



豐盛服務集團有限公司 FSE SERVICES GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 331

Environmental, Social and Governance Report 2018-2019



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ABOUT THIS REPORT

About FSE Services Group Limited

FSE Services Group Limited (the “Company”, together with its subsidiaries, the “Group” or “FSE Services”) consists of four divisions – FSE Engineering Group, FSE Environmental Technologies Group, Waihong Services Group and New China Laundry Group. With their professionalism and expertise, together with the extensive synergies created among the companies under FSE Services, the Group is able to build up a strong network and offers a full range of professional services to renowned clients and main contractors who are often engaged in property developments, public infrastructures, education and transportation facilities as well as entertainment and travel industries in Hong Kong, Macau, and Mainland China.

Our Vision

- Better Life, Better Home, Better Quality to You Everyday

Our Mission

- We offer superior service, we create an integrated, convenient and safe living environment.
- **CUSTOMERS:** We provide customized service and maintain long term partnership.
- **STAFF:** We promote work-life balance and create a strong sense of belonging.
- **COMMUNITY:** We maintain sustainable development and contribute to community.

Our Core Value

- Quality
- Teamwork
- Integrity
- Caring
- Passion
- Innovation

Reporting Standard and Scope

The Group prepared this Environmental, Social, and Governance (“ESG”) Report in accordance with the ESG Reporting Guide (“ESG Guide”) issued by Hong Kong Exchanges and Clearing Limited (“HKEx”). It details our performance, policies and strategies in four key areas including human capital, environment, value chain, and community for the period from 1 July 2018 to 30 June 2019 (the “reporting year” or “FY2018/19”), and serves as a transparent channel for the Group to communicate its ESG-related initiatives and efforts to various stakeholders.

This report covers the Group’s E&M engineering services and environmental management services in Hong Kong, Macau, and Mainland China. The reporting scope of FY2018/19 has been expanded to include our two newly acquired major groups of companies under the Facility Services Segment, namely Waihong Services Group (“Waihong”) and New China Laundry Group (“NCL”), to provide a complete account of our ESG performance.

Reporting Scope for FY2018/19

- Corporate Offices
- Warehouse and Workshop Operations
- E&M Engineering Segment
 - Installation Division
 - Maintenance Division
 - Trading and Retail Sales of Building Materials
- Environmental Management Services Segment
- Facility Services Segment
 - Waihong Services Group
 - New China Laundry Group

An ESG Content Index has been included in pages 37 - 39 for easy reference. We also welcome your feedback. Please send your suggestions or comments to johnlee@fseng.com.hk.

Stakeholder Engagement and Materiality Assessment

A structured, three-stage materiality assessment was undertaken to identify important ESG issues to be included in the report. A stakeholder engagement exercise and materiality assessment were conducted by an independent consultant appointed by the Group.

Stage 1: Identification

To determine the current level of disclosure in the industry, a peer benchmarking exercise was conducted to review the ESG disclosure of local and international peers. Internal stakeholders were invited to complete an online survey to rank the importance of each ESG topic.

Stage 2: Prioritisation

The results of the peer benchmarking, the stakeholder engagement workshop conducted during the period from 1 July 2017 to 30 June 2018 (“FY2017/18”) and the latest online survey were combined and analysed. A prioritised list of potential material ESG issues was consolidated for further validation.

Stage 3: Validation

The consolidated list was considered by the senior management of the Group to finalise a list of material ESG issues and the relevant HKEx Aspects and Key Performance Indicators (“KPIs”) for disclosure in this report.

GOVERNANCE STRUCTURE FOR SUSTAINABILITY

Our Management Approach

Under the leadership of an Executive Director, the Group's management committee oversees the implementation of the Group's Integrated Management System ("IMS") and sustainability policies. The IMS comprises three international management system standards – ISO 9001 Quality Management System, ISO 14001 Environmental Management System and OHSAS 18001 Occupational Health and Safety Management System. This integrated system allows us to monitor and manage ESG-related risks in an organised manner. In order to establish our IMS across operations in the Group, all departments are required to develop their own set of guidelines and are held responsible for compliance. The system is regularly audited by both internal and external parties and the results are studied by the Group's senior management to monitor performance and compliance. The effectiveness of the system is reported to the Company's board of directors on a regular basis. For more information on our corporate governance and risk management, please refer to the Group's Annual Report FY2018/19.

Our Committees

To strengthen enterprise-wide operational management and support our long-term development, the Group has established the following committees:

Committee	Purpose
BIM Buildability Technologies Committee	<ul style="list-style-type: none">To provide training and workshops on Building Information Modeling ("BIM")To drive innovation and application of new technology
Business Development Committee	<ul style="list-style-type: none">To enhance business competitivenessTo explore new areas of development
CSR Committee	<ul style="list-style-type: none">To encourage employee participation in social servicesTo practice corporate citizenship and strengthen teamwork among employees
Green & Safety Committee	<ul style="list-style-type: none">To establish a green enterprise culture and policyTo strengthen environmental awarenessTo conduct regular safety workshops for employees and develop appropriate safety policies

Committee	Purpose
IT, Technical & Training Committee	<ul style="list-style-type: none"> To introduce innovative technologies in the industry and continuously improve business quality To provide training to retain and nurture talents
Investor Relations Committee	<ul style="list-style-type: none"> To develop strategies for involvement and cultivation of investors
Labour Relations Committee	<ul style="list-style-type: none"> To enable better communication with labour unions on labour-related issues
Publication Committee	<ul style="list-style-type: none"> To promote company brand development and enhance corporate communications
Sports & Recreation Committee	<ul style="list-style-type: none"> To promote a healthy and balanced lifestyle for employees and strengthen their sense of belonging
Trade Association & Institution Committee	<ul style="list-style-type: none"> To gather feedback from contractors and other business partners on government policies and drafted legislation
Youth Committee	<ul style="list-style-type: none"> To gather innovative ideas from early-career employees within the Group
Caring Ambassador	<ul style="list-style-type: none"> To build a culture of care To care for our employees and all stakeholders contributing to our operations

