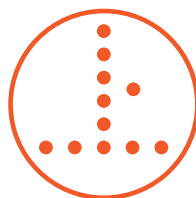


ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT



上諭集團控股有限公司
SHEUNG YUE GROUP
HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1633

1. Introduction and Reporting Scope

This is the fifth year for the Group to prepare a report covering the Environmental, Social and Governance (“ESG”) highlighting information as well as performance for SHEUNG YUE GROUP HOLDINGS LIMITED (the “Company”) and its subsidiaries (together referred to as the “Group”). This report has been prepared in accordance with the requirements of the “ESG Reporting Guide” under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Foundation works are still being the Group’s most important business segment and principally undertaken by our key operating subsidiary, Simon & Sons Engineering Limited. The scope of this ESG report (“Report”) covers the Group’s head office and activities both in Hong Kong and Macau.

This Report covers the period from 1 April 2020 to 31 March 2021, which coincides to the Group’s latest published annual report for the financial year ended 31 March 2021. The Group keeps striving to identify, manage and improve our standard of ESG and strictly complied with statutory requirements as well as ordinances, regulations and other legislative requirements. The Group will keep strengthening our performance in environmental and social aspects as part of our business development.

2. Stakeholders’ Engagement

Stakeholders’ perspective on ESG include owners, government authorizes, customers, bankers, investors, employees, business partners, sub-contractors, suppliers, unions, various kinds of media and the community organizations in general.

The Group realizes that communication with stakeholders is important. An effective communication shall be achieved via diverse range of continuous assessments and feedback collection through our internal meetings and external meetings with our stakeholders. Various communication channels include but not limited to the annual general meeting, employee suggestion box, site visits, client satisfaction surveys, telephone enquiry, various communication apps, periodical sub-contractor and supplier evaluation as well as inviting them to participate the meeting and consultation from them.

3. Environmental Protection and Management Systems

The Group is engaged in undertaking foundation works and some environmental impacts may cause emissions and wastes during operation. We have been always taking various measures i.e. “Design and Planning, Reuse and Recycle, On-Site Sorting, Air Pollution and Carbon Emission, Wastewater Pollution and Noise Pollution” to mitigate and/or avoid such impacts as mentioned in our last year report.

By taking those measures in an effective manner, the Group has thoroughly implemented the Integrated Management Systems covering quality, environmental, safety and energy in both management level and operational level. Our key operating subsidiary, Simon & Sons Engineering Limited has been granted with latest editions of certificates, i.e. “ISO 9001:2015 – Quality Management Systems and ISO 14001:2015 – Environmental

Management Systems, ISO 45001:2018 – Occupational Health and Safety Management Systems and ISO 50001:2018 – Energy Management Systems” from the accredited Certification Body in compliance with the international standard requirements. Those changes have been substantially reviewed before put into our current management systems for implementation.

Having consulted various parties regarding the upcoming changes of the latest international standard requirements, we notice that “Understanding the Organizational Context, Organizational Knowledge, Risk and Opportunity” will still be the key elements for us to address and to be integrated into the management systems by considering any issues that may have affected or influenced the development of Company both internally and externally to all of our management systems under implementation.

Understanding the Organizational Context to Risks and Opportunities Identification

The Group is committed to define its position in the marketplace and understanding how relevant factors arising from legal, political, economic, social and technological issues influencing our strategic direction and our organizational context.

We identify, analyse, monitor and review factors that may affect our ability to satisfy the interested parties including “Customers, Communities, Suppliers/Subcontractors, Regulators, Non-Governmental Organizations, Owners/Stakeholders/ Investors/ Employees”, as well as factors that may adversely affect the stability of our process in terms of energy consumption, environmental pollutions or wasted material, or our management system’s integrity.

To ensure that our management systems are aligned with our strategy, whilst taking account of relevant internal and external factors (as shown in below table); we initially collate and analyse pertinent information in order to determine potential impact on our context and subsequent business strategy with regular update.

