

Silver Tide Holdings Limited

銀濤控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1943

Environmental, Social and Governance Report

2019



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The following Environmental, Social and Governance Report (“ESG Report”) prepared by Silver Tide Holdings Limited and its subsidiaries (“Group”) pursuant to the Environmental, Social and Governance Reporting Guide provided in Appendix 27 of the Listing Rules of the Stock Exchange of Hong Kong Limited.

The Group has been a well-established subcontractor in the construction industry for over 25 years providing formwork works services to both the public and private sectors in Hong Kong. The formwork works undertaken by the Group mainly include (i) traditional formwork using timber and plywood; and (ii) system formwork using aluminium and steel.

To achieve sustainable development, the Group maintains close relationships with and continuously communicate with its stakeholders. The communications had enabled the Group to accurately assess the potential impacts of its business activities in the aspects of environmental, social and governance. The table below highlights the Group’s key stakeholders as well as the Group’s methods in engaging them:

Stakeholder Groups	Specific Stakeholders	Methods of Communication
Investors	Shareholders	Corporate website Annual financial report Conference call
Employees	Senior Management Employees Potential recruits	Training sessions Face-to-face meetings Interviews
Customers	Real estate developers Main contractors	Face-to-face meetings Designated customer hotline Interviews
Suppliers/Contractors	Materials suppliers Service suppliers Contractors	Suppliers assessment Daily work review Site inspection/meeting with contractors
Government	Government Regulatory authorities	Written or electronic correspondences

In the following sections, the Group presents its efforts in fulfilling its corporate social responsibility under the “Environmental” and “Social” aspects for the year ended 31 March 2019 (“Reporting Period”).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ENVIRONMENTAL

I.1 Our environmental policy

The Group has implemented an environmental management system which complies with international standards ISO 14001:2015. Straight adherence to standards in the system by the Group's employees and subcontractors helps the Group to achieve sustainable development in its operation.

Further, the Group is dedicated to raise staff's environmental awareness in aspects such as energy consumption, paper use, and greenhouse gas ("GHG") emissions.

Straight compliance with the Air Pollution Control (Construction Dust) Regulation, Waste Disposal Ordinance, Noise Control Ordinance, the Environmental Impact Assessment Ordinance (Cap 499) and the Public Health and Municipal Services Ordinance (Cap 132) were adhered to during the Reporting Period.

a. Wastage control

The Group employs precast reusable formworks made up of aluminium alloy into its construction works with the view that, since traditional timber formwork cannot be reused, the use of aluminium alloy formworks is more environmentally friendly and helps save tree resources. Further, after the useful life of the aluminium alloy formworks is exhausted, the materials can be scrapped and recycled in an environmentally friendly manner.

b. Air pollution control

For mobile machinery used at construction sites such as forklifts, the Group complies with the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation in terms of machinery labelling requirement.

Dust suppression is carried out by installation of screens and other barriers, as well as spraying of water immediately before, during and after operations that generate dust.

c. Noise pollution control

All of the Group's construction activities are only conducted during permitted hours and days.

In response to environmental non-compliances in general, program for corrective actions will be implemented accordingly to rectify the situation. Regular site walks are performed by the Group's safety officers to check for any environmental non-compliances.

For the Reporting Period, the Group was not aware of any non-compliance of environmental laws and regulations.

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I.2 Emissions

During the Reporting Period, the Group did not use any liquified petroleum gas (LPG) or gas and therefore have no relevant GHG to report. At the same time, the Group did not produce any hazardous waste from its operations.

For mobile machinery used at construction sites such as forklifts, the Group complies with the Air Pollution Control (Non-road Mobile Machinery) (Emission) Regulation in terms of machinery labelling requirement.

The following presents the Group's GHG emissions for the Reporting Period:

GHG emissions from use of vehicles:

Aspects 1.1	Unit: gram	2019
Nitrogen oxides	gram	32,783.84
Sulphur oxides	gram	64.76
Respiratory suspended particles	gram	3,035.45

GHG emissions from mobile combustion sources:

Aspects 1.2	Unit: kg	2019
Scope 1		
Carbon dioxide	kg	10,397.40
Methane	kg	23.41
Nitrous oxide	kg	1,509.17

Indirect GHG emission from purchased electricity:

Aspects 1.2	Unit: kg (CO2 equivalent)	2019
Scope 2		
Indirect GHG Emissions	kg	5,742.22

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I.3 Use of Resources

At the Group's head office, a number of energy conservation measures were adopted during the Reporting Period:

- To minimise usage of paper, double sided paper printing and use of electronic documents were encouraged;
- To encourage recycling of paper, recycling bin is placed beside printer;
- To minimise energy consumption, temperature of air conditioning at the Group's head office is set around 25 degree Celsius; unnecessary lighting and air conditioning will be switched off after office hours.
- Employees are encouraged to bring their own lunch and avoid takeaways to reduce the use of foam lunch boxes.

