

# AB BUILDERS GROUP LIMITED 奧邦建築集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

於開曼群島註冊成立的有限公司

Stock Code 股份代號 : 1615





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## ABOUT THIS REPORT

AB Builders Group Limited (the “Company”) with its subsidiaries (hereafter “AB Builders”, the “Group”, “we” or “our”) is one of the major contractors in Macau for over 20 years. Our scope of services covers structural works, including substructure and superstructure works, and fitting-out works of our subsidiary — San Fong Seng Construction & Engineering Company Limited, a company incorporated in Macau. In 2019, the Group successfully expanded its business to Hong Kong to provide building construction and engineering services by acquiring 60% equity interest in Lap Polly Engineering Company Limited, a company incorporated in Hong Kong and has a principal place of business in Hong Kong.

As a major player in the construction industry, we are committed to incorporating sustainability principles into our business model through transparent measures, with the aim of creating long-lasting values for our major stakeholders. The Group is pleased to publish our third environmental, social and governance (“ESG”) report (the “Report”) summarizing our ESG performance and initiatives.

### Scope of the Report

The Report examines the Group’s ESG management approaches, environmental and social performance and material topics during the year from 1 January 2020 to 31 December, 2020 (the “Reporting Year”, “2020”) with the scope of the Group’s core operations by its subsidiaries –

- San Fong Seng Construction & Engineering Company Limited located in Macau
- Lap Polly Engineering Company Limited located in Hong Kong

This report focuses on our major construction business. Unless otherwise specified, the scope of data will be the same. The Company will continue to review the scope of reporting regularly according to our materiality principles and the key stakeholders’ opinions, and will extend the scope in future if necessary.

### Reporting Standard

The Report has been prepared in accordance with the “Comply or Explain” provisions of the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEx ESG Reporting Guide”). Should there be any discrepancy between the English and Chinese versions, the English version shall prevail. The Report has been reviewed and approved by the board of directors of the Group.

### Contact & Feedback

The Group strives to build a trusted relationship with the community. We formulate our business strategies for the best interests of our stakeholders; therefore, we treasure your feedback on this ESG report and our sustainability performance. If you have any comments or suggestions, please feel free to contact us via [infoservice@abbuildersgroup.com](mailto:infoservice@abbuildersgroup.com).



## STAKEHOLDER ENGAGEMENT

AB Builders values every stakeholders' interests knowing that a successful business development lays on a strong collaboration with its stakeholders. Therefore, we actively engage our stakeholders to gather their insights and concerns regarding our business operation. For better communication with internal and external stakeholders, we have been communicating with our key stakeholders regularly through the below listed communication channels.

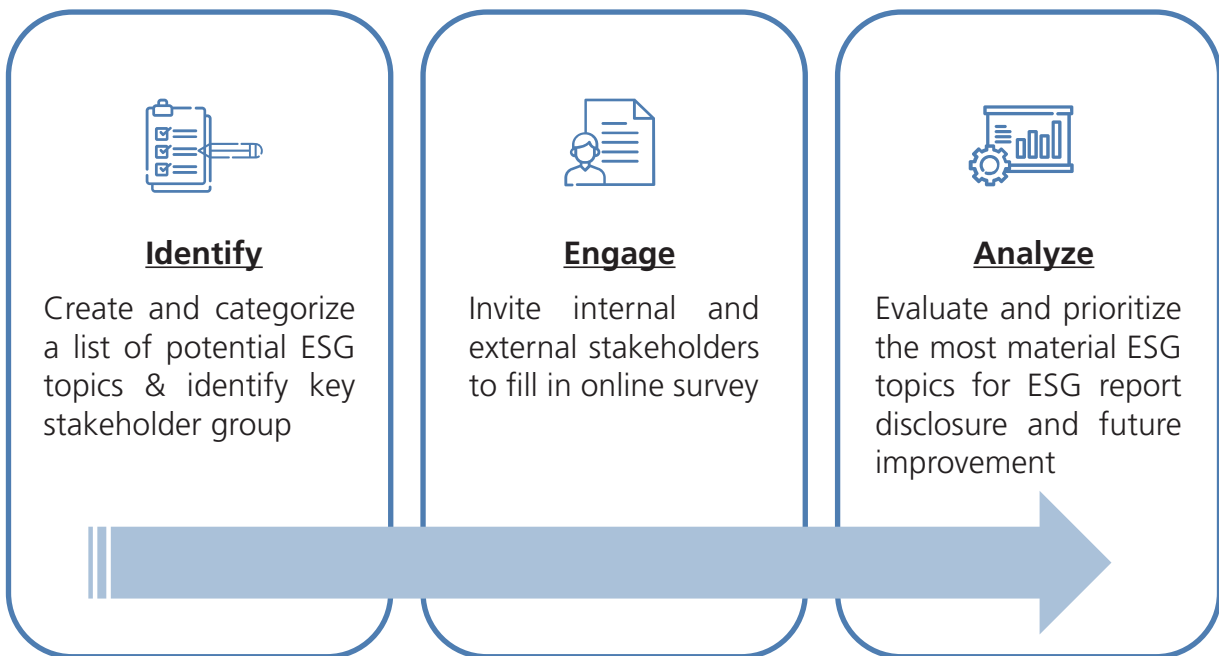
Stakeholder groups	Communication channels	Sustainability issues
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>Company website</li> <li>Company's announcements</li> <li>General meetings</li> <li>Annual and interim reports</li> </ul>	<ul style="list-style-type: none"> <li>Profit and return</li> <li>Compliance obligation</li> <li>Corporate governance</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Company website</li> <li>Customer direct communication</li> <li>Customer feedback and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Quality of works</li> <li>Data security</li> <li>Environmental-friendly operation</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Training and orientation</li> <li>Email and opinion box</li> <li>Regular meetings</li> <li>Employee performance evaluation</li> <li>Employee activities</li> </ul>	<ul style="list-style-type: none"> <li>Labour rights</li> <li>Employee remuneration and benefits</li> <li>Healthy and safe working environment</li> <li>Training and development</li> </ul>
<b>Suppliers and business partners</b>	<ul style="list-style-type: none"> <li>Selection assessment</li> <li>Procurement process</li> <li>Performance assessment</li> <li>Regular communication with business partners (e.g. email, meetings, on-site visit etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Operational efficiency</li> <li>Stable and trust-worthy business relationship</li> </ul>
<b>Government authorities and regulators</b>	<ul style="list-style-type: none"> <li>Documented information submission</li> <li>Compliance inspections and checks</li> <li>Forums, conferences and workshops</li> </ul>	<ul style="list-style-type: none"> <li>Compliance</li> <li>Report and document submission</li> <li>License registration</li> </ul>
<b>Non-governmental organizations</b>	<ul style="list-style-type: none"> <li>Email</li> <li>Phones</li> <li>Charity donations</li> </ul>	<ul style="list-style-type: none"> <li>Community support</li> <li>Mitigation on pollution and waste</li> </ul>
<b>Communities</b>	<ul style="list-style-type: none"> <li>Company website</li> <li>Community activities</li> </ul>	<ul style="list-style-type: none"> <li>Community support</li> <li>Pollution</li> <li>Product health and safety</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Company website</li> <li>Company's announcements</li> </ul>	<ul style="list-style-type: none"> <li>Quality of works</li> <li>Compliance</li> </ul>



