children Regulations</p> |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | Our Employees |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | |
| Aspect B5 Supply chain management | | |
| General disclosure | Policies on managing environmental and social risks of the supply chain | Supply Chain Management; Sustainable Procurement |
| KPI B5.1 | Number of suppliers by geographical region. | The Group's major suppliers reside mostly in Hong Kong and China. |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored. | Supply Chain Management; Sustainable Procurement |

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--------------------|---|---|
| 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. | <p>Maintaining Quality Services; Enhancing Customer Satisfaction; Safeguarding Confidential Matters</p> <p>During the reporting period, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p> <p><i>Applicable Hong Kong laws:</i> The Trade Descriptions Ordinance Personal Data (Privacy) Ordinance</p> |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons | The Group renders integrated environmental services and does not encounter product recall due to health and safety reasons. |
| KPI B6.2 | Number of products and service related complaints received and how they are dealt with | Enhancing Customer Satisfaction |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | Safeguarding Confidential Matters |
| KPI B6.4 | Description of quality assurance process and recall procedures | Maintaining Quality Services |
| KPI B6.5 | Description of consumer data protection and privacy policies, how they are implemented and monitored. | Safeguarding Confidential Matters |
| Aspect B7 | Anti-corruption | |
| General disclosure | Information on: (c) the policies; and (d) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | <p>Upholding Anti-corruption Practices</p> <p>During the reporting period, the Group was not aware of any non-compliance of applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.</p> <p><i>Applicable Hong Kong laws:</i> Prevention of Bribery Ordinance The Competition Ordinance</p> |
| 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. | Upholding Anti-corruption Practices |
| KPI B7.2 | Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored. | Upholding Anti-corruption Practices |

| KPIs | HKEX ESG Reporting Guide Requirements | Section/Remarks |
|--------------------|--|-------------------------------|
| 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. | Engaging our Community |
| KPI B8.1 | Focus areas of contribution to the community (e.g. education, environmental concerns, labour needs, health, culture, sport). | Engaging our Community |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | Engaging our Community |