

Environmental, Social and Governance Report

The Group is pleased to present this Environmental, Social and Governance (ESG) Report, which provides a comprehensive account of the Group's sustainability related policies, measures and performance from 1 July 2015 to 30 June 2016. We believe that this ESG Report enables us to communicate our sustainability related matters in a transparent and accountable manner, which is key to gaining the trust of our stakeholders.

GOVERNANCE STRUCTURE FOR SUSTAINABILITY

The Group has in place an Integrated Management System (IMS), comprising three international management standards — ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health and Safety Management System) — to govern ESG-related aspects of the Group. A management committee, headed by our Executive Director, was established to oversee the Group's sustainability and the IMS. Our IMS policies are also communicated via the intranet to different operations of the Group, thus allowing each department to develop and tailor-make its own set of guidelines, and creating a sense of ownership and belonging for its staff to achieve compliance with the IMS requirements. Training is also provided to staff members to enable a better understanding of the IMS requirements and their applications.

Our IMS system is regularly audited by both internal and external parties to ensure that compliance is achieved. The results of the audit are reviewed by the Group's senior management that keeps close track of the Group's IMS performance.

With our IMS system in place throughout the Year, there had been no observed incidence of non-compliance with the relevant laws and regulations that have had a significant impact on the Group.

OUR HUMAN CAPITAL

Working Environment

To enable the growth and development of our employees, we strive to build a collaborative and harmonious working environment. We reward our employees with competitive remuneration packages and fringe benefits which commensurate with their experience and job task. Staff members are also informed of requirements on expected professional conduct, and are directed to relevant guidelines in our *Employees Handbook*. We do not tolerate discrimination or harassment in any form, and allow our staff members to realise their full potential at work.

Performance Review and Promotion

We have in place a transparent system for assessing staff performance. Guidelines on our Performance Appraisal system are issued to aid managers in making an accurate assessment of the performance of staff members in an objective manner. The appraisal is based on two-way dialogue, with the possibility of career progression forming part of this review.

Staff Recruitment and Dismissal

Our Human Resources (HR) Department has laid down clear and transparent procedures on talent acquisition and staff termination. The selection of candidates is primarily based on their competence, qualifications, experience and professional license (if any). The HR Department will also engage those deciding to leave the Group, to inquire into the reasons for contract termination and manage any dismissals. Such practice enables the Group to improve on its HR processes and work toward being a more effective enterprise.

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Well-being of Employees

A healthy work-life balance is encouraged among our staff members. We have organised a wide array of staff activities on photography, pottery crafting, baking pastries, sports and outdoor activities, amongst others, to cater to the diverse interests of our employees. To extend our care to the families of staff, employees' children have a chance of winning prizes through our FSE Employee Children Academic Star Award Scheme. We have also launched the Employee Engagement Program in recognising our staff contributions and outstanding performance by giving Hong Kong Disneyland Halloween Time Preview free tickets as rewards.

In November 2015, the Group joined a day trip to Mingle Farm, which is a recreational oasis in the busy city located in Tin Shui Wai. Our staff enjoyed exciting outdoor activities and inflatable games offered by the Farm with their family members. In the afternoon, we enjoyed a barbecue buffet and our spirit was further pushed to new heights by the lucky draw. Some of the employees also participated in the Mahjong Contest, competing for the title of "King of Mahjong" and cash prizes.



Day trip to Mingle Farm and Mahjong Contest 2015

Compliance

During FY2016, the Group had no material incidences of non-compliance with relevant laws and regulations regarding employment and labour practices, including the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and the Employment (Amendment) Ordinance 2014, pursuant to which we have been providing eligible male employees with entitlements to statutory paternity leave.

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Staff Development

We encourage our staff to undertake training and further studies to enhance their job-related skills and knowledge through our Training and Education Subsidy Scheme. This training shall contribute to a more productive and effective workforce that is able to address the challenges that we face as a company.

