



**ALLIED SUSTAINABILITY AND ENVIRONMENTAL
CONSULTANTS GROUP LIMITED**
沛然環保顧問有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8320

環境 · 社會 及管治報告 2017

ENVIRONMENTAL • SOCIAL and GOVERNANCE REPORT



CONTENT



Who we are	2
Foreword	5
Our Sustainability Culture	6
Our Sustainability Highlights	14
• Sustainability Awards & Recognitions	15
Serving Hong Kong and The Asia Region	16
• Green Building Awards	20
Ensuring Service Excellence	28
Our People and Team of Excellence	31
Creating Sustainable Value for the Community	39
Looking Forward	44
Appendix A	
• Memberships and Charters	45
Appendix B	
• Environmental Performance	46
Appendix C	
• Social Performance	49
Appendix D	
• HKEX ESG Reporting Guide Index	50

WHO WE ARE

Established in Hong Kong in 1994, Allied Sustainability and Environmental Consultants Group Limited ("AEC" or the "Group") was born out of a shared vision of building sustainable cities that merge harmoniously with the environment. In the last 23 years, AEC has become one of Hong Kong's most renowned environmental consulting firm with an extensive portfolio spanning across Hong Kong, Mainland China, and the Asia Pacific region. Our pioneering solutions have received many of the industry's most prestigious accreditations and awards. As we take the lead in Hong Kong's sustainable development, we hope to shape the future of many other cities with our never ceasing mission to inspire sustainability through our ingenuity.

THE FOUR PILLARS OF OUR BUSINESS

Green Building Certification Consultancy

AEC offers practical and innovative solutions for property developers to enhance the sustainability performance of their buildings and to help them attain the highest green building certification. AEC has more than two decades of experience in working with several global rating system standards including:

- **Building Environmental Assessment Method (HK-BEAM/ BEAM Plus)**
- **Leadership in Energy and Environmental Design (LEED)**
- **China Green Building Design Label (China GBL)**

Sustainability and Environmental Consultancy

Working collaboratively with private and public sectors, we have provided expert advice and sustainable design solutions to guide development projects towards sustainable development. AEC is involved in every stage of the development process from design stage to construction programme and to operations.

Acoustics, Audiovisual, Lighting Design Consultancy

AEC provides acoustics, audiovisual and lighting design consultation for buildings and event venues of all types. The ingenuity of our design solutions provides an enhanced user experience with minimal environmental impact.

Environmental, Social and Governance (ESG) Reporting and Consultancy

Leveraging on AEC's collective expertise, our ESG consultancy services provide businesses with an in-depth understanding of the social and environmental impact of their operation while guiding them in their journey to become sustainably operated and resilient businesses.



Our Commitments

- Transform the landscape of the cities with sustainable building solutions
- Provide pragmatic and innovative civic design
- Inspire sustainable corporate practice and improve business sustainability performance
- Educate the public and raise awareness for sustainability through knowledge sharing

ABOUT THIS REPORT

This is AEC's first environmental, social and governance report. The report covers the operation of the Group's main subsidiary, Allied Environmental Consultants Limited, in Hong Kong during the year ended 31 March 2017. All activities undertaken by other subsidiaries are excluded from this report. In addition to the disclosure of AEC's environmental and social performance, we would like to take this opportunity to share some of our project highlights and contributions to sustainable development.

The report is prepared in accordance with the Appendix 20 – Environmental, Social and Governance Reporting Guide ("ESG Guide") under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). Information regarding AEC's Corporate Governance is addressed separately in the annual report in accordance with Appendix 15 of the GEM Listing Rules.

INFORMATION AND FEEDBACK

For more information about our businesses, please refer to AEC's official website <http://www.asecg.com/>

If you have any comment or question regarding our report, please feel free to send them to info@aechk.com or contact us at (852) 2815 7028



FOREWORD

On behalf of the board of Directors, I am delighted to take this opportunity to present our first-ever Environmental, Social and Governance Report for the year ended 31 March 2017. This report marks a profound milestone for the company as we bear witness to the first public disclosure of our sustainability performance and highlights over the past financial year.

Being a company born and bred in Hong Kong, we have begun our journey to provide green building and environmental consultancy services more than 20 years ago. Along the way, we have grown and expanded our business to include sustainability consultancy services. Now equipped with the different expertise, we are offering the most comprehensive and cost-effective solutions to businesses to enhance their corporate sustainability performance. We hope to change the local landscape and contribute to a greener Hong Kong.

In addition to our sustainability consultancy services, we have embraced sustainability as a framework guiding our day-to-day operations in the continual effort to improve the Group's ESG performance.

Cultivating Good Corporate Governance:

AEC has implemented sound corporate governance principles and practices to stimulate business success. Before our listing on the Growth Enterprise Market of the Hong Kong Stock Exchange in October 2016, we have established the ESG Committee to assist the board of Directors in fulfilling its oversight responsibilities by assessing the effectiveness of initiatives that support the safety, health, social and sustainability programs of the Company. The ESG Committee is responsible for reporting and advising the board on matters relating to environmental protection, social responsibility, and corporate governance. We want to make sure we are on track towards sustainable development.

Enhancing Stakeholders Value:

Stakeholder engagement is primordial to our business. To align with the stakeholders' expectations and increase our competitiveness in the current sustainability-constrained world, we are fully engaged with investors, government departments, NGOs, community, and members of civil society at both business unit and corporate level on sustainability issues. Moreover, we have established connections with several green organizations to join in the collaborative effort to transform Hong Kong into a low-carbon city.

Assuring Employee Well-being and Career Development:

AEC has created a culture of openness, free flow of information and trust in the organization through active engagement with employees to integrate their feedbacks and expectations in our corporate social governance. This increases innovation, early identification of critical issues, and creates the mastery goal orientation needed for exceptional productivity and excellence. In addition, AEC provides work-life balance activities for the all-around wellbeing of employees. We take care of our employees through providing a safe and healthy workplace with various benefits and benevolences, while developing strategies that enable their self-fulfilment.

Extending Care to the Communities and Promoting Greener Society:

AEC is fully committed to creating sustainable value, not only for the business community, but also for the communities through various voluntary activities and benevolences. AEC has been involved in various community service programs and campaigns to provide vital resources and services for the marginalized community. Moreover, AEC has been making charitable donations to support community development projects. A total of HK\$791,650 has been donated to various non-profit organizations in the past financial year.