OUR HUMAN CAPITAL

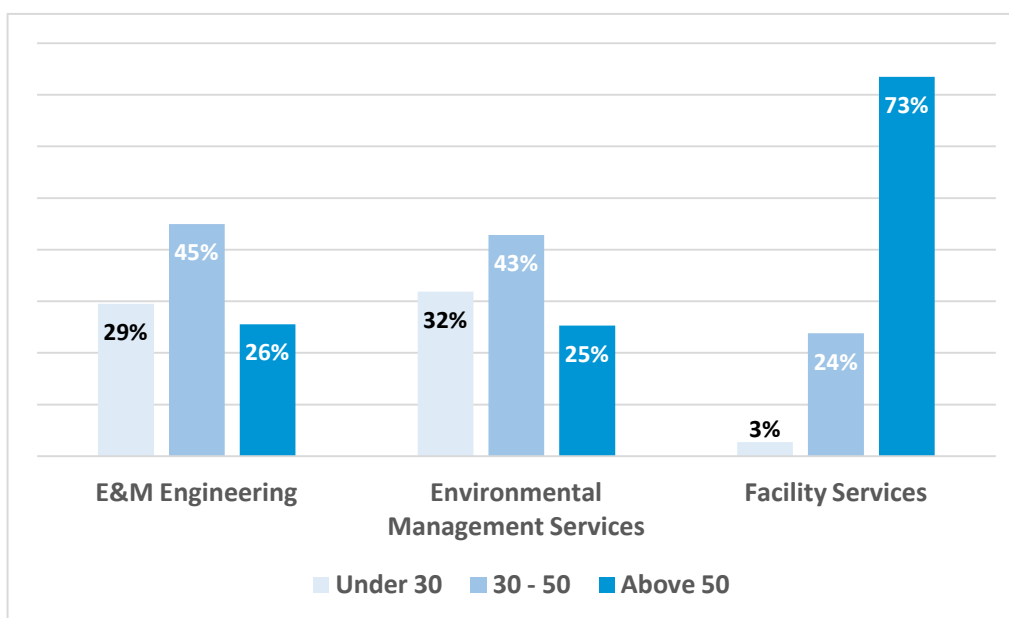
Employees are the cornerstone of our business and the Group is fully committed to creating an inclusive, respectful and collaborative work environment. This includes embracing diversity regardless of nationality, race, religion, gender, age or family status; promoting development and learning; encouraging engagement and involvement and maintaining high safety and health standards.

A Competent and Diverse Workforce

Committed to creating benefits and value for individual staff as well as for the Group, we have established a set of well-defined and transparent policies and procedures on talent acquisition and employee dismissal, which allow the Group to manage its human resources in a more efficient way. As part of the principle of equal opportunity, our recruitment decisions are based on the candidate's knowledge, area of competence,

qualifications, and experience. Our recruiting procedures comply with the applicable laws and regulations related to labour standards in all locations where we operate.

Percentage of employees by age group and business segment^a



Our employees are rewarded with competitive remuneration packages and fringe benefits which are commensurate with their experiences and responsibilities. Our *Employee Handbook* stipulates the Group’s policies and procedures, including benefits, compensation and professional behavioural expectations. We have established a fair and open performance appraisal system to monitor and evaluate employee performance annually. Guidelines are set out for performance appraisals to steer managers to make evidence-based objective decisions. The appraisals also serve as a two-way communication platform between employees and management to gather feedback and discuss their career goals.

We respect data privacy of every staff member. Governed by the Group’s Privacy Policy, all personal data collected from our current and former employees, including records of personal and family particulars, salary and allowances, and promotion assessment, are handled by designated personnel in strict confidence.

^a Includes both full-time and part-time employees in Hong Kong, Macau and the People’s Republic of China (“PRC”).

To ensure compliance with all applicable legal and regulatory requirements^b, the management reviews our employment policies and guidelines on a regular basis. Additionally, our employment practices and expectations are provided to new recruits during an orientation session and briefings, while existing staff are reminded of the Group's expectations and requirements with relevant refresher workshops. During the reporting period, there were no cases of non-compliance with the laws and legislation relating to employment, labour practices and the prevention of child and forced labour in all locations where we operate.

A Positive Workplace

We believe that the well-being of all employees is essential to creating a positive workplace. The Group abides by the statutory requirements to ensure reasonable working hours and rest days are arranged for our staff. We have organised a range of staff engagement activities such as cuttlefish fishing night, Christmas party, orientation party for young engineers and technical staff, 7-a-side football matches, an annual mahjong competition, hiking, a barbecue night, birthday parties, afternoon tea gathering, and a variety of interest classes in order to accommodate the diverse interests of our employees. Apart from engagement activities with our staff such as presenting Long Service Recognition and Outstanding Employees Award, we have also extended our care to family members of our employees. For instance, our FSE Children Academic Star Award provides an opportunity for the children of our employees to receive awards for their academic excellence.

We provide a range of communication channels to gather employee feedback, including regular lunch box meetings, newsletters, seminars and committee meetings. We seek to create more open communication channels between employees and management to ensure their voices are heard, initiate new staff development programmes and caring events and further develop our health and safety measures.

^b The laws and regulations that are the most relevant to the Group include, but not limited to, the Employment Ordinance (Cap. 57), the Labour Law of the PRC, the Provisions on Prohibition of Child Labour of the PRC, and the Labour Relations Law in Macau.



Leather Working Interest Class

Waihong organised two leather working classes for their staff members to customise their own leather card holders and passport holders under the guidance of experienced instructors.



2018 Orientation Party for New Young Staff

FSEE Youth Committee organised an Orientation Party for 83 young staff who joined the company in 2018. It allowed them to communicate with each other and foster teamwork through enjoyable friendly competition.



Christmas Party

The Group organised a Christmas Party for our employees on 20 December 2018 at head office. A total of 435 staff attended and had a wonderful memorable Christmas Party by enjoying the food, games, lucky draw and photo-shooting with Santa.



Cuttlefish Fishing Night

On 14 June 2018 Friday night, FSEE organised a Cuttlefish Fishing Night for their employees as well as their family members. After an onboard buffet, they enjoyed cuttlefish fishing and had a good harvest on that night.



BBQ Night 2019

On 26 April 2019, Waihong organised a barbecue night for their employees as well as their family members. A total of 150 participants joined us for a fun and relaxing night.



Hiking in Wu Tip Shan

The Group actively promote the well-being of our staff members. At NCL, a hiking activity was organised, as staff walked along the Wu Tip Shan trail to appreciate the beauty of nature.



Managerial Retreat 2018

To strengthen communication among managerial staff, Waihong held a two-day trip to Macau. This served as an additional platform to further improve staff engagement and involvement outside of an office setting.

Training and Development

FSE Services encourages and organises job-specific training and development opportunities in order to further improve employees' work performance and enhance their career development within the Group.

In a constantly changing business and social environment, it is important to equip our staff with up-to-date knowledge and skill set to remain competitive in the market. To suit the diverse needs of our operations, we arrange tailor-made training sessions on a variety of topics such as technical workshops, customer service excellence, stress management and application of emotional quotient ("EQ") and adversity quotient ("AQ") at work, communication skills and occupational health and safety. Our established Training and Education Subsidy Scheme allows the Group to cultivate a continuous learning culture and effectively explores the potential of our employees which helps fostering staff growth and development.

We are also dedicated to nurturing young talents. To develop our young talents into well-rounded leaders of the future, eight young staff have been selected to join the 2-year YoungSTAR program in January 2019. In addition to the Graduate Scheme 'A' Training approved by The Hong Kong Institution of Engineers, Project Management Procedures Training Programme, a mentorship programme and the Big Brother and Sister Program for junior engineers have also been established since April 2018.