## MATERIALITY ASSESSMENT

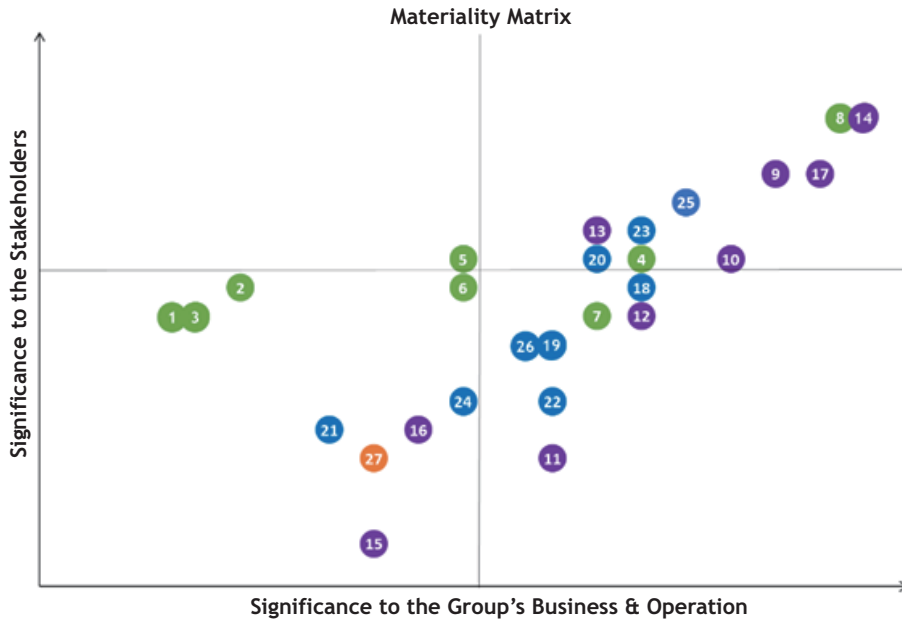
In order to provide a direction and framework for the Report and formulation of ESG management strategies, it is necessary to identify the material ESG issues that matter the most to the Group. An independent consultant has been commissioned to conduct a materiality assessment in form of online questionnaire for AB Builders in order to formulate strategies for managing the material ESG issues that matter most to the Group.

AB Builders' key stakeholders, including board of directors, employees, and suppliers etc., were invited to fill in the online questionnaire consisting of three sections and listed several material ESG issues of the Group. The invited stakeholders had to score on twenty seven ESG issues. The results of the survey were analyzed and expressed in the form of a materiality matrix. The significance of the ESG issues to stakeholders and the Group's business operation increases from the lower left corner to the upper right corner.



# MATERIALITY ASSESSMENT

The materiality matrix is shown below based on the received responses and analysis results.



Environment	Social	
	Employment	Operation
1. Air emission	9. Labour rights	18. Customer satisfaction
2. Greenhouse gas emission	10. Labour-management relations	19. Customer service quality & complaints handling
3. Climate change	11. Employee retention	20. Customer health and safety
4. Energy efficiency	12. Diversity and equal opportunity	21. Marketing and product and service labelling compliance
5. Water & effluents	13. Non-discrimination	22. Intellectual property
6. Use of materials	14. Occupational health and safety	23. Customer privacy and data protection
7. Waste management	15. Employee training	24. Responsible supply chain management
8. Environmental compliance	16. Employee development	25. Business ethics
	17. Prevention of child labour & forced labour	26. Socio-economic compliance
		Community
		27. Community investment

According to the materiality matrix, the Group should focus on occupational health and safety, environmental compliance, prevention of child labour & forced labour, labour rights, labour-management relations, business ethics, customer privacy and data protection, energy efficiency, non-discrimination, and customer health and safety. Looking forward, the Group will continue to review and develop corresponding ESG policies and targets, as well as optimizing the ESG reporting disclosure in order to pursue continuous improvement in our ESG performance in future.