Cultivating Continued Learning Culture

Changes in social and business environments may require updated skill sets to deal with new market opportunities. The Group has devoted plenty resources in offering staff training and development programmes. We encourage continuous learning via training and further studies to enhance our staff's job-related skills and knowledge through our Training and Education Subsidy Scheme. It does not only increase staff satisfaction and reduce staff turnover but also enhances ability for staff to adapt to change.

Nurturing Young Talent

We have a strong desire to develop our own pool of talents in view of the uniqueness and diversity of our business. We provide graduates with the opportunity to make their way up in their career as qualified professionals. Apart from providing Graduate Scheme 'A' Training, we have been running the Project Management Procedures Training Program for engineer trainees since 2013. Other training, such as seminars, workshops and technical visits are aligned to the specific needs of individuals, covering professional development as well as management and technical skills.



Technical Visit to Yau Ma Tei Police Station for young engineers on 11 December 2015



Safety Management Training for young engineers on 10 July 2015



Leadership Training for management on 22 April 2016

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Occupational Health and Safety

The health and safety of our employees are our utmost concern. We have adopted the OHSAS 18001 (Occupational Health and Safety Management System) as a standard to guide our approach in mitigating occupational health and safety hazards.

Different safety-related initiatives and measures have been rolled out in our operations and are initiated as soon as we commence work. Risk assessments are also conducted to identify risks in special working environments, while detailed safety instructions have been formulated and communicated to workers as part of their safety training sessions.

Safety officers are appointed to coordinate and communicate safety-related matters to workers on site. Complementing these efforts is the use of a mobile messaging app which enables real-time delivery of safety related information to workers on-site. Two-way dialogue is also encouraged and is demonstrated through regular lunch box meetings where workers reflect on safety concerns and issues with their supervisors.

We seek to influence our subcontractors and collaborate with them to heighten their understanding of safety concerns at the workplace. A safety award scheme was set up to award subcontractors who have demonstrated sound performance in the management of health and safety criteria.

During FY2016, no work-related fatalities were recorded, and there were no confirmed material non-compliance incident or grievance in relation to human rights and labour practices.



The pipe duct was fenced off to avoid falling from heights



Safety briefings were held on site

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OUR ENVIRONMENT

Energy and Emissions

As a building services engineering company our operations do not produce a significant amount of direct pollution, however we take steps to closely monitor and manage our environmental footprint. Our ISO 14001 certified environmental management system, a critical part of the IMS, provides us with a systematic approach to identifying environmental concerns arising from our operations. Environmental issues, once identified, are recorded in the "Environmental Aspect Register" where measures are then devised to promptly address these concerns.

To reduce our energy consumption and carbon emissions, we constantly seek ways to optimise design and work methods. At a project level, we incorporate green building principles into the selection of electrical and mechanical equipment for our clients whilst modularisation and pre-fabrication enable us to lower energy consumption, hence reducing carbon emissions. At our offices, we adjusted the indoor temperature to reduce energy consumption.

Waste Management

At project sites, the typical waste produced is scrap or surplus material. At our offices, the Group has set recycling targets for waste paper and reduced paper wastage by using compact discs for information storage. We have been awarded with the "Wastewi\$e Certificate" with Excellence Level by the Hong Kong Green Organisation Certification.



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Environmental Protection

As an environmentally-conscious corporation, the Group supports environmental initiatives organised by external parties. The Group took part in the “Earth Hour 2016” organised by World Wide Fund (WWF) Hong Kong, and encouraged staff members to participate in “No Air Con Night 2015” and “Green Day 2016” organised by Green Sense and The Community Chest of Hong Kong respectively.

We also joined the “Biz-Green Dress Day” for Hong Kong Green Building Week 2015. Our staff members were encouraged to dress in comfortable clothes of a green or earthy colour and take public transportation to work. On that day, we also provided our staff with fresh fruits to promote the idea of a healthy diet.