TOTAL TRAINING HOURS^c

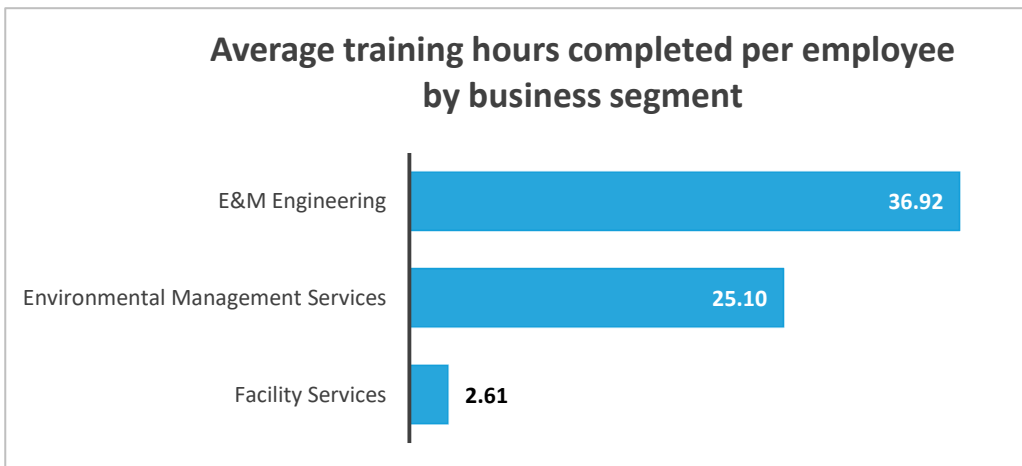
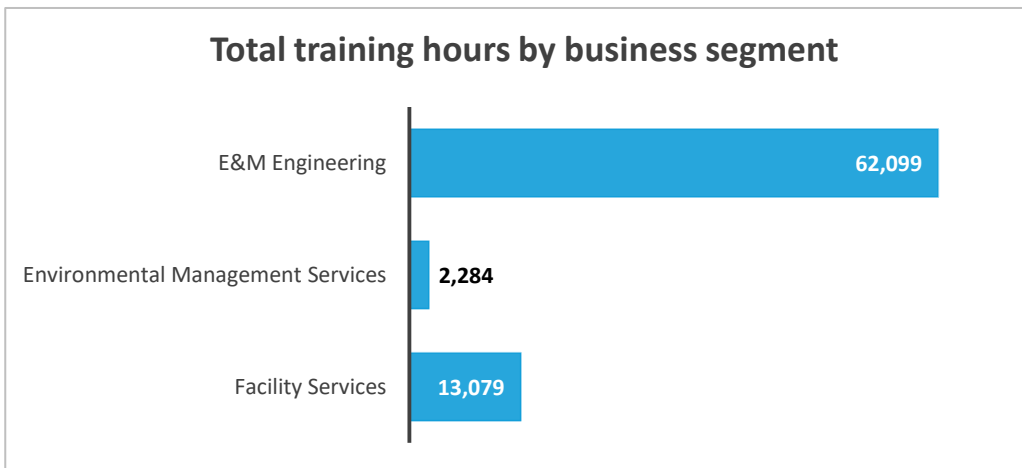
77,462

Hours

AVERAGE TRAINING
HOURS^d

11

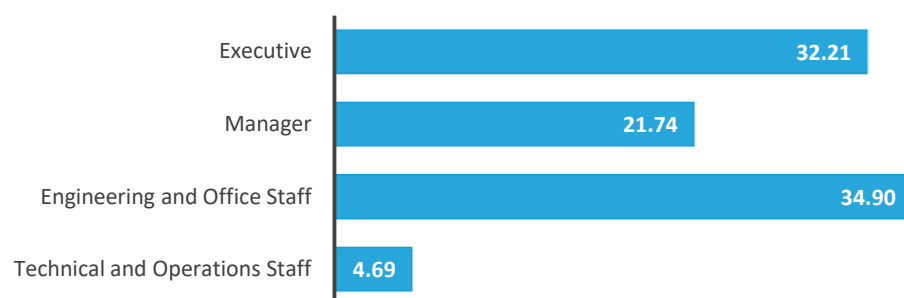
Hours/Employee



^c Received by all employees in Hong Kong, Macau and PRC.

^d Equals to total training hours divided by total number of employees in Hong Kong, Macau and PRC.

Average training hours completed per employee by employee category



Percentage of employees trained by employee category



Annual Supervisory Workshop and Experiential Training

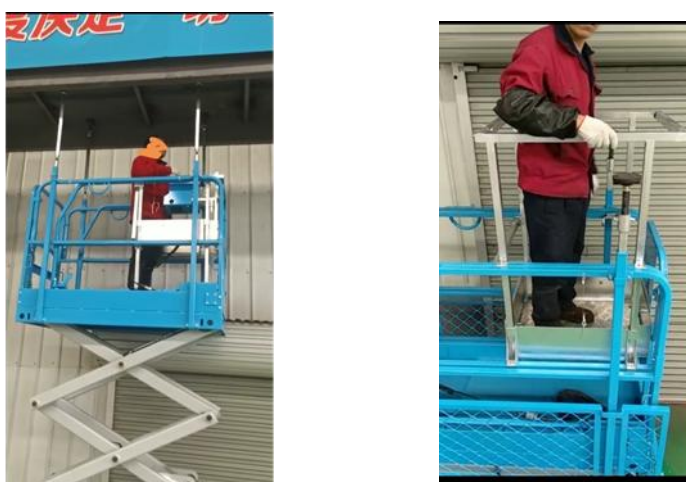
At Waihong, we continue to invest in nurturing our talent through two core training programmes called Annual Supervisory Workshop and Experiential Training 2018. This year, to enhance staff safety awareness at the workplace, we invited a guest speaker from Asia Insurance to conduct sharing sessions for our frontline managerial and supervisory staff. By providing this workshop, staff can equip necessary skills and knowledge associated with workplace safety, and more importantly, cultivate a strong safety culture internally.

To further enhance the cohesiveness between our frontline staff and supporting staff at headquarters, we worked with experienced trainers from YWCA to organise our Experiential Training 2018. The activity-based programmes enable better communication with one another and solve problems in a collaborative manner.

Occupational Health and Safety

Caring, which is one of our six core corporate values, is the Group's top priority for building a safe, inclusive and caring workplace. We have implemented the OHSAS 18001 Occupational Health and Safety Management System to mitigate and control occupational health and safety hazards in our operations. In Mainland China, we adopt the GB/T28001-2011/OHSAS 18001:2007 Occupational Health and Safety Management System and the Safety Management Handbook, which effectively manage occupational health and safety hazards in our operations at all times.

Our safety-related proactive and preventive measures are in place to eliminate and reduce occupational risks for our employees. To effectively manage and mitigate such health and safety risks, we carefully examine and analyse each potential hazard and actively engage with relevant stakeholders to develop and implement appropriate health and safety measures. Following the Group's success of inventing light-duty detachable gas cylinder carts to avoid welding injuries and overhead drilling system to prevent falls from height when engaging in ceiling drilling, we concentrate our efforts to reduce risks associated with working at height this year. We enhance the safety performance of our scissor working platforms by adding innovative features, which in turn allows the workers to perform work safely.



The prototypes of the "innovative scissor platform"

At Waihong, a risk reporting system is in place to monitor high-risk activities at the workplace. Information is collected by personnel in charge of the site, and consolidated at the designated department. The department will then implement relevant plans for onsite inspections and monitoring. In addition, we commission Registered Safety Officers ("RSOs") to perform regular safety inspections to identify potentially hazardous risks and

recommend relevant control measures. The RSOs also conduct accident investigations, emergency preparedness and risk assessments in order to mitigate and manage any potential occupational health and safety hazards.