On behalf of the board and our management team, I would like to express my sincere gratitude to our staff members, business partners, and customers for their unfailing support over the past financial year. As we move ahead, the Group will continue to explore more opportunities to enhance our ESG performance and make a greater contribution to the city's sustainability landscape.

Kwok May Han, Grace

Chairman and Executive Director



OUR SUSTAINABILITY CULTURE



OUR SUSTAINABILITY CULTURE

At AEC, we see our projects as part of the solution that steers businesses towards sustainable development. Through our innovative solutions we are pushing the frontiers of sustainability and setting the standard for best practices for others to follow. Likewise, the continuity of our business is highly dependent on the sustainability framework, as well as our ability to influence the corporate sustainability agenda. From inspiring sustainable corporate practices to designing sustainable building features, down to our involvement in community projects, sustainability underpins our core business functions and serves as a measurable standard to which we align key decisions and practices.



Our Sustainability Vision

To be a harbinger of sustainability by enlightening the path to sustainable development with our ingenuity.

Managing our Sustainability Performance



Sustainability Policy

With sustainability as the framework guiding our business strategic direction, AEC seeks to integrate sustainability in all aspects of its operation. All internal stakeholders bear a personal responsibility to abide by the following principles:



Environment

- Use all resources in the most efficient way possible
- Minimize waste where economically and operationally feasible
- Operate business effectively and efficiently to minimize AEC's environmental impact
- Manage all projects under the provision of the Environment Management System (EMS) conforming with the standards of ISO 14001:2004



Social

- Ensure that sustainability is considered in all decisions relating to suppliers and subcontractors selection
- Provide employees with adequate education and training on sustainable practices
- Uphold AEC's commitment to care for the community, employees, and the environment to maintain its qualification for the Caring Company logo



ESG COMMITTEE

While the responsibility of our sustainable performance lies with all internal stakeholders, the ESG Committee takes the lead in ensuring that AEC is taking all the necessary actions to realize its sustainability vision. The committee is responsible for:

- Identifying the relevant matters with significant effect on AEC's operations in the ESG aspects
- Updating or adopting policies on production safety, environmental protection, social responsibility management, and corporate governance;
- Reviewing and conducting risk assessment in respect of AEC's impact on health, safety, environment and society;
- Monitoring AEC's activities in the areas of health, safety, environmental protection and social responsibility;
- Reviewing all reports produced by AEC regarding environmental protection, social responsibility and corporate governance.

Identifying and Integrating Material Issues

Step 1

Identify relevant ESG material issues through various stakeholder engagement activities



Step 2

Assess each of the identified issues and determine the top material issues to focus on



Step 3

Review and modify policies to implement initiatives to improve AEC's performance in the identified ESG aspects



Step 1

Identify Relevant ESG Material Issues – Stakeholder Engagement

Engaging the stakeholders is critical in developing our business strategic direction. The stakeholders are anyone who is affected by or have an influence on our operations. Through the different stakeholder engagement activities, we are able to identify the relevant ESG issues significant to our operations. The goal is to improve AEC's performance in these areas to evolve our business in ways which we remain as the forefront of sustainability.



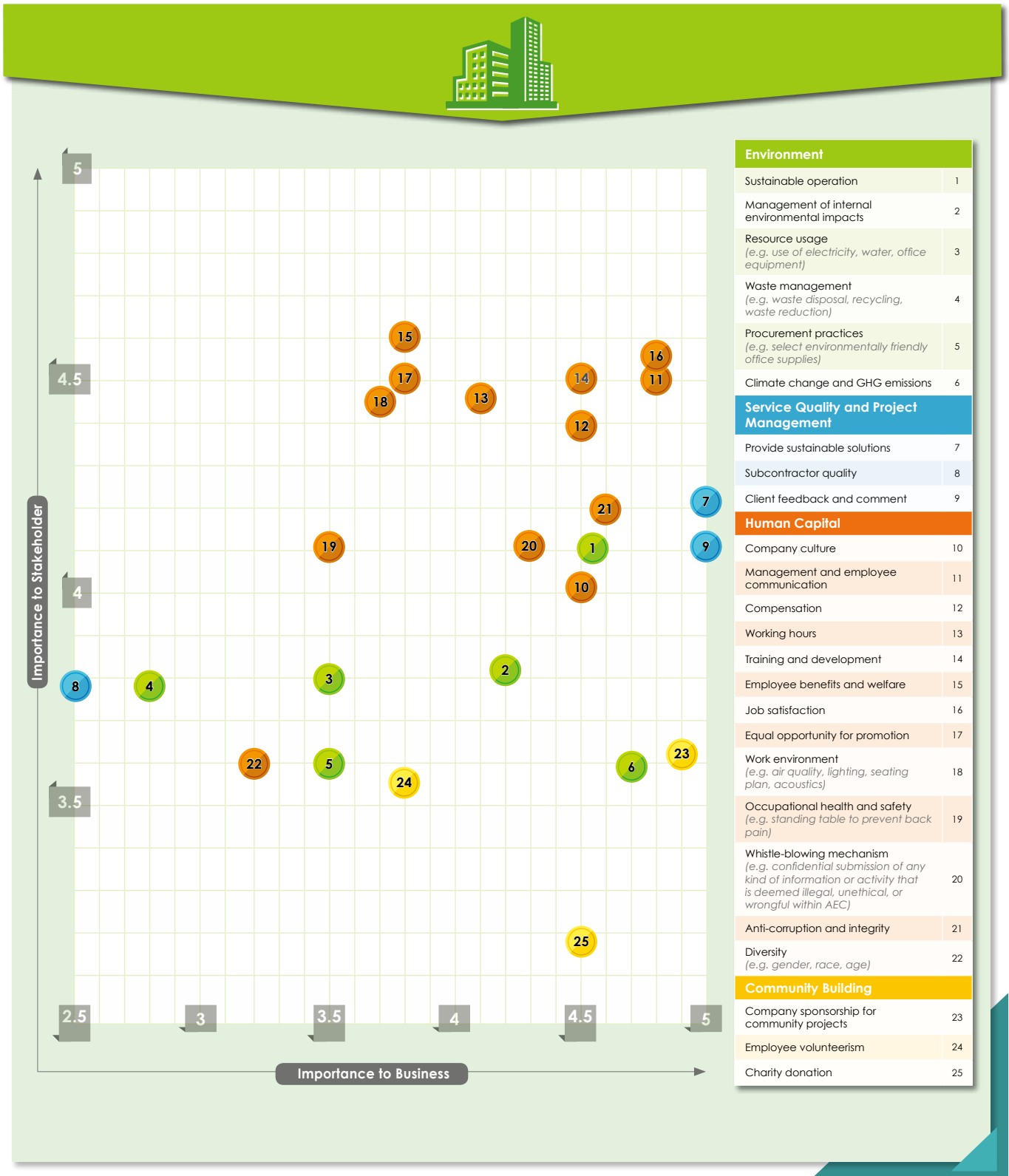
STAKEHOLDERS	ENGAGEMENT ACTIVITIES
Board of Directors	<ul style="list-style-type: none"> • Board meetings
Internal Committees <i>(e.g. ESG Committee, and Remuneration Committee)</i>	<ul style="list-style-type: none"> • Committee meetings
Investors	<ul style="list-style-type: none"> • Shareholders meetings • Annual galas
Employees	<ul style="list-style-type: none"> • Sharing sessions • ESG discussion sessions • Company events • Team lunch gatherings • Performance appraisals
Clients	<ul style="list-style-type: none"> • Site audits • Project closing meetings
Subcontractors	<ul style="list-style-type: none"> • Site audits
Public, Industry Associations, government, and NGOs	<ul style="list-style-type: none"> • Media interviews • Seminars • Industry forums • Industry exhibitions • Community events