## RESPECTING OUR EMPLOYEES

AB Builders' people are our most valuable assets as our business achievements are attributed to their hard work and contributions. With growing concern on labour related issues such as occupational health and safety, prevention of child labour & forced labour, labour rights, labour-management relations, and non-discrimination, the Group is committed to investing plenty of resources in bolstering employees' career development and well-being. In addition, we lay much emphasis on maintaining high employment standards and creating a harmonious and quality workplace.

### Healthy and Safe Workplace

#### Safety Objectives

- Zero death and significant casualties
- Zero mechanical, fire and poisoning incident
- Less than 1% minor casualties

The Group is aware of the fact that the construction industry is having higher work-related injury rate and fatalities than those in other industries in Macau and Hong Kong; thus, we make every effort to build a safe workspace for our employees. Adhering to the "Safety First and Prevention-oriented" approach across our business operations, our building activities and fitting-out projects are bounded by the OHSAS 18001:2007 certified Occupational Health and Safety ("OHS") Management System that can systematically manage the processes of identification, management and mitigation of safety risks throughout our construction and maintenance works. Hazard identification and risk assessment are conducted regularly before formulating appropriate safety measures and in-house rules.



OHSAS 18001:2007 Certifications for Macau and Hong Kong Subsidiaries



## RESPECTING OUR EMPLOYEES

To coordinate the implementation of and supervision on the safety measures at site level, Safety Team, comprised of the Group's employees from management level to on-site supervisors, has been established in all of our construction sites. The team is responsible for establishing and reviewing occupational health and safety objectives regularly, as well as carrying out regular and irregular on-site safety inspection and supervision, particularly inspecting the electrical circuits, mechanical power and identifying operational violations to eliminate casualties attributed to electric shock and machine malfunction. Apart from the Safety Team, it is compulsory to have at least one appointed competent person to inspect specific high risk works, such as lifting appliances operation, electrical works, and scaffolding etc., to ensure the safety of the operations on site.

Moreover, in terms of safety hardware, construction personnel are provided with protective equipment, such as safety helmets, belts and nets. We also place eye-catching signs and safety notice boards in conspicuous areas to reinforce safety messages. As for safety awareness within our employees, we require all new hires to go through a Project Safety Induction Training, which includes information on the use of personal protective equipment, inherent hazards in the sites, emergency procedures and first-aid facilities to ensure the delivery of the message inside of our Health and Safety Policy. For our existing employees, we provide regular refresh training to update them on the latest regulatory standards and safety technologies so as to minimize occupational injury and illness at root.

In terms of dealing with emergencies, we hold emergency drills regularly to ensure employees are familiar with evacuation routes, skills of evacuation, and proper application of relevant equipment in emergency situations. Emergency contingency plan is also in place to guide our employees to report, respond and investigate in various emergency situations. In any unfortunate event of work injuries, employees are required to immediately report the case then a thorough investigation will be conducted by the Safety Department.

Our stringent safety standards are extended to our subcontractors, as we demand them to carry out the same level of precautionary safety measures. During the Reporting Year, there were no material non-compliance cases relating to occupational health and safety identified.





## RESPECTING OUR EMPLOYEES

### Employment Standards and Benefits

The Group understands that there is no better way to recognize and retain our valuable talents other than offering competitive remuneration packages. In view of that, we do not only review our remuneration packages annually to maintain its competitiveness, but also offer discretionary bonus for outstanding work performance to motivate our staff. All of our full-time employees are entitled to paid leaves (including statutory holidays, paid annual leave, sick leave, maternity leave, work injury leave, additional company holidays), fund contribution (Social Security Fund for the Macau subsidiary while Mandatory Provident Fund for the Hong Kong subsidiary), and other benefits (including year-end bonus and provision of health insurance). Furthermore, we promote work-life balance by establishing fixed working hours that working overtime is not encouraged. Approval from project managers is required before exceeding the limit and compensation is granted for overtime work.

#### *Anti-discrimination Workplace*

AB Builders strongly believes that respectful and professional conduct facilitates the Group's mission while minimizing disputes and enhancing our reputation. To cultivate a diverse and inclusive company culture, the Group strictly prohibits any forms of discrimination or harassment based on age, gender, race, disability, marital status or other characteristics unrelated to work. All employees are treated equally and fairly that all employment decisions during recruitment, training, performance evaluation, promotion and all other related aspects are made solely based on their abilities, aptitude and knowledge.

#### *Against Child and Forced Labour*

Protection of human rights is another main focus of our employment principles. Our Staff Handbook clearly sets out our requirements and expectations in relation to labour rights protection. Any forms of child labour, illegal labour and forced labour are strictly prohibited in our business operations. To ensure the applicants have reached the statutory required age for working, a stringent document and background check is conducted during recruitment stage. For forced labour prevention, all candidates are employed on a voluntary basis. Their labour rights are safeguarded by the legal-binding employment contracts. As a last line of defense, a whistleblowing system is in place to monitor any unfair treatment in which a dedicated team is formed to carry out prompt investigations and take appropriate measures after receiving suspected cases.

To properly manage all employment related issues, a series of policies covering recruitment and dismissal, performance evaluation and promotion, attendance management, remuneration and benefits, and employee conducts has been developed and stipulated in the Staff Handbook. Regular training is organized to educate all staff on the Group's employment standards and their rights and obligations. In the event of discovering any possible misconducts, investigation will be conducted immediately and disciplinary actions may be taken, and even be reported to the authorities in case of severe violations.

During the Reporting Year, the Group strictly complied with Labour Relations Law in Macau and Employment Ordinance in Hong Kong relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, other benefits and welfare, foreign labour policy, and child and forced labour.