The following presents our direct energy consumption for the Reporting Period:

Direct energy consumption in total and intensity:

Aspects 2.1	Unit	2019
Electricity usage	kWh	9,114.64
Electricity usage intensity	kWh/office	9,114.64

During the Reporting Period, the Group did not need to use water in its operation and have no water usage and intensity analysis to report. It had no issue in sourcing water that is fit for purpose.

Further, the Group did not engage in any manufacturing or trading of goods during the Reporting Period. It had therefore no packaging materials used for finished products to report.

II. SOCIAL

II.1 Employment and Labour Practices

The Group's skilled and dedicated industry professionals and staff remains to be the cornerstone of its success. The Group's human resources policy covers aspects such as reward and compensation, discipline, code of conduct, and benefits and welfare. The Group also strives to provide a safe and healthy working environment and career development support to staff.

Compensation and human resources budgets are regularly reviewed by the Group's management to ensure that staff remuneration packages can attract and retain talent and remain competitive within the industry. Employees' remuneration is paid timely and accurately according to the requirement of relevant labour standards.

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The Group's employee handbook is also regularly reviewed and updated to ensure compliance with the applicable labour standards.

The Group prides itself as an equal opportunity employer. It fully complies with laws and regulations prohibiting unfair discrimination, including the Sex Discrimination Ordinance, the Race Discrimination Ordinance and the Disability Discrimination Ordinance. An employee's age, gender, family status, sexual orientation, physical disability, ethnicity and religion would not in any degree affect his or her chances of joining the Group. The same principle applies to employee appraisal and counselling processes.

During the Reporting Period, the Group has zero tolerance to using forced or child labour, or the hiring of illegal immigrants in either our office or construction sites. Specifically, controls implemented for the prevention of these illegal employment practices include:

- Forced labour – the Group enters into employment contracts with its employees in accordance with the applicable labour standards. Working hours of employees are subject to protection by their employment contracts with the Group. The Group's managerial level employees or on-site foremen would never threaten employees to work overtime against employees' will.
- Illegal immigrants – stringent recruitment screening procedures are adopted to ensure that all recruited employees bear the necessary documents, such as the Hong Kong identity card/proof of eligible working visa, and the Construction Industry Safety Training Certificate, to work for the Group.
- Child labour – at recruitment, the Group's human resource employees or on-site foremen are required to check the job applicant's age on their personal identification document.

The Group confirms that there is no violation of applicable laws and regulations on working hours, salary, benefits and other employment matters during the Reporting Period.

II.2 Protecting staff's health and safety

During the Reporting Period, the Group was certified for OHSAS 18001 for its Occupational Health and Safety Management System.

The Group sets up its own safety department and employs a safety officer registered under the "Factories and Industrial Undertakings (Safety Officers and Safety Supervisors) Regulations". The officer conducts regular safety training for the Group's employees and workers arranged by subcontractors to ensure their competency to perform specific assigned tasks and ensuring that a proper training record is kept.

The Group has engaged a safety consultant whose engagement team includes a chartered member of the Institution of Occupational Safety and Health, to advise the Group on the general safety policy of the Group in August 2018. The consultant had conducted random safety inspections for construction projects and provided safety consultancy service, which includes offering trainings to the Group's directors and senior management and carrying out risk assessment for specific high-risk activities or operations.

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Specifically, the following safety measures were implemented during the Reporting Period:

- Establishing safety bulletin and detailed record of accident statistics, holding regular internal and external meetings, and documenting safety measures and issues identified for each project by preparing inspection reports and training records;
- Conducting risk assessments to identify potential hazards and accident and provide suggestion on proper preventive measures prior to commencement of works;
- Regular site inspections by the Group's safety officer;
- Setting up a drill programme with the execution of emergency drill from time to time to maintain workers' safety awareness; and
- Setting up a safety committee to monitor the effectiveness of safety policies, reviewing and assessing safety policies, accident rates and any non-compliance with applicable laws and regulations as well as providing recommendations.