Subcontractors' health and safety is also our top priority as the subcontractors work closely with our employees on site. We provide on-the-spot training to ensure work-related hazards and preventive measures are clearly communicated. To further enhance safety knowledge and awareness, our safety award scheme acknowledges subcontractors and workers with good performance in health and safety management.

With the enhanced safety awareness of our staff and the safety measures that we have implemented, there were no work-related fatalities during the reporting year. Meanwhile, FSEE's average accident rate is 9.38 per 1,000 workers during the reporting year, lower than the published industrial average accident rate of 31.7 per 1,000 workers in 2018. We were further encouraged at Majestic Engineering Co. Ltd as we were presented with three safety awards jointly organised by the Labour Department and the Occupational Safety and Health Council, namely Gold Award in the Construction Site – Sub-contractor category, the Construction Site - Outstanding Performance in Work-at-height Safety Award and the Certificate of Good Performance in the Construction Industry Safety Award Scheme 2018/ 2019.

During the reporting period, a total of 2 non-compliance cases were recorded regarding industrial safety^e at Waihong relating to the provision of a safe working environment and the protection of employees from occupational hazards.

Anti-Corruption

We are committed to maintaining high ethical standards and integrity in our business operations. The Group's *Employee Handbook* details the requirements of professional conduct where all staff are required to comply. We have adopted strict rules on accepting gifts from business partners. An internal notice is also distributed to our staff as a reminder of the rules during festive seasons. Moreover, our Anti-Fraud Policy and Whistleblowing Policy provide a dedicated confidential reporting channel for employees and external stakeholders such as customers and suppliers to raise their concerns regarding unethical behaviour, and report malpractice and misconduct. This procedure

^e The laws and regulations that are the most relevant to the Group include, but not limited to, the Occupational Safety and Health Ordinance (Cap. 509); the Factories and Industrial Undertakings Ordinance (Cap. 59); and Law of the PRC on the Prevention and Treatment of Occupational Diseases.

enables employees and management to collaborate to resolve any issues and avoid further misconduct. During the reporting period, the Group complied fully with laws and regulations^f relating to bribery, extortion, fraud and money laundering.

OUR ENVIRONMENT

Since the Group's core business involves a wide range of engineering services, indirect environmental impacts may arise from installation, commissioning and maintenance works. While there are no major environmental impacts associated with the nature of our business, it is our responsibility to contribute to a greener future in principle. We aim to enhance energy efficiency, reduce emissions, conserve resources, manage waste and promote environmental awareness to optimise the benefits of environmental protection.

To monitor and manage our environmental performance, we have established an ISO 14001 Environmental Management System. This systematic approach allows us to effectively identify and mitigate the environmental issues associated with our operations through a continuous improvement cycle. Our Environmental Aspect Register records identified environmental issues in order to take appropriate mitigation measures in a timely manner and keep track of improvements over time.

Energy Consumption and Emissions

The Group aims to reduce energy consumption and greenhouse gas emissions in our business operations. As electricity usage in the city mostly comes from buildings, we actively integrate green building principles in our services, and offer our clients with cost-effective and energy-efficient electrical and mechanical solutions.

We also strive to reduce energy consumption in our daily operations. To conserve energy from the lighting and air conditioning systems, we have adopted the following measures:

- Installation of occupancy sensors to control lighting and outdoor air intake;
- Installation of UV protection window film to help maintain the indoor temperature; and
- Switching off lighting and air conditioning systems after working hours at the offices.

^f The laws and regulations that are the most relevant to the Group include, but not limited to, the Prevention of Bribery Ordinance (Cap. 201).

GHG INTENSITY^g

2.66

Tonnes of CO₂e/Full-time Employee

ENERGY INTENSITY^h

9.74

'000 kWh/Full-time Employee

FSES is a signatory of the “Energy Saving Charter” and the “4Ts Charter” launched by the Hong Kong Government’s Environmental Protection Department (“EPD”). We believe that it is crucial to promote internal environmental awareness to achieve an overall reduction of our carbon footprint. We share energy saving tips with our employees through quarterly newsletters and emails to encourage behavioural change. Our active participation in external initiatives such as “No Air Con Night” and “Earth Hour” also reflects our staunch commitment and enhances energy conservation awareness among employees.

Integrating Efficient Energy Management into Business Operations

NCL has made a commitment to energy reduction by implementing the ISO 50001 Energy Management System. To further develop our energy efficiency practices, we have adopted a policy to guide our energy use, along with a relevant reduction target. To achieve this target, NCL has installed new flatwork ironers and fresh air dryer filters to further enhance energy efficiency during business operations. Compared with the baseline level in 2015, the total energy usage for drying and ironing operations has been reduced by 1.1% in 2018.



^g Equals to total GHG emissions (Scope 1 and 2) generated by fuel consumption in fleet and electricity consumption divided by total number of full-time employees in Hong Kong, Macau and PRC.

^h Equals to total energy consumption divided by total number of full-time employees in Hong Kong, Macau and PRC.

Waste Management

Chemical Waste

In our daily engineering service operations, chemical waste such as lube oil may be generated, which requires specified treatment before disposal. We fully comply with the Waste Disposal Ordinance (Cap. 54) in Hong Kong by following strict procedures to ensure the proper and safe handling of chemical waste. As part of the EPD's requirement, we are registered as a Chemical Waste Producer, and only engage licensed waste collectors to collect and properly dispose of chemical waste. Additionally, Waihong purchases environmentally friendly chemical products to enhance their environmental performance in their sanitation and hygienic cleaning services.

Steel Scrap

A solid waste reduction programme was launched at our Fanling workshop to reduce the disposal of scrap pipe sections generated during steel pipe pre-fabrication processes. While we strive to achieve optimal resource utilisation, some pipe sections may not be reused after being cut into smaller pieces. Through our solid waste reduction programme, we recycle all unused pipe sections which helps conserve natural resources. We will continue to explore new technologies to maximise opportunities to reuse materials at our operations.

Paper Waste

With our newly-introduced Green Office Guidelines ("Guidelines"), we continue with our well-established policies to reduce paper waste. To encourage the reuse of paper which has only been printed on one side, scrap paper boxes are placed next to printers for employees. Paper recycling bins are also deployed at various locations. To further prevent reusable paper materials from being disposed of in landfills, we have extended our waste reduction policies to our site offices and workshops. We also purchase printing paper with green labels, and are coordinating with our main contractors to arrange monthly collection of waste paper by qualified collectors for recycling.

During the year, there was no significant non-compliance with relevant laws and regulationsⁱ relating to air and greenhouse gas emissions, discharges into water and land, and the generation of hazardous and non-hazardous waste.

ⁱ The laws and regulations that are the most relevant to the Group include, but not limited to, Air Pollution Control Ordinance (Cap.311); Noise Control Ordinance (Cap. 400); and Waste Disposal Ordinance (Cap. 354).

Building a Culture of Sustainability

We believe fostering behavioural change within the Group is key to driving sustainable growth. To nurture an environmentally friendly culture within the Group, the Green Office Guidelines were officially launched in November 2016. The Guidelines focus on paper use reduction, energy conservation and materials recycling at our offices, sites, workshops and plant rooms. Announcements have been made to all employees to introduce the new green initiatives.