Step 2

Assess and Determine the Top Material Issues – Materiality Assessment

The following materiality matrix summarizes the results of AEC's stakeholder engagement activities and highlights the top material issues pertinent to our operation.



Step 3

Review and Modify Policies – AEC's Responses to Stakeholders' Feedback

Among the many valuable feedbacks from the stakeholders, we have identified the most prominent and reoccurring issues to focus our efforts on. The section below outlines our responses and how we have set about tackling those challenges.

Knowledge Sharing

The Issue:

Businesses in Asia are still slowly warming up towards the concept of sustainability, as an environmental consulting firm what can AEC do to let businesses understand the value of sustainability?

AEC's Response:

- *AEC has always been proactively participating in sustainability discussion in Asia Region. We take visionary leadership to provide businesses, consultants, academics, policy makers, and experts with a platform for discussion and knowledge sharing on multi-disciplinary approaches and mechanisms that could support the integration of sustainability ethics in the economic and societal transformative process over the region. Through such vision, AEC aims at inspiring, empowering, and informing businesses and all stakeholders on key sustainability levers, and mobilising practical knowledge and know-how for integrating sustainability in day-to-day business operations, dealing with challenging issues, and promoting sustainability value.*

Competitiveness

The Issue:

In Hong Kong's competitive business environment, there are many international environmental consulting firms providing similar services as AEC, what is AEC's competitive edge?

AEC's Response:

- *As a local firm with over twenty years of experience in multiple disciplines of environmental and sustainability consultancy, AEC offers comprehensive services and capabilities with a proven track record that particularly extols innovation and clients value. In current highly competitive consultancy environment, AEC benchmark consists therefore of adding value to our clients' business, targeting sustainable business profitability and growth through provision of innovative and effective solutions.*



Human Capital

The Issue:

Cross functional collaboration is important for sharing ideas and spurring innovation, however it is always easier to communicate ideas amongst employees of the same rank, what can AEC do to facilitate cross functional collaboration?

AEC's Response:

- AEC endeavours to remove the communication barrier by creating a culture of openness, free flow of information and employees' mutual trust through communication, knowledge sharing at all levels and effective cross-team collaboration. This increases staff interpersonal skills, innovation, early identification of critical issues, and creates the mastery goal orientation needed for productivity excellence.

The Issue:

When an employee leaves AEC, their responsibilities are passed on to other colleagues, which disrupts the regular work flow and increases the workload of other colleagues.

AEC's Response:

- From a holistic point of view, AEC addresses this issue by improving working conditions and prioritizing internal career development to encourage employee retention.
- On the other hand, an established cross-team collaboration system enables AEC to overcome challenging issues related to employees' resignation, in terms of workload and responsibilities sharing.

Addressing Emerging Environmental Challenges

The Issue:

As AEC continues to expand its business, how does AEC plan to address the new environmental challenges?

AEC's Response:

- In current sustainability-constrained world, AEC is advocating for managing emerging environmental hazards and challenges through a risk-based approach that fully takes into account the uncertainties inherent to environmental information and resilience, not only for AEC internal management, but also for its clients' business prosperity. As such, AEC business growth and development is undoubtedly emerging from new strategies that seriously work on resource recovery and sustainability footprint overshoot.



OUR SUSTAINABILITY HIGHLIGHTS

The background of the page is a photograph of a person in a suit holding a glass trophy with a star on top. The image is overlaid with a semi-transparent olive green filter. A white horizontal line with a curved end is positioned below the title.

OUR SUSTAINABILITY HIGHLIGHTS



* The total amount of charitable donations includes the HKD 650,000 donated to Community Chest as a part of the HKEX Stock Code Balloting Scheme.

Sustainability Awards & Recognitions (1 Apr 2016 – 31 Mar 2017)		
Programme	Organizer	Name of Award
BOCHK Corporate Environmental Leadership Awards 2015	Federation of Hong Kong Industries; Bank of China (Hong Kong)	EcoChallenger
Caring Company 2016/17	The Hong Kong Council of Social Service	Caring Company
Family-Friendly Employers Award Scheme 2015/16	Family Council	Family-Friendly Employer
Hong Kong Green Awards 2016	Green Council	Green Management Award – Service Provider – SME; Merit
Hong Kong Green Organisation Certification – Energywi\$e	Environmental Campaign Committee	Energywi\$e Certificate – Basic Level
Social Caring Pledge	Social Enterprise Research Institute	Social Caring Awards for Green Excellence

SERVING HONG KONG AND THE ASIA REGION



OUR MOST REPRESENTATIVE PROJECTS

Among our many noteworthy projects, these selected projects have received the most prestigious awards in the industry. Whether it is green building consultancy or sustainability consultancy, we strive to meet the different needs and expectations of our clients by offering one-stop services for all their needs.