During the Reporting Period, no fatal injury cases occurred at our project sites, 8 cases of work injuries were reported.

During the Reporting Period, suspension notices and improvement notices were issued by the Labour Department of the Hong Kong Government against the sole operating subsidiary of the Group. To further improve safety conditions at the construction sites, the following additional internal control measures were implemented:

- Conducting safety training in specific areas to remind the workers to follow the Group's safety measures;
- Conducting risk assessment for specific operation and establishing method statement;
- Issuing warning letters to the relevant subcontractors who had failed to follow the Group's in-house safety guidelines; and
- Hired an additional safety assistant who holds a certificate in safety and health for supervisors (construction) was hired by our Group in March 2019 for site inspection with an aim to identify any safety issue at the relevant construction sites.

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II.3 Training and Development

The Group regularly provides on-site and mechanical safety training, as well as appropriate and adequate tools for employees to operate effectively.

All new hires would be briefed by their immediate supervisors to better equip them in fulfilling their job duties. To ensure safety of employees working at construction sites, adequate safety training and talks would be given by the Group's safety supervisor and safety officers. The Group also sponsored employees to join professional training courses relevant to their job duties.

II.4 Supply Chain Management

When evaluating suppliers or subcontractors, apart from the quality of products and services to be supplied, the Group would also look for sound environmental practices by the subcontractor. The Group adopts a comprehensive supply chain management system with reference to ISO 9001:2015 and 14001:2015 adopted.

If the Group needs to engage new suppliers or subcontractors, sufficient background and quality checking works would be conducted. To ensure quality of construction works delivered to customers, the Group's construction teams would regularly carry out inspections at project sites. Suppliers or subcontractors who failed to perform up to the Group's standards would be penalized.

Before ordering timber or plywood, one of the Group's construction materials, the Group would request suppliers to supplement a place of origin certificate with each timber or plywood delivery to ensure that only wood products from sustainable sources would be used in construction projects. The certificate would need to be endorsed by internationally recognized institutions such as the Forest Stewardship Council and the American Forest and Paper Association.

II.5 Service pledge to customers

Customer service standards are incorporated into the Group's quality manual, procedure manual and quality plan.

To understand our customers' needs and thus provide services meeting their expectation, the Group maintains communication with them through regular meetings, phone and email communications.

To ensure that quality works are delivered, building materials would be thoroughly inspected by the construction teams before being applied to construction works. If materials from new suppliers are proposed, the materials will need to undergo the necessary tests and approval will need to be obtained from relevant customer.

The Group strives to conduct its construction works in full compliance with the quality, safety and health requirement stipulated in the contracts with its customers and its services would not pose any health and safety threats to customers.

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Concerning advertising, labelling and privacy matters, the Group engaged in only minimal advertising activities, had not manufactured or traded any products, and had only collected minimal private information of customers.

During the Reporting Period, there was no non-compliance with applicable laws and regulations relating to product responsibility, including health and safety, advertising, labelling and privacy matters.

II.6 Anti-Corruption

The Group is committed to maintaining the integrity of its corporate culture. Staff members are not allowed to solicit or accept any advantages. The Group sets out relevant policies in the employee handbook and the Code of Conduct for employees to abide by. The Code of Conduct provides clear guidelines on the provision and acceptance of interests, such as gifts and souvenirs, and ways to deal with conflicts of interest.

Various policies and guidelines are in place to avoid breach of the Prevention of Bribery Ordinance. A whistleblowing policy is also in place which allows employees to report to the directors anonymously any case of unethical behaviour.

During the Reporting Period, no case regarding the violation of relevant laws and regulations on anti-corruption has been identified.

II.7 Community Involvement

The Group encourages its staff members to make donations to different charitable organisations and take part in charity works to help people in need. The Group will contribute itself to society through a wide range of charitable event in the future.

FUTURE APPROACH TOWARDS SUSTAINABLE DEVELOPMENT

In the future, the Group will continue to uphold its corporate social responsibility and enhance its relevant performance. In conducting our business, we will continue to take into account the interest of all our stakeholders and engage them with a sustainable business model.