Instilling a Green Office Culture

To enhance our internal environmental awareness over time, we continue to organise a series of green activities for our employees every year. We participated in Biz-Green Dress Day organised by the Construction Industry Council and the Hong Kong Green Building Council on 20 September 2018. This event targeted at reducing air-conditioning use in offices, as our employees followed the Biz-Green Dress Code by dressing light yet professional on that day.



Biz-Green Dress Day

Green activities are regularly organised to further promote environmental stewardship among our employees. In October 2018, we held an exhibition booth in the Eco Expo Asia 2018 event to present our environmental solutions. Our Green and Safety Committee organised an eco-tour for our staff to visit the Jockey Club Museum of Climate Change to enhance employees' understanding of sustainable development and green living.

Incorporating Environmentally Friendly Design in Our Business Operations

We recognise fresh water as a valuable and limited natural resource, therefore we are dedicated to implementing water-efficient measures in our operations. To enhance the water consumption efficiency in our laundry services, NCL adopts the built-in waste water recycling system in the continuous batch washer to recover waste water during the washing process. As a result, our fresh water consumption is reduced by approximately 49,000m³ per annum, equivalent to a decrease of 30% as compared with last year.

Encouraging Self-initiated Environmental Projects

FSES encourages junior engineers to submit proposals for self-initiated environmental projects. The Group will review the submitted proposals and evaluate their effectiveness in enhancing operational efficiency and environmental performance. For example, we have adopted renewable energy systems and energy efficient devices proposed by our junior engineers in several projects. Through this on-going programme, we hope to spark innovation and promote a collaborative atmosphere that enables our junior engineers to turn their ideas into reality.

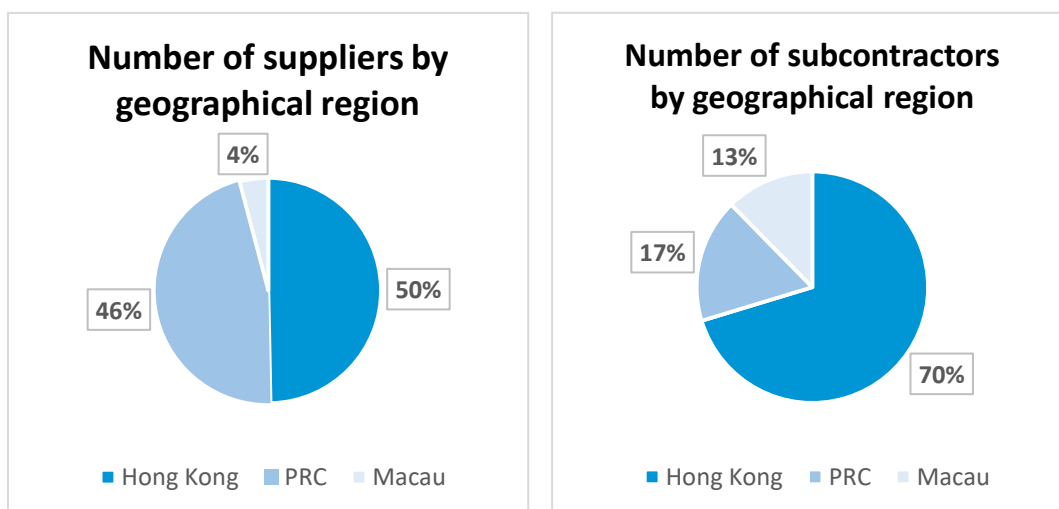
Research and Development Projects

Over the years, FSES has strengthened its commitment in research and development to enhance our existing services and protect the environment. Through collaboration with The Nano and Advanced Materials Institute Limited (“NAMI”), FSES has participated in two R&D projects involving water treatment and solid waste treatment. Currently, we are running a pilot water treatment project whilst the solid waste treatment project is in the development phase. We will continue to explore new technologies for a greener future.

OUR VALUE CHAIN

Supply Chain Management

Being one of the market leaders in our respective industries, we recognise the opportunity to extend sustainability considerations across its supply chain. In pursuit of long-term performance improvement, thereby effectively managing and mitigating supply chain risks, we actively incorporate responsible corporate practices into our supply chain management.



With an extensive network of suppliers and subcontractors, we select partners who share our sustainability vision. Our Procurement and Subletting Manual stipulates that potential suppliers and subcontractors are required to submit an application form and attend an interview, which will be assessed based on aspects such as project experience, reputation, safety and financial performance. If the criteria are met, the suppliers and subcontractors will be admitted to an approved list on a probationary basis. Until the completion of their first project, we will closely monitor newly admitted suppliers and subcontractors for 12 to 24 months before admitting them to the permanent approved list.

With a comprehensive system in place, we regularly assess the performance of existing suppliers and subcontractors. For example, in our operations in Mainland China, suppliers and subcontractors are reviewed on a semi-annual basis and quarterly basis respectively, to ensure the quality and consistency of our services. Substandard suppliers and subcontractors will be suspended or even removed from our approved list in case of serious non-compliance.

Applying Green Product Philosophy into Our Product Selection

At our cleaning services, we are always exploring opportunities to enhance our environmental performance of our consumable materials. We order super-concentrated cleaning detergent instead of the traditional cleaning detergent to reduce plastic packaging. We have also achieved a 90% recycling rate for used bleach containers as a commitment in plastic waste recycling. With our green procurement principles in mind, suppliers' environmental performance is one of the key considerations within our supplier selection process.

Responsible Services

The provision of efficient, professional and quality E&M engineering services is crucial to maintaining a high customer satisfaction rate. Apart from our long-standing IMS, guidelines have been established by each department to ensure a clear accountability within the organisation. In addition, FSES has adopted the international standard ISO 9001 Quality Management Systems to further demonstrate our commitment to quality standards. Regular audits are conducted to identify potential risks and defects in the production line and a standard audit system has been established for all our projects. In case of substantial quality and safety concerns, we will conduct in-depth investigations to identify the causes and execute appropriate measures to prevent recurrence of the incidents.

We are always looking for opportunities to enhance customer experience. Therefore, we conducted quarterly customer satisfaction surveys to collect customer feedback on our projects in Hong Kong and Macau. In FY2018/19, we received an overall rating of 7.6/10 from our clients, consultants, contractors and other business partners. We will continue to work with our stakeholders and strive for continuous improvement.

The Group is committed to safeguarding customer data and privacy. Our *Employee Handbook* stipulates clauses concerning the use and storage of customer data. Only authorised personnel have access to customer data and all personal data must be handled in an indiscriminate and appropriate manner.

It is our responsibility to ensure that the products and services we provide do not involve any act of copyright infringement. All employees are required to follow the Company Policy on Matters relating to the Intellectual Property (Miscellaneous Amendments) Ordinance when carrying out their business duties, including the installation of computer software and the use of other copyrighted works.

During the reporting year, we strictly complied with laws and regulations related to customer health and safety, advertising, labelling, intellectual property rights and privacy matters in all locations where we operate.