# RESPECTING OUR EMPLOYEES

## Development and Training

AB Builders strives to cultivate a learning-centric corporate culture as we hold firm to the belief that our employees' professional competency and career development are indispensable to our substantial business growth. By organizing a broad spectrum of training programs for our employees, we hope to encourage virtuous competition among our employees.

We have deeply invested in our employees by organizing extensive internal and external training to fully unleash their talent and capabilities. Induction training for delivering information about corporate culture, in-house rules, regulation and statutory standards and so on is offered to all new comers. In addition, internal training sessions such as toolbox talks are planned for onsite workers to deliver knowledge on technical and operational skills. In order to keep up with the latest market trend and regulatory standards, we have gone an extra mile by sponsoring staff to attend external courses. Employees of all rankings across different business functions have plenty of access to our various development opportunities, which are meticulously designed to nurture technical skills, leadership skills and work etiquette.

### Induction

- Overview of corporate background, culture, mission and vision
- Company rules, regulations and code of practices
- Job-related knowledge, safety and anti-corruption practices

### Internal

- Technical skills
- Operational skills
- Qualification authentication
- Emotional and stress management
- Workplace etiquette

### External

- Knowledge in management system
- Professional competency
- Leadership skills

During the Reporting Year, we provided aids for employees to attend external training including occupational safety training and professional diploma in quantity surveying for our employees.



Employees Pursuing Professional Diploma in Quantity Surveying

# RESPECTING OUR EMPLOYEES

## Harmonious Workplace

Deeply understanding the importance to maintain employees' mental and physical health, AB Builders is dedicated to promoting work-life balance. By establishing easily accessible communication channels, such as staff meetings and regular internal activities, we hope to gain our staff's trust and cultivate a sense of belonging.

During the Reporting Year, we organized a wide range of team bonding activities, including staff hiking and Christmas Party. Through all these events, our teams were able to have relaxation time together while creating collective memories as an AB Builders Family.



Staff Hiking



Christmas Party



## SATISFYING OUR CUSTOMERS

Customer satisfaction plays a pivotal role within AB Builders' business. Not only is it the leading indicator to measure customer loyalty, it is also a key point of making the Group to stand out among all the competitors in the industry. Therefore, the Group has become extra cautious when it comes to choosing trust-worthy business partners and controlling the product quality.

### Supply Chain Management

Proper supply chain management not only can enhance the Group's operational efficiency, but also can secure the quality of our constructions. In view of that, we carry out stringent procedures for suppliers and sub-contractors selection and management to align with AB Builders' standards and requirements.

All of the potential new suppliers and sub-contractors are required to pass our rigorous evaluation before formal collaboration. To ensure they are qualified and without non-compliance, a screening process is conducted in respect of their product and service quality, business licenses, accreditations and other qualifications. At the same time, our Procurement Department conducts product sampling and assessment to prevent purchase of incompetent products. Suppliers and subcontractors will be appointed to be our official business partners only if they can fulfil all of our criteria at the screening stage.

For our existing business partners, a performance evaluation is in place annually to assess their qualifications. Performances regarding the product quality, delivery time, after sale support and so on are considered. Product sampling is also implemented for materials obtained from manufacturers and sub-contractors. For those with unsatisfactory performance, we will grant them a chance to take corrective actions. However, those who continuously fail to keep up with our standards will be subject to contract termination.



# SATISFYING OUR CUSTOMERS

## *Supply Chain Management under COVID-19*

In 2020, the world appeared to be caught off-guard by the COVID-19 outbreak. The widely-spread virus has disrupted numerous communities and businesses. AB Builders’ business operation was also greatly affected by the unpredictable epidemic. In order to prepare the Group for the predicament, a series of working procedures were published by our Top Management to provide guidance for the employees to work during the epidemic. Possible situations, such as delayed project progress, obscured supply chain, increased expenses for epidemic prevention measures and so on, were identified before formulation of specific strategies. As governed by the procedures, the Procurement Department has its own responsibilities and duties to set priorities and adjust its daily work arrangements in order to maintain smooth collaborations with our suppliers and sub-contractors.

At the same time, AB Builders spares no effort in maintaining the circulation of the latest information from the industry and government. Working closely with our employees and business partners, AB Builders hopes to minimize the disruption to our business operation.

## **Services/Product Excellence**

Poor quality construction and finishing can result in safety risks. Therefore, AB Builders has strongly emphasized excellent building quality. From suppliers and consumer engagement to after-sales services, we place a strong focus on achieving product dominance and driving customer loyalty at every stage.

<b>Business Philosophy</b>
<ul style="list-style-type: none"><li>• Stay focused and be professional</li><li>• Quality first</li><li>• Strive for continuous innovation</li></ul>





## SATISFYING OUR CUSTOMERS

Having accredited by the international standard ISO 9001:2015, our Quality Management System (“QMS”) provides a framework for establishment of quality policies and objectives, corrective and preventive actions of our building activities. The QMS is comprised of four key process-groups to lay a more systematic foundation for monitoring and controlling the Group’s product and service quality. Strategies and plans are designed surrounding the groups while key performances indicators that are linked to the Group’s objectives are adopted to control and monitor the processes.



ISO 9001:2015 Certifications for Macau and Hong Kong Subsidiaries



The Four Key Process-Groups



## SATISFYING OUR CUSTOMERS

In order to exceed customer expectations regarding product quality, safety, sustainability, cost, delivery and value, our Top Management takes up the responsibility to draft the quality objectives and policies. In addition, a Quality Management Team consisting a QMS Manager and an internal control officer has been formed for the implementation, maintenance and continual improvement of the QMS and to ensure the Group complies with all relevant law and standards so as to maintain our product quality at a high level. At the same time, the Group also entrusts professional and qualified third party to conduct independent tests, such as indoor air quality test, soil sampling, and safety assessment, to ensure the fulfilment of statutory standards and customer requirements.