Our staff at the Pledge Making Ceremony for Hong Kong Green Building Week 2015



Providing our staff with fresh fruits to promote the idea of a healthy diet

The Group has strong commitment to creating a greener society and our environmental management system has been accredited with the ISO 14001 certification. To achieve environmental sustainability, the Group constantly seeks ways to optimise design and work methods. Green messages and practical tips for green living are regularly circulated amongst employees. To raise employees’ awareness of environmental protection, we had organised green activities for our staff throughout the Year such as an Eco-tourism trip and the Green Council’s Coastal Cleanup 2016.

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OUR VALUE CHAIN

Our Suppliers, Subcontractors and Customers

Suppliers and Subcontractors

The Group relies on an extensive network of suppliers and subcontractors to ensure the quality and consistency of our services. The proactive management of our supply chain helps us mitigate and manage related risks that may affect our operations. We continuously engage our subcontractors and raise their awareness on occupational health and safety issues. We also monitor and assess our suppliers and subcontractors by reviewing their services, product quality, safety, financial performance on an annual basis. Substandard suppliers and subcontractors will be suspended or even removed from our approved vendor list.

Product Excellence for Customers

Our unwavering commitment to product and service excellence is enabled by our effective IMS system. This allows all production units and functions to participate in foreseeing and identifying potential risks and defects in the production line.

The IMS also calls for proper investigation of any quality concerns, with the aim of identifying the underlying causes of the deficiency. Mitigation measures are also required to rule out the recurrence of defects.

Anti-corruption

We adhere to high standards of business ethics and integrity, all staff members are required to abide by the requirements of professional conduct specified in the *Employees Handbook*. We have also laid down strict rules on accepting gifts from business partners during festive seasons. Complementing this effort is the implementation of an anti-fraud policy as well as a whistle-blowing policy, which provides a reporting channel for employees and stakeholders such as customers, suppliers, amongst others to report any misconduct or malpractice. During the reporting Year, there had been no confirmed case of corruption.

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OUR COMMUNITY Community Investment

Here at the Group we have a strong and active volunteer team engaged in a broad array of community and charitable activities, focusing on improving the well-being of children and the underprivileged. We are dedicated to becoming a positive force in society through our community efforts in order to bring joy and assistance to our beneficiaries.

Care for Children

The Group cares about the development of our children who are our leaders of tomorrow. During the Year, we organised a visit to the Zero Carbon Building to raise awareness on low carbon practices and habits in creating a better world for our young leaders. Our volunteers also organised a fun-filled game day named "Joyful Summer Vacation for Scout".

Volunteers participated in The Community Chest Flag Day 2015 to raise funds for the Children's Thalassemia Foundation. In Macau, we invited children to join us on a fun-filled visit to see Pandas at Parque de Seak Pai Van.



A fun-filled game day held with children



Panda visit in Macau

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Caring for Those in Need

To raise awareness on the need for social inclusion, our dedicated volunteers paid a visit to the Bradbury Parents Resource Centre of the Hong Kong Down Syndrome Association in September 2015, to celebrate Mid-autumn festival with 30 patients who have Down Syndrome and autism. Games and interactive art sessions were held with the participants. In December 2015, our volunteers also paid a visit to Kwai Shing West Rehabilitation Quarter of Evangelical Lutheran Church Social Service (ELCSS), to celebrate Christmas with more than 30 mentally-handicapped members.



Visit to the Bradbury Parents Resource Centre of the Hong Kong Down Syndrome Association



29 Volunteers visited the Kwai Shing West Quarter of ELCSS

Visit the Elderly

In both Hong Kong and Macau, we engage with senior citizens on a regular basis. Since 2010, the Group has collaborated annually with the Tung Wah Group of hospitals, organising visits to the elderly who live alone and who would have otherwise celebrated the Tuen Ng festival by themselves. For the festival in June 2016, our volunteers enjoyed chatting and sharing happiness with this community, and presented our beneficiaries with "lucky bags", each of which contained rice dumplings, different kinds of healthy food, and a care card.

This visit presented an opportunity for volunteers to connect with the local community and better understand the living conditions and needs of the elderly. This hands-on experience helped us better formulate strategies and plans to direct our volunteering efforts to where it is needed the most.



Over 100 staff and their family members visited elderly who live alone