Lime Stardom

Yau Tsim Mong, Kowloon

Award Organizer: Professional Organizations
 Award: Grand Award, Hong Kong Residential [Single Building] Category, Quality Building Award 2014
 Services Provided: Environmental consultancy



International Commerce Centre

West Kowloon, Kowloon

Award Organizer: Professional Organizations
 Award: Grand Award, Hong Kong Non-Residential [New Building] Category, Quality Building Award 2012
 Quality Excellence Award, Quality Building Award 2012
 Services Provided: Environmental Consultancy



Towngas Headquarters

North Point, Hong Kong

Award Organizer: WSBE17 Hong Kong
 Award: Highest Score for BEAM Plus Existing Buildings
 Services Provided: Green Building Consultancy



Double Cove

Sha Tin, New Territories

Award Organizer: Professional Organizations
 Award: Grand Award, Hong Kong Residential [Multiple Buildings] Category, Quality Building Award 2016
 Services Provided: Sustainability Consultancy



Hang Seng Management College

Sha Tin, New Territories

Award Organizer: WSBE17 Hong Kong
 Award: Organization with the most BEAM Plus Final Platinum Projects
 Services Provided: Sustainable Design



Redevelopment of Upper Ngau Tau Kok Estate Phases 2 & 3

Kwun Tong, Kowloon

Award Organizer: Professional Organizations
 Award: Grand Award, Quality Building Award 2010
 Services Provided: Acoustic design consultancy



Siu Sai Wan Complex

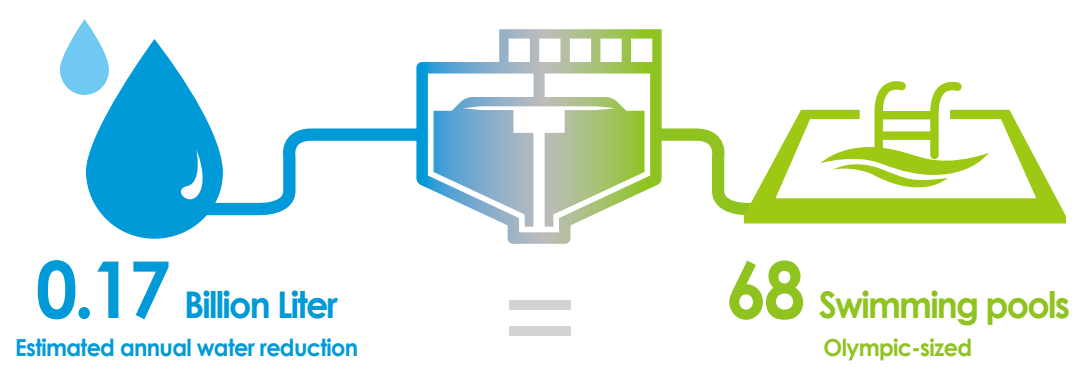
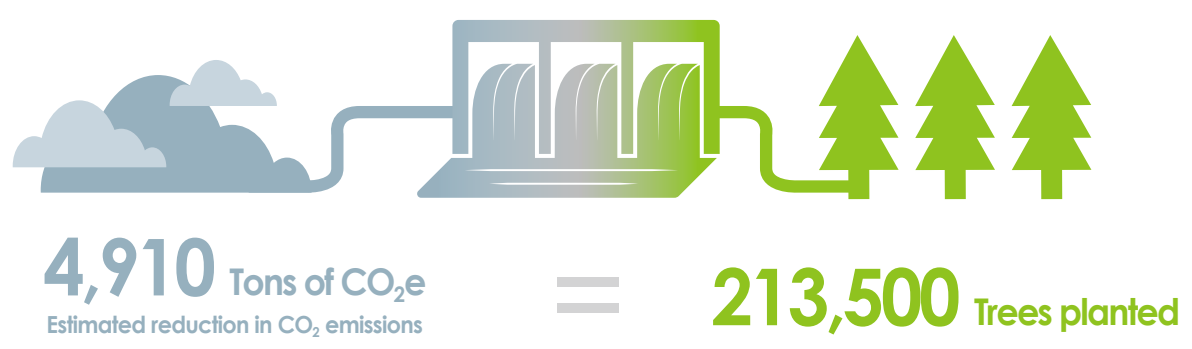
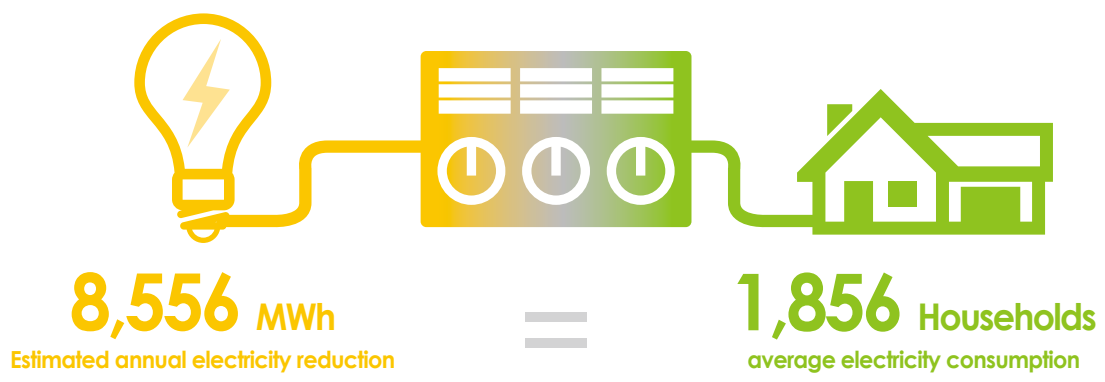
Hong Kong East, Hong Kong

Award Organizer: HKGBC and PGBC
 Award: Grand Award, Green Building Award 2012
 Services Provided: Environmental/ Ecology Consultancy



A GLANCE AT OUR PAST YEAR GREEN BUILDING ACHIEVEMENTS

Total saving of HK-BEAM, BEAM Plus and LEED assessed projects in the financial year compared to their respective baseline standards:



Green Building Awards (1 Apr 2016 – 31 Mar 2017)