OUR COMMUNITY

With a deep-rooted spirit of giving back to the society, the group is dedicated to serving the environment and the needy, especially children, the elderly and other disadvantaged groups. During the reporting year, we went beyond Hong Kong and initiated various charitable activities in Macau and Mainland China. Contributing 2,280 volunteer hours, our enthusiastic colleagues served over 761 beneficiaries, creating positive impacts in our shared community.

Caring for the Environment

As an environmentally responsible company, we actively participate in an array of green living and energy-saving events to demonstrate our commitment and raise the environmental awareness of our employees. In collaboration with WWF-Hong Kong, we continued to participate in “Earth Hour 2019” in response to the global challenge of climate change. In October 2018, we supported “No Air Con Night 2018” organised by Green Sense and switched off the air conditioners at our offices from 7 pm to 7 am. We

also supported “Biz-Green Dress Day 2018” organised by the Hong Kong Green Building Council, where employees were encouraged to dress light to reduce energy consumption from air conditioning.

Over the festive season, we teamed up with Greeners Action during their “Lai See Packets Recycling and Reuse Programme 2019” to encourage our staff to recycle their lai see packets to help minimise waste generation and start a more environmentally-friendly festive tradition. To reduce food waste produced during festive periods, we participated in various food recycling programmes to promote a sharing and low-waste culture. During the Mid-Autumn Festival this year, we participated in Food Grace’s event “Food Charter Movement 2018” and donated surplus mooncakes for distribution to underprivileged people in the local community. We also joined the “Chinese New Year Food Drive” organised by St. James Settlement over the Chinese New Year to share the joy of the holidays with less-fortunate families and elderly. Food and gift packs were collected from our staff and donated to St. James Settlement for distribution.



Food Charter Movement 2018 and Chinese New Year Food Drive

Caring for the Elderly

To show appreciation for the contributions to our senior citizens made to the development of our community, we take part in various elderly services to express our respect and gratitude. For the tenth year, we have cooperated with the Tung Wah Group of Hospitals to show our love and care to the elderly. Our collaboration this year took us to the Stephen Yow Mok Shing Neighbourhood Elderly Centre to enjoy a day of togetherness and festivities. We also partnered with Hong Kong Christian Service to launch the monthly “Clean for Elderly House Campaign” in June 2018. A volunteer from our headquarters joins a team of three professional cleaners to visit senior citizens. While the professional cleaning crew helps tidying the senior’s house, our volunteer has warm and joyous conversations with the elderly resident. Spreading our care across the border, we continued our collaboration with the Macao Federation of Trade Unions to provide home support services to senior citizens.

Caring for Underprivileged Children

Child welfare is one of the focus areas of our community services. Working closely with the Hans Andersen Club, we organised different activities for children from grass-roots families. We also partnered with the Hong Kong Young Women's Christian Association during the summer break in support of children through the "Joyful Summer School – Movie Day" event. We were delighted to be able to provide these children with an unforgettable day filled with games and a movie. In November 2018, our PRC volunteers arranged a visit to an orphanage in Beijing where the children created artworks with our volunteers and received learning kits and household goods.



A Joyful Day in Children's Summer Holiday

Caring for the Disadvantaged

To promote social inclusion, we work closely with different organisations and shared seasonal cheer with the disadvantaged throughout the year. In our continued collaboration with the Hong Kong Down Syndrome Association, we prepared interactive games and art sessions for individuals with Down syndrome and autism during the Mid-Autumn Festival. We also continued our cooperation with the Evangelical Lutheran Church Social Service – Hong Kong ("ELCSS-HK") to provide support by joining 2018 International Rehabilitation Day and Ocean Park Fun Day for those in need.



2018 International Rehabilitation Day and Ocean Park Fun Day

On 8 December 2018, we supported ELCSS-HK to organise the “Be A Superstar 2018” event for disadvantaged groups. Over 40 volunteers participated in this event and helped disadvantaged individuals fulfill their goals and dreams of performing on stage.



Be a Superstar 2018

AWARDS AND MEMBERSHIPS IN FY2018/19

Awards and Recognitions

Issuer	Award	Company
Bordon Construction Company Limited	1st Certificate of Honour for A&A - Best Performance in the First Assessment of Occupational Safety Management	MEC
Construction Industry Council & Construction Industry Sports & Volunteering Programme	Construction Industry Volunteer Award - Merit Award for Participation	FSEE
Department of Health and Occupational Safety and Health Council	Joyful @ Healthy Workplace Best Practices Award (Enterprise / Organisation) - Merit Award	FSEE
Employees Retraining Board	ERB Manpower Developer Award Scheme - Receiving the honour of "Manpower Developer 1st" (2010-2020)	FSEE
Employees Retraining Board	ERB Manpower Developer Award Scheme	WH
Environmental Bureau	Friends of EcoPark 2018 - Certificate of Appreciation	FSES/NCL/WH
Environmental Campaign Committee	Hong Kong Green Organisation Certification - Wastewi\$e Certificate "Excellence Level"	FSEE/WH
Environmental Campaign Committee	Hong Kong Green Organisation Certification	NCL
Environmental Protection Department	Appreciation of Certification of Supporting Food Waste Collection	WH
Food Grace	The Green Mid-Autumn Festival 2018 Campaign - Eat Wise Charter	FSEE/WH
Home Affairs Bureau and Family Council	2017/2018 Family-Friendly Employers Award Scheme – Special Mention 2017/18 (Gold)	FSEE/MEC/ YEC/FE/EPS/ JET/WH

Issuer	Award	Company
Home Affairs Bureau and Family Council	2017/2018 Family-Friendly Employers Award Scheme – Family-Friendly Employers 2017/18	FSEE/MEC/YEC/FE/EPS/JET/ELS/WH/NCL
Home Affairs Bureau and Family Council	2017/2018 Family-Friendly Employers Award Scheme – Meritorious Family-Friendly Employers 2017/18	FSES/EXT
Home Affairs Bureau and Family Council	2017/2018 Family-Friendly Employers Award Scheme – Special Mention 2017/18	FSES/EXT/ELS
Home Affairs Bureau and Family Council	2017/2018 Family-Friendly Employers Award Scheme – Awards for Breastfeeding Support 2017/18	FSES/FSEE/MEC/YEC/FE/EXT/WH
Hong Kong Brand Development Council	Hong Kong Top Brand Mark (Top Mark)	WH
Hong Kong Internet Registration Corporation Limited	Web Accessibility Recognition Scheme 2018/19 – Gold Award	FSES/FSEE/FSEET
Hong Kong Professional Building Inspection Academy	2019 Building Inspectors Academy Awards - Quality subcontractors (Sanitary appliances / For drains and water supply) - Artisan House	MPL
Hong Kong Professional Building Inspection Academy	2019 Building Inspectors Academy Awards - Quality subcontractors (Sanitary appliances / For drains and water supply) - The Parkville)	MPL
Hong Kong Productivity Council and Committee on the Promotion of Civic Education	The 9th Hong Kong Outstanding Corporate Citizenship Awards for Enterprise Category	WH/NCL
Hong Kong Productivity Council and Committee on the Promotion of Civic Education	The 9th Hong Kong Outstanding Corporate Citizenship Awards for Enterprise Category & Volunteer Category	FSEE/FSES