Internal Issues (Organization and employees)	External Issues (International, national, regional or local)
Values	Legal (Regulatory & statutory)
Culture	Cultural
Knowledge	Competitor
Company staff performance	Social and economic environments
Capacity	Market
Innovation	Technological
Finance	Rate of successful tender

**Internal Issues
(Organization and employees)**

**External Issues
(International, national, regional or local)**

Governance & Management

Changes of government policy and guidance

Vendor performance

Project team consists of other interested parties

Internal communication

External communication

Occupational safety and health care

Stipulated Insurance policy

Energy consumption in office

Energy consumption at workplace

Maturity of existing technology

Acceptable technology as per statutory requirements

Environment hygiene and health

Government instruction on prevention of the COVID-19 and other diseases

Then we monitor and review this information to ensure that a continual understanding of each requirement is derived and maintained. To facilitate the understanding of our context, we regularly consider issues that will be influencing our context through management meetings and to be conveyed via minutes and business planning documents.

The output from this activity is evident as an input to the consideration of risks and opportunities, and the actions that we take to address them in the “Risk and Opportunities Register” covering “ESG Risk”.

Actions to Address Risks & Opportunities

The overall aim of risk and opportunity management within the Group is to ensure that organizational capabilities and resources are employed in an efficient and effective manner to take advantage of opportunities and to mitigate risks.

Our Board Management Members are responsible and engaged for incorporating risk-based thinking into our organization’s culture with regular review. This includes the establishment of risk management policies and targets to ensure effective implementation of risk and opportunity management principles and activities by:

- Providing sufficient resources to carry out risk and opportunity management activities;
- Assigning responsibilities and authorities for risk and opportunity management activities;
- Reviewing information and results from audits and risk and opportunity management activities.

The risk and opportunity management process includes the assessment of the internal and external issues, and the assessment of the needs and expectations of any interested parties as mentioned above. Risk and opportunity management is undertaken as part of our day-to-day operations and is captured at the following hierarchy:

Business Hierarchy	Risk	Opportunity
Strategic level	Adaptation of lower tender price strategy may lead to vicious market competition.	Promotion of advance technology information in different occasions in order to have a technological knowledge advantage in market competition, i.e. introduction of large diameter bored-pile technique.
Programme level	Low performance and efficiency	Enhance mobilization of idle machineries and materials to save extra rental cost of storage usage.
	Best use of vehicles and machineries to reduce the energy consumption and GHG emissions.	Best use energy in daily operation with less waste, training to the staff or vendors in both office and project site(s) can enhance their awareness and knowledge in energy saving.
Department level	Clarification of liability extents as per inexplicit contractual terms and specification	Tender review and contract review with thorough consideration in line with our set policy and targets, capabilities, financial support, resource planning and mobility by our top management with approval before acceptance.
Process level	Inaccurate evaluation and assurance results	All evaluation results shall be brought to the various regular meetings for presentation and comment review and improvement actions shall be taken by delegated process owner within set timeframe, further result review shall also be done until issue being satisfactory addressed and closed out.

Establishing such a hierarchy for capturing risk and opportunity ensures that every risk and opportunity is managed at the most appropriate level within our organization. We have classified “risk appetite” as the amount of risk that we are willing to accept in pursuit of an opportunity or the avoidance of risk where each pertains to product and/or system conformity.

Determination and continual improvement of Risks & Opportunities in relation to the ESG

The Group has been determining and updating the risks and opportunities related to our environmental and energy aspects, social compliance obligations, company governance and other issues or requirements that need to be addressed.

Interested parties' satisfaction level, internal audit results, process performance results, and the required resources for filling up the loop hole of management systems are then checked against our set policy and objectives to identify if any additional opportunities for improvement will be required and to be further addressed in the risk & opportunities register for result monitoring and effectiveness review.

4. Human Resources and Community

4.1 Stable and Fair Working Environment

The Group ensures a stable workforce environment for the development of the Group especially in the competitive labour markets. Thus we create and keep a fair employment environment to our employees with reasonable working hours and extra holidays to prevent their burnout. Overtime work is always not encouraged in the Group. However, if our staff are really necessary to work beyond the set working hours, compensatory leave will be granted in return.

For any new recruitment and promotion, every candidate or staff is being evaluated based on the non-discrimination principle of gender, age, race, marital status, sexual orientation and religious belief, etc. In addition, we prohibit any violation on human rights and accept zero tolerance towards using forced labour, child labour and illegal workers.