Project	Programme	Organizer	Name of Award
Double Cove	Quality Building Award 2016	Nine building and construction related professional organizations in Hong Kong	Grand Award Hong Kong Residential [Multiple Buildings] Category
Double Cove - A Large Scale Residential and Commercial Development at Lok Wo Sha, Ma On Shan, Hong Kong	Green Building Award 2016	Hong Kong Green Building Council (HKGBC) and the Professional Green Building Council (PGBC)	Finalist New Buildings Category Completed Projects - Residential Building
Double Cove - A Large Scale Residential and Commercial Development at Lok Wo Sha, Ma On Shan, Hong Kong			Special Citation in Eco-service Infrastructure Network
Hang Seng Management College			Finalist New Buildings Category Completed Projects - Institutional Building
Ko Shan Theatre New Wing			Grand Award New Buildings Category Completed Projects - Institutional Building
Redevelopment of Kwun Tong Swimming Pool Complex and Recreation Ground			Finalist New Buildings Category Completed Projects - Institutional Building
Towngas Headquarters			Finalist Existing Buildings Category Completed Projects - Commercial Building

SOLUTIONS FOR A BETTER WORLD

Our involvement in the development of Hang Seng Management College's campus is one that has encompassed the different expertise of our team. When envisioning the design of the building, we have taken into consideration of the different functional needs of the residential and lecture buildings. Many unique design features have been included to enhance the human comfort while optimizing the learning environment. Through our solutions, students are able to gain a first-hand glimpse of a sustainable low-carbon future.

CREATING A SUSTAINABLE LEARNING SPACE

HSMC Jockey Club Residential Colleges

Projected annual energy saving of 32.8%



New Buildings V1.2
Final Platinum

Total Score

79.8

Maximum Comfort with Minimal Environmental Impacts

The building is located near the Tate's Cairn Highway, and before planning the sustainability designs of the building we had to first conduct the air quality and noise impact assessments to evaluate the impact of the highway on the building site. Our objective was to incorporate sustainable features that could enhance human comfort and ensure the well-being of the residents. With the results of the assessment, we adopted the following sustainability designs.



Design Highlights

- The noise impact assessment had shown that approximately 20% of the residential units would likely be affected by excessive traffic noise from Tate's Cairn Highway. In order to minimize noise impact on the residents, the building has utilized acoustic windows that have effectively reduced the transmission of noise by about 6 dB(A).
- The entire roof of the building is covered with vegetation and high emissivity roofing materials. This maximizes thermal comfort for residents and also reduces heat gain while eliminating subsequent energy requirement for cooling purposes.
- Rapidly renewable material such as bamboo is used to replace wood for furniture and interior building materials. Bamboo is a rapidly renewable material that is not only sustainable but is also moisture resistant to Hong Kong's humid climate.
- Rainwater and grey water is recycled for irrigation use. Rainwater recycling contributes to 26.4% saving of fresh water, while grey water recycling provides 28.3% of savings.



**Hang Seng
Management College
Block D –
Lee Quo Wei
Academic Building**

Projected annual energy
saving of 30%



PLATINUM
鉑金級
V1.1 2016
HKGBC
BE@M Plus
綠建環評

**New Buildings V1.1
Final Platinum**



Total Score

76.7

**Hang Seng
Management
College Block A –
S H Ho Academic
Building**

Projected annual energy
saving of 28%



PLATINUM
鉑金級
V1.1 2014
HKGBC
BE@M Plus
綠建環評

**New Buildings V1.1
Final Platinum**



Total Score

76.9

**Hang Seng
Management College
Block B –
Sports and Amenities
Centre**

Projected annual energy
saving of 19%



PLATINUM
鉑金級
V1.1 2015
HKGBC
BE@M Plus
綠建環評

**New Buildings V1.1
Final Platinum**



Total Score

75.3

Infusing Innovative and Sustainability Ideas

Being an environmentally responsive school, it is important for our client to infuse innovative environmental ideas in its building design. With the hope of creating a sustainable campus, we integrated some of the industry's cutting-edge green building technologies in the building design.

Design Highlights

- **Chilled Ceiling Air Conditioning System** - In an indoor environment with a high concentration of people, this cutting-edge system prevents cross infection and the spread of disease through its active control of fresh air supply with no return air.
- **District Cooling System** – The centralization of different capacity of chillers allows the cooling system to operate at a higher efficiency rate than conventional chilling plants. With the eradication of the onsite chiller plants, noise pollution is reduced and space utilization is maximized.
- The exterior of the buildings is fitted with architectural fin and low-e glass windows for optimization of indoor daylight illumination while reducing the transmission of solar radiation from direct sun rays.
- More than 30% of the building sites are covered with vegetation, which increases urban wildlife habitat. Bamboo was selected as the main plant species for increased CO₂ absorption.



INSPIRING CORPORATE SUSTAINABILITY

Industry Types



Food and
Beverages



Construction



Property
Development



Advertising



Manufacturer



Pharmaceutical



And many
others

Since the upgrade of ESG disclosure requirement from “recommended and voluntary” to “comply or explain”, companies listed on the Hong Kong Stock Exchange are now required to disclose their ESG performance. Foreseeing the growing needs for corporate social responsibility in China and Hong Kong, AEC works with local companies to develop strategies that integrate sustainability into the core of their business and to help them bridge the gap between CSR and business development.

From sustainability building design to sustainability planning, our comprehensive consultancy services allow us to draw from the different expertise of our teams and network of professionals to create feasible solutions that will help businesses increase their operation efficiency while building a positive corporate image.

At AEC, our aspiration is to create a sustainable business environment that inspires economic success through sustainable business practices. Being a member of the GRI GOLD Community, we are at the forefront of sustainability as we empower decision makers to move towards a more sustainable economy.

Knowledge Sharing

We see it as our duty to engage businesses and public in the discourse on sustainable futures. Throughout the year, we have organized several seminars with the objectives of

Helping businesses understand why ESG is important to business agility in a changing business environment where sustainability is gaining traction.



Providing legal advice on compliance issues related to HKEX ESG requirements.



Creating a platform of information exchange where different professional parties can share their perspectives on ESG.



Providing information on integrating sustainability into business practices.