The policy of nonconformity correction is in place as a final safeguard measure for our product and service quality. In the event of recognizing any breaches or output that does not meet the standards of our stakeholders, prompt actions will be taken to investigate and remedy the situation to enhance the comprehensiveness of the system. At the same time, AB Builders strives for continuous improvement on our product standards. In order to enhance our QMS effectiveness, standards and targets on sales, production efficiency and rework rate are outlined after communicating with our stakeholders about their expectations via various communication channels. For internal communication, training is provided to employees at all levels, as well as suppliers and sub-contractors to make sure they understand and comply with our standards.

In the Reporting Year, we did not receive non-compliance of relevant laws and regulations in relation to product safety, advertising and labelling matters.

### Privacy

Building a mutual trust relationship with our clients has always been on the top of our list. Nowadays, data security has drawn drastic concerns from consumers and businesses as severe impacts can be caused by information breach. Regarding the confidential issue, AB Builders strictly controls our employees' behaviours by setting out confidential information policy which is stipulated in the Staff Handbook. Employees are expected to obey the relevant policy. No employee is permitted to copy, upload, or disclose restricted information without the permission from management or customers. In addition, all employees and vendors have to sign a legal binding non-disclosure agreement before their works or collaboration. Disciplinary actions including dismissal and termination of supply and sub-contracting contracts will occur if any violation of the Group's confidential policy is observed.

In the Reporting Year, we did not receive non-compliance of relevant laws and regulations in relation to customer privacy.



## PROTECTING THE ENVIRONMENT

AB Builders deeply acknowledges our environmental responsibilities as a contractor. It is inevitable to consume natural resources and generate emissions during our operation process. However, the Group is committed to striking a balance between business revenues and sustainable development. To become a green pioneer in the industry, we have embedded the concept of environmental sustainability into our whole production chain, including construction activities, and suppliers and sub-contractors management. It is the Group's mission to satisfy the needs and expectations of our stakeholders while lowering costs and potential risks.

In order to strategically enhance our environmental performance in the aspects of trimming our overall greenhouse gas emission, resource and energy consumption, and waste production, an ISO 14001:2015 certified Environmental Management System ("EMS") has been established to identify, manage and mitigate the environmental risks generated by our building and operational processes as well as provide a framework for setting out specific and measurable environmental objectives for improving our environmental performance. The environmental policy and objectives are regularly reviewed so as to keep up with the statutory requirements and standards.



ISO 14001:2015 Certifications for Macau and Hong Kong Subsidiaries

To fully implement the EMS, an Environmental Management Team which comprises of management personnel from various departments has been set up to operate under the direction of the Managing Director. At the same time, the team is responsible for designing mitigation measures that are consistent with a life cycle perspective to ensure environmental requirements are addressed from raw material procurement to operational stage. For monitoring environmental aspects and promote the EMS, the EMS Manager is taking up the duties to conduct on-site inspections and evaluations and educate staff about the in-house rules and environmental mitigation measures. All employees are expected to control their environmental impacts throughout their general duties by complying with the requirements of the EMS.





# PROTECTING THE ENVIRONMENT

During the Reporting Year, the Group was not aware of any significant non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, generation of waste and use of resources in Macau and in Hong Kong. For materiality purpose, the environmental performance illustrated in this ESG report, including energy usage and emission data, has been drawn based on 12 construction projects in Macau and 11 projects in Hong Kong, together with our offices, accounting for over 95% of our work portfolio. Compared with the figures in 2019 which covered a total of 19 construction projects and offices in Macau and Hong Kong, and the figures in 2018 which covered a total of 9 projects and an office in Macau, we conducted more construction projects this year. Therefore, the increase in emission, and resource and energy consumption is attributed to the expansion of business and the increased number of construction projects.

## Air and Greenhouse Gas Emissions

Throughout our business operation, structured works and fitting out works emission and vehicle exhausts are our emission major sources. In 2020, emission of four key air pollutants including nitrogen oxides, sulphur oxides, particulate matter and dust were identified and measured:

Air Emissions <sup>1</sup>	Unit	2020	2019	2018
Nitrogen Oxides	kg	1.68	1.82	1.72
Sulphur Oxides	kg	0.04	0.04	0.04
Particulate Matter	kg	3.23	1.21	0.43
Dust	kg	12.69	4.50	4.10

In order to mitigate our air pollutant emissions at root, various measures have been implemented to the identified sources. For example, water spraying practice is adopted to prevent flying dust during drilling, cutting, breaking, grinding construction materials or building structures. At the same time, stockpiles of dusty materials are covered with impervious sheets as a dust prevention measure.

<sup>1</sup> The calculation is based on the “How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.



## PROTECTING THE ENVIRONMENT

For our greenhouse gas (“GHG”) emissions, the dominant sources are the use of purchased electricity and combustion of vehicle fuels. As of 31 December 2020, a total of 180.31 tonnes of carbon dioxide equivalent (“tCO<sub>2</sub>e”) was emitted with an intensity of 1.23 tCO<sub>2</sub>e per full-time employee (“FTE”). The increase in emissions is mainly due to the expansion of business and increase of the number of construction projects.