Issuer	Award	Company
Hong Kong Q-Mark Council Federation of Hong Kong Industries	Hong Kong Green Mark Certificate Scheme	WH
Hong Kong Q-Mark Council Federation of Hong Kong Industries	Hong Kong Q-Mark Service Scheme	WH
Hospital Authority	Hospital Authority New Year Run 2019 - Donation Bronze Award	FSES
Labour Department	Good Employer Charter 2018	FSES/FSEE/ YEC/FE/EXT/ ELS/EPS/JET/ TEC/WH/NCL
Labour Department, the Occupational Safety and Health Council, Hong Kong Housing Authority, Hong Kong Housing Society and various organisations from the construction industry and the public and private institutions	Construction Industry Safety Award Scheme 2018/2019 - Certificate of Good Performance (Construction of Public Rental Housing Development at Fanling Area 49)	MEC
Labour Department, the Occupational Safety and Health Council, Hong Kong Housing Authority, Hong Kong Housing Society and various organisations from the construction industry and the public and private institutions	Construction Industry Safety Award Scheme 2018/2019 - Gold Award of Construction Sites - Sub-Contractor category (Construction of Public Rental Housing Development at Fanling Area 49)	MEC
Labour Department, the Occupational Safety and Health Council, Hong Kong Housing Authority, Hong Kong Housing Society and various organisations from the construction industry and the public and private institutions	Construction Industry Safety Award Scheme 2018/2019 - Outstanding Performance in Work-at-height Safety Award - Sub-Contractor category (Construction of Public Rental Housing Development at Fanling Area 49)	MEC
Labour and Welfare Bureau and Community Investment and Inclusion Fund	Social Capital Builder Logo Award	WH

Issuer	Award	Company
Macao Chamber of Commerce	Caridade Social 2017-18	FEM/MEM/ YEM
Mandatory Provident Fund Schemes Authority	E-Contribution Award & Support for MPF Management Award	WH
Mandatory Provident Fund Schemes Authority	Good MPF Employer 2017/18	FSES/FSEE/ YEC/MEC/FE/ EXT/ELS/EPS/ JET/TEC/WH/ NCL
Promoting Happiness Index Foundation	Happy Company Award 2019 5years+	FSEE/FSEET/ WH
Promoting Happiness Index Foundation	Happy Company Award 2019	FSES
SFK Construction Holdings Limited	Sun Fook Kong Safety and Environmental Awards Scheme 2018: Zero Accident Award Certificate (Apr 2018 – Sep 2018)	MEC
Social Welfare Department	Bronze award for volunteer service (Organisation)	FSEE
Social Welfare Department	Gold award for volunteer service (Organisation)	FSES
Technological and Higher Education Institute of Hong Kong	Career Fair 2019 - Certificate of Appreciation	FSEE
The Federation of Hong Kong Industries	FHKI CSR Recognition Scheme: Industry Cares Caring Certificate	NCL
The Federation of Hong Kong Industries and Bank of China (Hong Kong)	BOCHK Corporate Environmental Leadership Awards	NCL
The Hong Kong Council of Social Service	10 Years PLUS Caring Company Logo Award	FSEE/WH/NCL

Issuer	Award	Company
The Hong Kong Council of Social Service	Caring Company Logo Award 2018/19	FSES
The Hong Kong General Chamber of Small and Medium Business	Partner Employer Excellence Award 2018/19 5 Years	EPS/YEC/MEC/FE
The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2018/19 5 Years	FSEE
The Hong Kong General Chamber of Small and Medium Business	Partner Employer Award 2018/19	JET/WH/NCL
The Hong Kong Institution of Engineers	The HKIE Engineer Day - Appreciation Certificate	FSEE
The Hong Kong Institute of Financial Analysts and Professional Commentators Limited	IFAPC Outstanding Listed Companies Award 2018	FSES
The Hong Kong Productivity Council	Happiness at Work Promotional Scheme	WH/NCL
The Occupational Safety and Health Council	Joyful@Healthy Workplace Best Practices Award	NCL
The Shengyang Hope Volunteers Association	2018 Excellent Public Welfare Partner - Certificate of Honor	FSEE PRC

Memberships

Association	Membership Type	Company
Association of Engineering Professionals in Society	Ordinary Membership	MEC
Business Environment Council Limited	Membership	EPS
Commissioning Specialists Association	Associate Membership	FE
Environmental Contractors Management Association	Membership	WH
HK Electrical Contractors' Association Ltd	Life Membership	MEC/FE
HK Plumbing and Sanitary Ware Trade Association Limited	Membership	EXT/MPL
Hong Kong Association for Testing, Inspection and Certification Limited	Membership	ELS/JET
Hong Kong Brand Development Council (Top Brand)	Corporate Member	WH
Hong Kong Chamber of Commerce in China	Membership	FSEE PRC
Hong Kong Cleaning Association Limited	Membership	WH
Hong Kong Computer Society	Membership	FSEE
Hong Kong Construction Material Association Limited	General Membership	EXT
Hong Kong General Chamber of Commerce	Membership	WH
Hong Kong Institution of Human Resource Management	Membership	FSEE
Hong Kong Occupational Safety and Health Resource	Membership	FSEE
Hong Kong Pest Management Association	Active Member	WH
Hong Kong Shanghai Pudong Association	Membership	FSEE
Macau Air-conditioning & Refrigeration Chamber of Commerce	Membership	YEM

Association	Membership Type	Company
Macao Chamber of Commerce	Membership	FEM/MEM/ YEM
Macao Construction Association	Life Membership	MEM/YEM
Macao Management Association	Membership	YEM
Occupational Safety & Health Council	Green Cross Group	WH
Shanghai Intelligent Building Construction Association	Membership	FSEE PRC
Shanghai Fire Fighting Association	Membership	YECS
The Association of Registered Fire Service Installation Contractors of HK Ltd	Life Membership	MEC
	Ordinary Membership	FE
The Federation of Environmental and Hygienic Services	Membership	WH
The HK Air Conditioning & Refrigeration Association Ltd	Fellow Membership	YEC
	Associate Membership	EXT/FE
The HK E&M Contractors' Association	Council Membership	YEC
	Membership	MEC
The Hong Kong Green Building Council	Institutional Member	EPS/MEC/YEC
The Hong Kong General Chamber of Commerce	Membership	EXT/FE/MEC/ YEC
The Hong Kong Federation of Electrical and Mechanical Contractors Limited	Ordinary Membership	EXT/FE/MEC/ MPL/YEC
Water Quality Association	Membership	JET

List of Abbreviation

FSES	FSE Services Group Limited
FSEE	FSE Engineering Group Limited
FSEET	FSE Environmental Technologies Group Limited
ELS	FSE Environmental Laboratory Services Limited
EPS	Environmental Pioneers & Solutions Limited
EXT	Extensive Trading Company Limited
FE	Far East Engineering Services Limited
FEM	Far East Technical Service (Macao) Limited
JET	Joneson Environmental Technologies Limited
MEC	Majestic Engineering Company Limited
MEM	Majestic Engineering (Macao) Company Limited
MPL	Majestic Plumbing Engineers Limited
TEC	Tridant Engineering Company Limited
YEC	Young's Engineering Company Limited
YEM	Young's Engineering (Macao) Company Limited
FSEE PRC	FSE Engineering Limited
YECS	Young's Engineering (Shanghai) Company Limited
NCL	New China Laundry Group
WH	Waihong Services Group