PERFECTING THE OUTDOOR CONCERT EXPERIENCE



Clockenflap Music Festival 2016

Dragonland Music Festival 2017



Hong Kong is one of the most densely populated places in the world, hosting an outdoor music event in the hub of city will draw in a lot of tourism, but will at the same time cause nuisance to the nearby neighbourhood. The Central Harbourfront Event Space (CHES) is an ideal venue for organizing music festivals, but the venue is surrounded by several noise sensitive buildings. In our involvement in designing the acoustical environment for the pop concerts, it was important for us to contain the noise within the legal noise limit while achieving the best sound experience. Using a sophisticated acoustical design and modeling software, we were able to analyze and predict both the impact of the physical environment while foreseeing the outcome of our acoustic solutions. Based on the result of our analysis, we came up with the following acoustic design solutions:

- **Erected a large noise barrier made with locally sourced plywood and fiberglass. The modular barrier could be easily taken apart and stored for future use.**
- **Double-decker shipping containers were placed at the edges of the concert venue facing the Chinese People's Liberation Army Forces Hong Kong Building. The shipping containers were a cost-effective solution, as they were easily assembled and transportable.**
- **Noise enclosure for loudspeaker towers. The enclosure diverted the sound to the concert area while reducing the noise impact for the surrounding neighbourhood.**
- **Sandbag barrier was erected around the subwoofers to absorb the low-frequency sound**



ENSURING SERVICE EXCELLENCE

A photograph of two business professionals shaking hands. The man on the left is wearing a grey suit, a white shirt, and a red tie, and has a watch on his left wrist. The woman on the right is wearing a dark blazer over a blue and white striped shirt. In the foreground, there is a white coffee cup on a saucer. The entire image has a purple tint and a white decorative line on the right side.

ENSURING SERVICE EXCELLENCE

Quality Control

In all four sectors of our business, we are committed to delivering the highest quality of services. A Quality Management System (QMS) corresponding with the requirements of ISO 9001:2008 has been implemented to systematically manage and control activities to ensure we are meeting client expectations. The QMS dictates the processes for all activities throughout a project life cycle, which includes project planning, design, documentation, management, and quality review. In implementing the QMS, a Quality Manual along with a Quality Policy are put in place to communicate our expectation with all employees.

AEC's Quality Commitment

- Provide effective and reliable services to fully meet the specified requirements, needs, and expectation of our clients
- Comply with the requirements of all relevant standards, ordinance, statutory, regulations, and company's code of conduct
- Undertake all activities in the most efficient and effective manners possible
- Monitor and improve upon the effectiveness of the QMS by conducting scheduled Internal Quality Audits, Data Analyses, and Management Reviews
- Provide appropriate trainings to staff members for activities affecting service quality

The QMS is subject to an annual review by the Review Committee to determine its continual suitability and effectiveness. An accompanying Quality Procedures document provides the detailed procedures for the reviewing process.



Managing our Subcontractors

When looking for subcontractors, we only engage with ones who share the same level of commitment for quality. The QMS requires the subcontractors to have their own QMS and they are selected on the basis of the following:

- **Previous work history with AEC**
- **An assessment of their ability to conform with the agreed quality and contract requirements**
- **Previous projects performance track record**
- **Tender price for the proposed works**

Meetings and site inspections are carried out during servicing period to ensure that the subcontractors are meeting our agreed requirements. Records are taken to keep track of the frequency of failed inspections to take appropriate remedial actions where applicable.

Upon completion of their services, the work is reviewed and where necessary, amended before submission to our clients. The subcontractors with outstanding performance are added to our approved vendor list.

CLIENT DATA PROTECTION

Under the QMS, all incoming and outgoing documents are strictly controlled. The internal and external produced documents are recorded and archived following adopted procedures to ensure prompt removal of superseded documents. All outgoing documents are screened to ensure no confidential information is leaked.



OUR PEOPLE AND TEAM OF EXCELLENCE

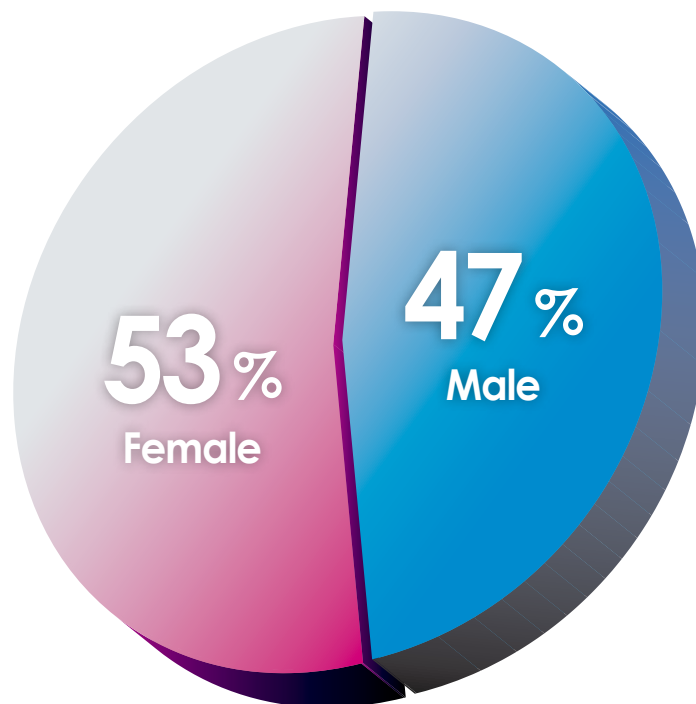


OUR PEOPLE AND TEAM OF EXCELLENCE

Being a consultancy firm, our competitive edge lies in the ideas and capabilities of our employees. Through the ingenuity of the employees, AEC is able to continuously innovate and raise the bar on sustainability. AEC works hard to create and maintain a work environment that not only facilitates creativity, but is also one where employees are inspired for excellence.