The Group offers a variety of job opportunities and promotion for staff depending on their performance and talent after annual review. Any staff who has demonstrated outstanding performance will be recommended to promote or reward.

4.2 Safety and Health Monitoring

The Group always puts safety and health at first priority in any workplace. Full time Safety Officer has been engaged in the Group to provide safety induction training, toolbox talk and other relevant safety training to all frontline workforce, supervisory staff, suppliers, sub-contractors and visitors before entering the site for works.

Safety procedures with policies are established at workplace with regular review by Our Board Management Members among the other staff members in the "Safety and Health, Environmental and Energy Committee".

Safety Officer ensures the effectiveness of the safety management system of the Group by performing regular safety inspection, coordinating various kinds of safety aspects with result monitoring and takes prompt action if any issues being identified.

Safety meeting and site inspection will be held regularly to monitor the safety and health performance of our staff. Participation and consultation from them are welcomed to put forward for our whole system improvement.

4.3 Safety Equipment

Adequate and applicable Personal Protective Equipment (PPE) including safety helmets, harness, masks, ear plugs, shoes, goggles, gloves and reflective waistcoats are always kept in stocks and provided to our staff before working on site. Those machines and vehicles have been checked regularly with certificates granted before use.

Safety Officer has conducted noise assessment to determine the noise level of the plant, equipment, tools and construction process on site and prepare noise assessment report. New assessment would be conducted whenever there are new equipment or plants being introduced, or the working environment has changed which may affect the noise emitted.

5. Governance

5.1 Product Responsibility

In spite of different kinds of methodologies and materials needed in various types of foundation works, they all have one critical requirement in common which is the product standard quality. No matter how good the super structure is, high quality foundation works that meet the construction standards is still the fundamental element to support the whole structure. The Group ensures a strong interrelationship with customers, stakeholders and other interested parties throughout the whole construction stages. An open communication channel is always dedicated to our responsible staff for handling any queries or feedback as quickly as possible. For any feasible and practical improvement action to our operation being received, the possible solutions will be identified, recorded and follow-up with result monitoring by our delegated team members.

5.2 Anti-corruption and Prevention of Bribery

Under the Chapter 201 Prevention of Bribery Ordinance, any Director or staff member who, without the permission of his employer or principal (i.e. the Company), solicits or accepts an advantage as a reward or inducement for doing any act or showing favour in relation to the latter's business, commits an offence. In addition, the person offering the advantage also commits an offence.

The Group accepts zero tolerance of any kind of any bribery, extortion, money laundering, false declaration, corruption and fraud. Our staff are encouraged to attend the talk organized by the Community Relations Department of the Hong Kong Independent Commission Against Corruption (ICAC) in order to let them having a clear picture when facing any issue which may be constructed to corruption during their daily works.

All staff are required to disclose and report to the management of any situation that may reasonably be implicated to a suspected case or give rise to a conflict of interest. Any violation to the anti-corruption regulations shall be subject to legal discretion. During the last whole year, zero corruption case was noted and we will stay clean and keep complying the statutory requirements as always.

5.3 Supply chain management

The Group always keeps track of the work processes done by the suppliers and sub-contractors, and conducts annual selection process determining whether they are going to be remained or removed from the approved list after performance assessment. The selection criteria include but not limited to their experience and past performance, willingness to match our management systems covering quality, environmental, safety and health, and energy management.

By considering the procurement of machineries, QPME labelled and Ultra Low Sulfur Diesel shall be selected at first priority with the advantages of low noise and less pollution generated during operation and also in compliance with the relevant legislative requirements.

5.4 Precautions against the COVID-19

The Group promotes the prevention of the COVID-19 as well as other diseases by distributing “Epidemic Prevention Bag including Alcohol-based Handrub and Face Mask” to our staff both in office and on various sites in order to safeguard their health. The Group also strengthens the hygiene by increasing the frequency of overall workplace cleaning especially after every meeting in the conference room.

5.5 Community Investment

The Group contributes to the community and works towards building a caring society. The Group has donated to the following charities supporting a wide range of services to the society during the period from 1 April 2020 to 31 March 2021.

Name of Charity	Donation Amount (HKD)	Date of Donation
Rainbow Foundation Ltd.	<u>10,000.00</u>	27/08/2020
Total:	<u><u>10,000.00</u></u>	