Greenhouse Gas Emissions <sup>2</sup>	Unit	2020	2019	2018
Scope 1 <sup>3</sup>	tCO <sub>2</sub> e	29.62	52.25	21.42
Scope 2 <sup>4</sup>	tCO <sub>2</sub> e	150.28	174.64	51.93
Scope 3 <sup>5</sup>	tCO <sub>2</sub> e	0.41	–	3.13
<b>Total</b>	tCO <sub>2</sub> e	<b>180.31</b>	226.89	76.48
Intensity	tCO <sub>2</sub> e per FTE	<b>1.23</b>	1.35	0.33

### Waste Management

Although it is common to generate construction waste in the construction industry, AB Builders still attempts to lower our waste generation at a minimum level. Throughout our operation, domestic waste and disposed paper as well as construction wastes such as concrete debris, rocks, gypsum boards and waste iron are the most common types generated. With the provision of labelled waste collection bins, we require all of our workers and subcontractors to segregate inert and non-inert waste. All of the waste is stored in designated areas to prevent contaminating surrounding areas. For recyclable inert waste such as concrete debris, a 2R principle (i.e. reuse and recycle) is in place to maximize the use of waste before disposal and reduce unnecessary ordering for inert materials.

<sup>2</sup> The calculation of Scope 1, 2, 3 emissions is based on the “How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs” published by HKEx.

<sup>3</sup> For 2020, Scope 1 emission was attributed to fuel combustion of stationary equipment and vehicles.

<sup>4</sup> For 2020, Scope 2 emission was attributed to the use of purchased electricity.

<sup>5</sup> For 2020, Scope 3 emission was attributed to paper disposal, water consumption, and sewage treatment of the Hong Kong office. For 2019, no business travel trip nor other related emission was recorded.

## PROTECTING THE ENVIRONMENT

For non-hazardous waste, public filling and landfilling are our main waste disposal methods. During the Reporting Year, a total of 377.89 tonnes of non-hazardous waste was disposed with an intensity of 2.59 tonnes per full-time employee. The intensity was higher when comparing with the same figures in 2018 and 2019 due to the fact that there were more construction projects while the number of full-time employees fluctuated during the COVID-19 pandemic.

Non-Hazardous Waste <sup>6</sup>	Unit	2020	2019	2018
Domestic Waste	Tonnes	7.77	6.36	4.60
Waste Paper	Tonnes	24.89	21.42	17.14
Glass	Tonnes	–	1.62	0.52
Concrete	Tonnes	345.14	105.64	300.50
Gypsum Board	Tonnes	0.09	7.05	73.00
Stone	Tonnes	–	130.00	–
Waste Iron	Tonnes	–	10.00	–
<b>Total</b>	Tonnes	<b>377.89</b>	282.09	395.76
Intensity	Tonnes per FTE	<b>2.59</b>	1.68	1.69

Hazardous waste such as chemical waste, used paint, and scrap metal can be generated during fitting-out works. Regarding the harmful nature of the waste, a designate area has been assigned to the waste to be segregated and properly stored before being collected. All chemical waste is tightly sealed in labelled containers to avoid leakage. During the Reporting Year, we generated 2.50 tonnes of hazardous waste, with an intensity of 0.02 tonnes per full-time employee.

Hazardous Waste <sup>7</sup>	Unit	2020	2019	2018
Scrap Metal	Tonnes	0.60	3.39	5.89
Chemical Waste	Tonnes	0.26	1.33	0.49
Paint	Tonnes	1.64	–	–
<b>Total</b>	Tonnes	<b>2.50</b>	4.72	6.38
Intensity	Tonnes per FTE	<b>0.02</b>	0.03	0.03

<sup>6</sup> For 2020, no glass, stone nor waste iron was disposed while no stone nor waste iron was disposed in FY2018.

<sup>7</sup> For 2018 and 2019, there was no disposed paint.



## PROTECTING THE ENVIRONMENT

### Noise Control

With the great amount of noise emitted from some machineries and activities such as breaking and hammering, it is pivotal for the Group to design and implement effective mitigation measures to reduce nuisance to the nearby noise sensitive receivers such as residents and other facility users. AB Builders strictly abides by the applicable regulations and laws of our operation location including the Law of Control on Environmental Noise in Macau and Cap.400 Noise Control Ordinance in Hong Kong and Prevention that construction activities are only in place during legal hours.

Beyond legal compliance, AB Builders has also implemented several measures to control noise and vibration arising from the construction sites. We have adopted an administrative control approach to require our workers to take breaks between construction activities that generate continuous noise. All plant is operated in its optimum speed to reduce sound generation. In addition, machines with quiet engines are preferred during our procurement. Training on noise control measures is delivered to front-line workers and supervisors to ensure they fully acknowledge and will implement AB Builders' in-house rules and standards. Personal protective equipment such as ear plugs is provided to safeguard their hearing ability and occupational health as well.





### Use of Resources

Achieving energy and resources efficient is of utmost concern to the Group regarding the fact that natural resources are limited and indispensable for our daily operations at the same time. Big changes are not caused by one big step but numerous small steps; therefore, AB Builders encourages our employees to join our sustainable journey from scratch. Green policies are established for the offices and construction sites respectively.



# PROTECTING THE ENVIRONMENT

## Green Office

 <p><b>Electricity</b></p>	<ul style="list-style-type: none"><li>- Switch off all electrical appliances during off-work hours</li><li>- Set automatic energy-saving mode on applicable electronics</li><li>- Adopt temperature limitation for air conditioning</li></ul>
 <p><b>Water</b></p>	<ul style="list-style-type: none"><li>- Repair timely when there's dripping and irregularities of faucets</li><li>- Make use of showerheads to reduce water usage</li><li>- Remind employees to turn off water facilities after use</li></ul>
 <p><b>Paper</b></p>	<ul style="list-style-type: none"><li>- Encourage use of recycled paper &amp; double sided printing practice</li><li>- Optimize information circulation by using e-platform</li><li>- Use of recycled envelopes for internal documents</li><li>- Reduce unnecessary use of paper (e.g. fax cover)</li></ul>
 <p><b>Office Supplies</b></p>	<ul style="list-style-type: none"><li>- Reuse carton boxes, plastic bottles, and other possible items</li><li>- Purchase reusable utilities such as utensils</li><li>- Adopt green procurement principle (e.g. biodegradable soap)</li><li>- Incorporate indoor plants in office design</li></ul>

## Green Construction Sites

The major resources consumption for the construction sites is attributed to construction materials usage. In view of that, the Group pays extra attention in material management including storing and reusing of the components. To extend the product life of reusable substances such as moulding boards, scaffolding parts, and hoarding panels, they are thoroughly cleaned after use and stored in assigned area before being reused again. At the same time, we strictly control the quality of materials used to avoid unnecessary waste due to product incompetency. For controlling energy and water consumption, similar measures as mentioned in the Green Office section are in place.