AEC'S WORKFORCE

Gender Proportion



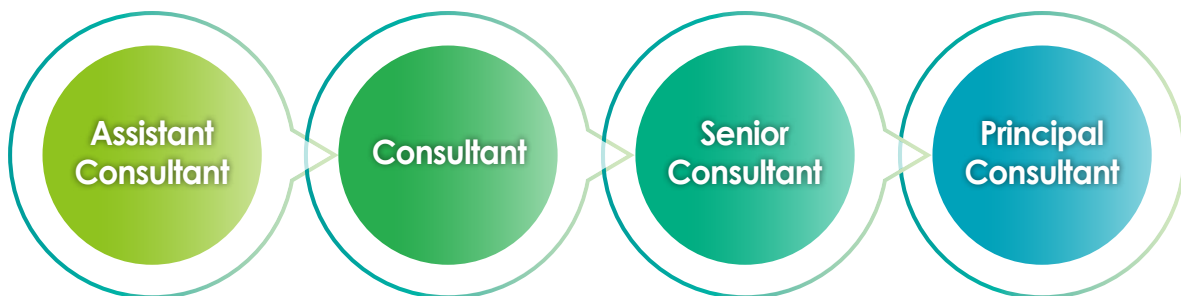
** At the end of the financial year, AEC had a total of 51 employees.*



RECRUITING AND DEVELOPING CAPABILITY

As AEC continues to expand its business, it is becoming even more important for us to attract and retain a talented workforce. AEC is committed to developing and deploying an innovative talent management system that anticipates and meets both the strategic needs of the company and the employees. During the recruitment process, all candidates have an equal opportunity to compete for positions that are assigned based on the individual's qualifications and experiences. We believe a diverse and inclusive human resource is a competitive advantage and understand that we can achieve our corporate vision only with the full commitment, creativity, and cooperative spirit of our diverse team. AEC is committed to banishing all kinds of discrimination and inequality. Our vision is to accelerate our business growth by creating a vibrant and inclusive work environment.

Seeing the potentials in youths, AEC's internship program has regularly hired interns to help out with our projects. Under the mentorship of the senior consultants, they are given many opportunities to learn through hands-on experience. AEC is committed to nurturing and developing its interns to help them discover a rewarding career in environmental consultancy. Many of the graduated interns have subsequently been hired as assistant consultants.



AEC has four levels of consulting professionals: Principal, Senior, Experienced, and Assistant level. The career journey from assistant consultant to senior consultant is clearly mapped out since commencement of employment. Before assistant consultants become experienced consultants, they have already gained a full range of skills through their exposure with different job functions. Both of the assistant and experienced consultants are mentored by the senior and principal consultants. Our mentorship program also includes bi-weekly knowledge sharing sessions which both the junior and senior consultants have the opportunity to share their experience and exchange ideas. In addition to on job trainings, employees are also provided with vocational trainings from professional institutes. All training fees are paid by AEC and for individuals with outstanding performances they have the opportunity to receive an education fund to pursuit continuing education. AEC also encourages employees to join professional associations to engage them in knowledge sharing with other professionals in the industry. All planning regarding training needs and professional membership enrolment is overseen by the development committee to ensure all employees have received adequate training.



BENEVOLENCE FOR THE EMPLOYEES

In addition to providing all employees with a competitive remuneration package, AEC has provided them with additional benefits to boost employee morale and happiness.

Additional Paid Leave for Special Occasions

On top of 12 days paid annual leave, employees are also entitled to one day of birthday leave which they can take on any day during their birthday month. Employees who have plans to get married are also granted 5 days of paid marriage leave. During the Chinese New Year employees are all given additional 2 days off to celebrate the holiday with their families.

Share Award Scheme

All eligible full-time employees are also given shares of the company's stock. The number of stocks assigned are based on the seniority of the employee and their performance.

Performance Bonus

All employees at the end of the fiscal year are entitled to a performance bonus. The amount awarded is determined by the performance of the employee and the company.