PERFORMANCE DATA SUMMARY

HKEx KPI	Unit	FY2018/19	
A. Environmental			
A1.1	The types of emissions and respective emissions data ^j		
	- NOx	Tonnes	9.25
	- SOx	Tonnes	0.01
	- PM	Tonnes	0.72
A1.2	Greenhouse gas emissions in total and intensity		
	Scope 1 emissions	Tonnes of CO ₂ e	10,542
	Scope 2 emissions	Tonnes of CO ₂ e	5,960
	Scope 3 emissions	Tonnes of CO ₂ e	206
	Total (Scope 1 and 2 emissions)	Tonnes of CO ₂ e	16,502
	Intensity (Scope 1 and 2 emissions)	Tonnes of CO ₂ e /FTE	2.66
A1.3	Total hazardous waste produced		
	Lube Oil ^k		
	- in total	L	360
	- by intensity	L/FTE	0.21
	Stoddard Solvent ^l		
	- in total	kg	11,015
- by intensity	kg/FTE	34.21	
A1.4	Total non-hazardous waste produced ^m		
	Recycled Office Paper		
	- in total	kg	13,632
	- by intensity	kg/FTE	2.2
	Newspaper and Carton Boxes ⁿ		
	- in total	kg	931
	- by intensity	kg/FTE	0.53
	Bleach Containers ^o		
	- in total	kg	13,171
	- by intensity	kg/FTE	2.96

^j Based on the fuel consumption of the Group's vehicles in Hong Kong, Macau and PRC.

^k This data is confined to our E&M engineering services and environmental management services.

^l This data is confined to our facility services (NCL).

^m Covers office operations in Hong Kong only.

ⁿ This data is confined to our E&M engineering services and environmental management services.

^o This data is confined to our facility services (NCL and WH).

HKEx KPI		Unit	FY2018/19			
A2.1	Energy consumption by type					
	Total Direct Energy Consumption					
	- in total	'000 kWh	51,879			
	- by intensity	'000 kWh/FTE	8.37			
	Diesel Oil					
	- in total	'000 kWh	7,764			
	- by intensity	'000 kWh/FTE	1.25			
	Petrol					
	- in total	'000 kWh	296			
	- by intensity	'000 kWh/FTE	0.05			
	Total Indirect Energy Consumption (Purchased Electricity)					
	- in total	'000 kWh	8,467			
	- by intensity	'000 kWh/FTE	1.37			
	Total Energy Consumption (Direct and Indirect)					
	- in total	'000 kWh	60,346			
	- by intensity	'000 kWh/FTE	9.74			
A2.2	Water consumption ^P					
	- in total	m3	592,867			
	- by intensity	m3/kg washed	0.02			
B. Social						
B1.1	Total workforce by employment type and gender			Male		Female
	Full-time	No. of people	2,683		3,514	
	Part-time	No. of people	125		469	
	Total workforce by employment type and age group			Under 30	30-50	Above 50
	Full-time	No. of people	636	1,833	3,728	
	Part-time	No. of people	27	156	411	
B1.2	Employee turnover rate by gender			Male		Female
		%	45.87		58.32	
	Employee turnover rate by age group			Under 30	30-50	Above 50
		%	41.63	39.06	61.8	

^P This data is confined to our facility services (NCL).

HKEx KPI		Unit	FY2018/19		
B2.1	Number and rate of work-related fatalities				
	- By number	No. of people	0		
	- By rate	%	0		
B2.2	Lost days due to work injury				
	- Staff	Days	8,881		
B3.1	The percentage of employees trained by employee category and gender				
	- Executive	%	92.86		
	- Manager	%	91.03		
	- Engineering and Office Staff	%	82.63		
	- Technical and Operations Staff	%	56.78		
	- Male	%	76.14		
	- Female	%	54.18		
B3.2	The average training hours completed per employee by employee category and gender				
	Executive	Hours	32.21		
	Manager	Hours	21.74		
	Engineering and Office Staff	Hours	34.9		
	Technical and Operations Staff	Hours	4.69		
	Male	Hours	22.44		
	Female	Hours	3.63		
B5.1	Number of Suppliers by Geographical Region				
			Hong Kong	Macau	PRC
	Suppliers	No.	883	73	821
	Subcontractors	No.	649	114	160
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons				
	0				
B6.2	Number of products and service related complaints received				
	0				
B7.1	Number of concluded cases regarding corrupt practices brought against the company				
	No. of cases			0	

HKEX ESG REPORTING GUIDE CONTENT INDEX

Aspect	HKEx KPI	Description	Page Number/ Remarks
A. Environmental			
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	A1.2	Greenhouse gas emissions in total and intensity	34
	A1.3	Total hazardous waste produced and intensity	34
	A1.4	Total non-hazardous waste produced and intensity	34
	A1.5	Description of measures to mitigate emissions and results achieved	16 – 17
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	18
A2 Use of Resources	A2	General Disclosure	18 – 20
	A2.1	Direct and/or indirect energy consumption by type in total and intensity	35
	A2.2	Water consumption in total and intensity	35
	A2.3	Description of energy use efficiency initiatives and results achieved	16 – 17
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	19
	A2.5	Total packaging material used for finished products	Note (i)
A3 The Environment and Natural Resources	A3	General Disclosure	19 – 20
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	19 – 20

Aspect	HKEx KPI	Description	Page Number/Remarks
B. Social			
Employment and Labour Practices			
B1 Employment	B1	General Disclosure	6 – 8
	B1.1	Total workforce by gender, employment type, age group and geographical region	35
	B1.2	Employee turnover rate by gender, age group and geographical region	35
B2 Health and Safety	B2	General Disclosure	14 – 15
	B2.1	Number and rate of work-related fatalities	36
	B2.2	Lost days due to work injury	36
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	14 – 15
B3 Development and Training	B3	General Disclosure	11
	B3.1	Percentage of employees trained by gender and employee category	36
	B3.2	Average training hours completed per employee by gender and employee category	36
B4 Labour Standards	B4	General Disclosure	6 – 8
Operating Practices			
B5 Supply Chain Management	B5	General Disclosure	20 – 21
	B5.1	Number of suppliers by geographical region	36
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where and how the practices are being implemented and monitored	20 – 21

Aspect	HKEx KPI	Description	Page Number/ Remarks
B6 Product Responsibility	B6	General Disclosure	21 – 22
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	36
	B6.2	Number of products and service related complaints received and how they are dealt with	36
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	22
	B6.4	Description of quality assurance process and recall procedures	21
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	22
B7 Anti-corruption	B7	General Disclosure	15 – 16
	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	36
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	15 – 16
Community			
B8 Community Investment	B8	General Disclosure	22 – 25
	B8.1	Focus areas of contribution	22 – 25
	B8.2	Resources contributed to the focus area	22 – 25

Note:

- (i) The use of packaging material has been identified and confirmed as non-material to FSE Services.