## PROTECTING THE ENVIRONMENT

During the Reporting Year, the selected construction sites and offices consumed a total of 186,876 kWh of electricity, 8,966 litres of diesel, 2,240.52 litres of unleaded petrol, 2,048 cubic metres of water and 2.55 tonnes of paper.

Energy and Resources	Unit	2020	2019	2018
Electricity	kWh	186,876.00	202,843.31	61,964.59
Intensity	kWh per FTE	1,279.97	1,207.40	264.81
Stationary Fuel — Diesel	Litres	1,996.00	17,270.00	–
Intensity	Litres per FTE	13.67	102.80	–
Mobile Fuel — Unleaded Petrol	Litres	2,240.52	2,433.00	2,302.00
Intensity	Litres per FTE	15.35	14.48	9.84
Mobile Fuel — Diesel	Litres	6,970.00	–	140.00
Intensity	Litres per FTE	47.74	–	0.60
<b>Total Energy Consumption<sup>8</sup></b>	GJ	1,070.05	1,433.79	303.57
Water <sup>9</sup>	m <sup>3</sup>	2,048.00	4,550.37	3,075.09
Intensity	m <sup>3</sup> per FTE	13.51	27.09	13.14
Discharged Wastewater <sup>10</sup>	m <sup>3</sup>	121.00	–	–
Paper	Tonnes	2.55	2.02	3.55
Intensity	Tonnes per FTE	0.02	0.01	0.02

Furthermore, the Group utilized a total of 5.60 tonnes of packaging materials with an intensity of 0.04 tonnes per full-time employee during the Reporting Year.

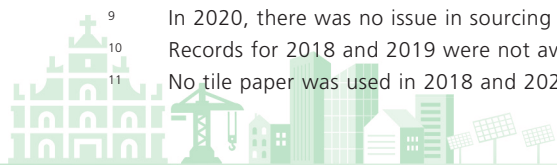
Packaging Materials	Unit	2020	2019	2018
Carton box	Tonnes	1.72	5.04	6.50
Wooden box	Tonnes	1.63	16.09	17.50
Plastic strapping	Tonnes	0.03	0.07	0.27
Wooden board	Tonnes	1.60	2.11	0.70
Metal	Tonnes	0.62	0.64	2.00
Tile paper <sup>11</sup>	Tonnes	–	0.12	–
<b>Total</b>	Tonnes	5.60	24.07	26.97
Intensity	Tonnes per FTE	0.04	0.14	0.12

<sup>8</sup> The conversion factors from volumetric units of unleaded petrol and diesel oil consumption to energy units are in reference to CDP Technical note: Conversion of fuel data to MWh.

<sup>9</sup> In 2020, there was no issue in sourcing water.

<sup>10</sup> Records for 2018 and 2019 were not available.

<sup>11</sup> No tile paper was used in 2018 and 2020.



# PROTECTING THE ENVIRONMENT

## The Environment and Natural Resources

The Group is dedicated to promoting responsible procurement. Product's environmental specifications are under our consideration when preparing purchase orders to safeguard the end-users' health and prevent adverse impacts on the environment. A specific environmental performance evaluation form is in place to assess the environmental management system, policies, and compliance status of suppliers and service providers. After establishment of a stable cooperation relationship, a copy of AB Builders' environmental standards and requirements will be distributed to the business partner for further implementation. In addition, the Group is committed to forbidding the use of non-environmentally friendly products such as refrigerant that causes ozone depletion and illegal pesticides to prevent posing harm to the environment. At operational level, previously mentioned mitigation measures for emissions control and waste management are enacted in all of our construction sites to protect the natural resources from being polluted.

At the same time, an emergency contingency plan is endorsed to prevent and address environmental risks from unpredictable events. Reporting channels, emergency responses and investigation methods during emergency situations are stipulated in the plan for our employees to react towards accidents. As the plan is drafted based on the identified environmental risks, details of the plan may vary during different stages of the construction projects. Therefore, the plan is reviewed by the Environmental Manager and Project Manager from time to time in order to keep up with the project progress. To facilitate the implementation of the plan, training and emergency drills are offered to our workers and supervisors regularly to equip them with related knowledge.



## BUSINESS INTEGRITY

Deeply understanding the significance of business reputation, the Group firmly upholds the highest level of business integrity by embedding a zero-tolerance approach to acts of corruption, bribery, extortion and fraud in the Code of Conduct. We encourage our employees to act ethically and report any suspected cases to prevent any business misconducts. During the Reporting Year, the Group confirmed that there were no breaches of relevant laws and regulations, including but not limited to the Anti-Money Laundering and Combating the Financing of Terrorism Notice of Macau and Prevention of Bribery Ordinance (Cap.201) of the HKSAR, and no concluded legal cases regarding corruption practices were brought against the Group or our employees.

### Anti-corruption

In order to manage our employees' behaviour, a Code of Conduct has been endorsed to provide guidelines based on the Group's standards and values regarding business ethics to all employees. As stipulated in the document, it is unacceptable for employees to offer or accept any forms of advantages such as gifts, entertainment, rewards and commission under any circumstances. Other misconducts relating to damaging the Group's reputation and benefits are strictly forbidden and restricted by the anti-money laundering and anti-fraud policy. As governed by the policy, Top Management of AB Builders is responsible for incorporating business integrity aspects into the annual corporate risk assessment to eliminate any potential misconduct risks.

A thorough employee background check system is enacted before employment and promotion to verify candidates' background and protect AB Builders from potential risks. To ensure employees are fully aware of the Group's business ethical standards, all employees are required to attend specific training relating to the policy and the Code of Conduct before starting to work.

In order to cultivate a corruption-free workplace culture, a whistle-blower system has been established so that suspected misconducts can be reported through telephone hotline, email, and letter. The Group strives to construct a corruption-free workplace culture. Received cases related to bribery, extortion, fraud, money-laundering and competitive behaviour are handled by our investigation team. Identities of whistle-blowers and reporting information are confidential to prevent retaliation. AB Builders will not hesitate to take disciplinary actions including verbal or written warnings, dismissal, and even law suit if necessary.

To further enhance the Group's anti-corruption system, we also organize training relating to our businesses for different level of staff. Apart from employees, we extend our ethical standard to our customers, sub-contractors, suppliers and all other business affiliates. Their background and policies on ethical operation are investigated before entering into a contract with us.





## BUSINESS INTEGRITY

### Confidentiality and Conflict of Interests

Apart from the abovementioned misconducts, the Group also pays the same level of attention to matters regarding conflict of interests and trading confidential and sensitive information for advantages. All employees are expected to declare any actual or potential conflict of interests and decline any offers of advantages to maintain accountability in carrying out their duties.

For confidentiality, all non-disclosed information about customer data, projects, operation details, and the Group's intellectual property is completely protected. We require related employees and business partners (suppliers and sub-contractors) to commit in protecting the sensitive information from leaking by signing a legal-binding Non-Disclosure Agreement.



## ENGAGING THE COMMUNITY

As a social responsible corporate, AB Builders acknowledges the importance to give back to the communities where our operations occur. We are committed to supporting the local communities by providing financial sponsorship and encouraging our employees to participate in volunteer work. Our ultimate goal is to establish a harmonious relationship with the local communities through engaging in community investment and development in a meaningful and pleasant way.

Community care and social contribution are the key focuses of AB Builders strategic community investment approach. Young people are the future pillars of the society. Therefore, the Group proactively participated in social events such as Youth Career Expo 2020 and Experience Sharing Activity organized by the Macao New Chinese Youth Association and the Education and Macau Youth Affairs Bureau respectively during the Reporting Year. We hope to create learning opportunities and provide career guidance for young people by sharing insights and experiences in the construction industry.



Youth Career Expo 2020



Experience Sharing Activity



## HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>Aspect A: Environment</b>		
<b>A1 Emissions</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul> <p>Note: Air emissions include NO<sub>x</sub>, SO<sub>x</sub>, and other pollutants regulated under national laws and regulations. Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. Hazardous wastes are those defined by national regulations.</p>	Protecting the Environment – Air and Greenhouse Gas Emission, Waste Management
<b>KPI A1.1</b>	The types of emissions and respective emissions data.	Protecting the Environment – Air and Greenhouse Gas Emission, Waste Management
<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting the Environment – Air and Greenhouse Gas Emission
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting the Environment – Waste Management
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Protecting the Environment – Waste Management
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved.	Protecting the Environment – Air and Greenhouse Gas Emission, Waste Management, Use of Energy & Resources
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Protecting the Environment – Waste Management



## HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>A2 Use of Resources</b>	<p>Policies on efficient use of resources including energy, water and other raw materials.</p> <p>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</p>	Protecting the Environment – Use of Energy & Resources
<b>KPI A2.1</b>	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).	Protecting the Environment – Use of Energy & Resources
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Protecting the Environment – Use of Energy & Resources
<b>KPI A2.3</b>	Description of energy use efficiency initiatives and results achieved.	Protecting the Environment – Use of Energy & Resources
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Protecting the Environment – Use of Energy & Resources
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced.	Protecting the Environment – Use of Energy & Resources
<b>A3 The Environment and Natural Resources</b>	Policies on minimising the issuer's significant impact on the environment and natural resources.	Protecting the Environment – The Environment and Natural Resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protecting the Environment – The Environment and Natural Resources



## HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>Aspect B: Social</b>		
<b>B1 Employment</b>	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	Respecting Our Employees – Employment Standards and Benefits
<b>B2 Health and Safety</b>	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	Respecting Our Employees – Healthy and Safe Workplace
<b>B3 Development and Training</b>	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.  Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Respecting Our Employees – Development and Training
<b>B4 Labour Standards</b>	Information on: <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.</li> </ul>	Respecting Our Employees – Employment Standards and Benefits
<b>B5 Supply Chain Management</b>	Policies on managing environmental and social risks of the supply chain.	Satisfying Our Customers – Supply Chain Management



## HKEx ESG REPORTING GUIDE INDEX

HKEx ESG Reporting Guide General Disclosures & KPIs		Explanation/Reference Section
<b>B6 Product Responsibility</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(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.</li> </ul>	Satisfying Our Customers – Service/ Product Excellence, Privacy
<b>B7 Anti-corruption</b>	<p>Information on:</p> <ul style="list-style-type: none"> <li>(a) the policies; and</li> <li>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</li> </ul>	Business Integrity – Anti – corruption
<b>B8 Community Investment</b>	<p>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.</p>	Engaging the Community



**AB BUILDERS GROUP LIMITED**  
**奧邦建築集團有限公司**