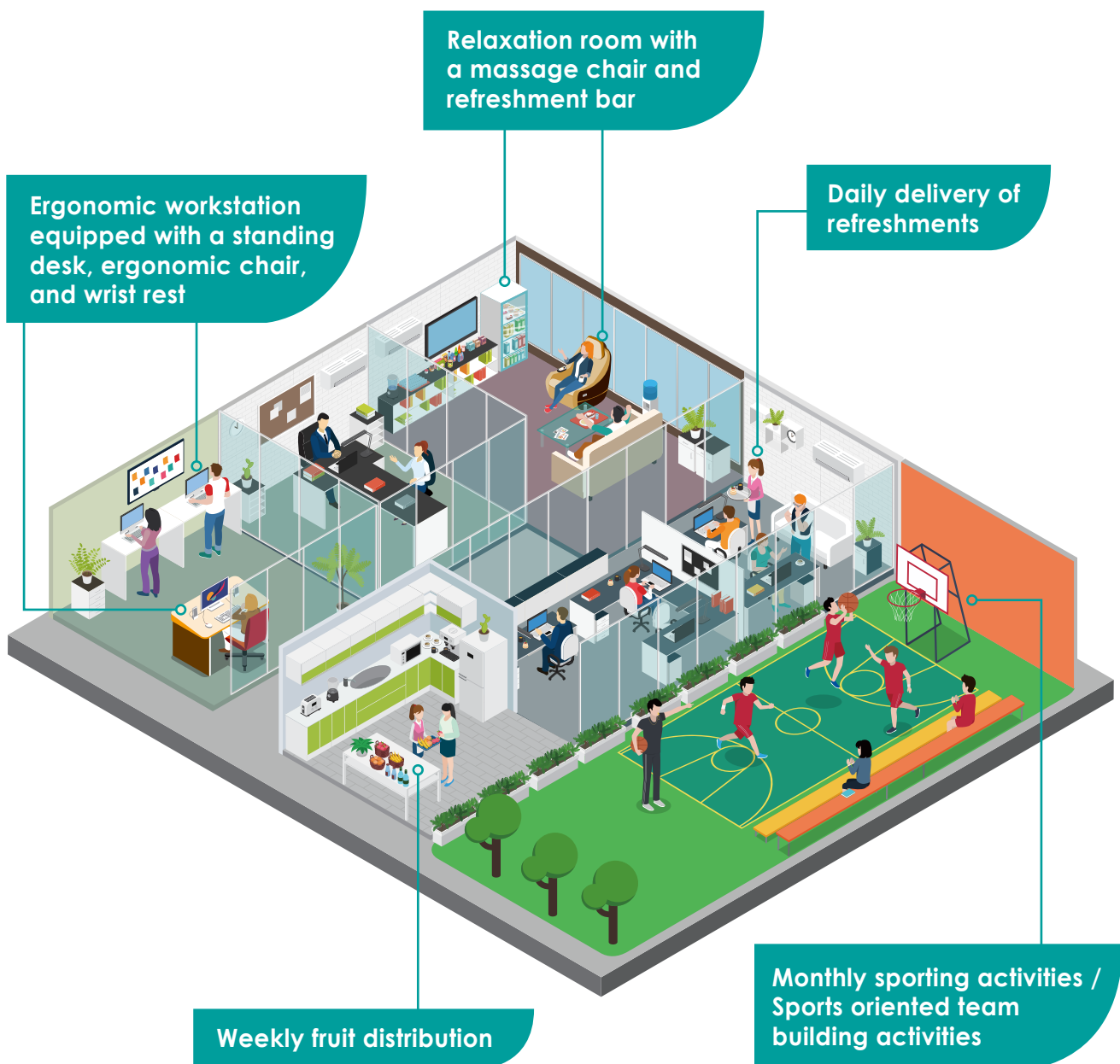
Life Assurance Scheme

Beside the group medical insurance scheme, AEC has a group life assurance scheme in place to help out employees with hospital fees and other related medical costs in case of a major illness. The coverage also includes a cash lump sum payable to employee's nominated beneficiaries, should they die during their employment with AEC.



KEEPING OUR EMPLOYEES HEALTHY AND WELL

According to a study published by the U.S. National Institutes of Health's National Library of Medicine, the physical features of the work environment are associated to employees' physiological health. Understanding that the employees typically spend the majority of their working hours in the office, we have implemented a corporate wellness program to promote employee well-being. We have monitored the effectiveness of our program by actively seeking employees' feedbacks and suggestions for improvement through different engagement activities. It is important for us to create a holistic work environment where employees are equipped to excel.



COMMUNICATING EXPECTATIONS AND STRENGTHENING THE TEAM

For our business to stay agile and competitive, it is equally important to understand employee motivations and aspirations as it is to have a team of talented employees. In our effort to understand what motivates our employees, we have facilitated an environment of open dialogue through our formal and informal communication channels. The goal is to build mutual trust, gain a better understanding of each other's expectations, and create shared values.

Team Building Sessions

In our team building sessions, which involve activities such as team lunches, team outings, community services, and company parties, employees have the opportunity to socialize with the senior management in a relaxed environment where they can get to know each other on a more personal level.

Staff Suggestion Box and Satisfaction Survey

These discreet communication channels have allowed employees to provide their candid feedbacks without fear of repercussion. The staff suggestion box is strategically placed to ensure complete confidentiality of the employee using the box. In cases where there is suspected misconduct or unethical practice, employees can use the staff suggestion box as a whistleblowing mechanism to voice their concerns.

Performance Appraisal

Conducted once a year, the performance appraisal systematically evaluates the performance of the employees to understand each individual's capabilities and analyse the factors influencing their performance. This process helps the supervisor better assign tasks to increase productivity.



EMPLOYER AWARDS AND RECOGNITION

In our aspiration to be an employer of choice, AEC has been recognized as a Family-Friendly Employer by the Family Council and a Caring Company by the Hong Kong Council of Social Services.



CREATING SUSTAINABLE VALUE FOR THE COMMUNITY



CREATING SUSTAINABLE VALUE FOR THE COMMUNITY

As a leading sustainability and environmental consultancy, AEC strives to create sustainable value for not only the business community, but also the local communities. Over the past financial year, AEC has devoted 105 man-hours to various community service programs, including food distribution for the marginalized community, visiting the homeless, as well as joining the 2016 Million Trees (Forest) Project and Network in their effort to offset deforestation. Through the participation in these community projects, we have fostered cross-team collaboration and strengthened team spirit while doing something good for the community.

OUR COMMUNITY INVOLVEMENT

Food Bag Packing and Delivery

Organized by the Sunshine Action, this volunteering activity has provided an opportunity for us to show our benevolence for the elderly. Our volunteering team prepared almost 600 food bags for the elderly households in Lai King Estate.



Care Program for the Homeless and Street Sleepers

In addition to helping out with the elderly community, we have also actively participated in community program to help the underprivileged. Through the program, our volunteering team distributed food and daily necessities to more than 100 homeless people in Nam Cheong.



The 2016 Million Trees (Forest) Project and Network – Trees Conservation and Planting Day for Hong Kong Region

In supporting the project, AEC has organized a team of volunteers to participate in the annual tree planting initiative to help reverse the effects of deforestation. Our volunteering team has participated in this annual tree planting event since 2014.



Dress Pink Day

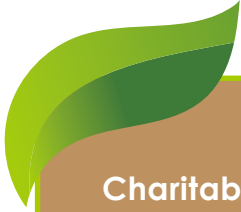
Initiated by Hong Kong Cancer Fund to raise awareness for breast cancer. We have supported the campaign through organizing our staff members to dress pink or wear the Cancer Fund's pink sticker for the day.



Biz-Green Dress Day

Organized by Hong Kong Green Building Council, the Biz-Green Dress Day was a one-day event dedicated to raising awareness on climate and energy saving by encouraging local companies and organizations to dress Biz-Green in hopes of reducing air-conditioning consumption in the offices.





Charitable Donations

Apart from participation in various volunteering activities and community campaigns, AEC has been keen to make charitable donations to support community development. Over the past financial year, a total of HK\$791,650 has been donated to various non-profit organizations.

Promoting Sustainable Development

AEC is proactively connected to several green organizations through membership and panel discussions with different expert panels, standing committees, and advisory groups. Through our participation, we are joining hands with the industry in promoting sustainable development, raising the bar of sustainability standards and practices, while contributing to a low-carbon city. For instance, we have participated in Hong Kong Green Building Council's (HKGBC) Green Building Faculty and BEAM Society Limited's BEAM Expert Panel, where we have contributed to the development of BEAM Plus, a Hong Kong based green building assessment scheme, as well as other various green building initiatives. We are also actively spreading the green message to the community through serving on HKGBC's Corporate Affairs and Membership Committee and Public Education Committee, where we have advocated for a greener lifestyle through awareness building activities and campaigns.



LOOKING FORWARD

In light of the recent ratification of the Paris Agreement, public and private sectors are now joining forces to keep climate change under control. As a sustainability and environmental consulting firm, we want to do our part towards tackling the social and environmental challenges of the future. With this mission in mind, we will continue to join hands with all sectors to combat climate change and to change the world for the better.



Appendix A

Memberships and Charters

BRE Academy

Business Environment Council

China Green Building (Hong Kong) Council

Hong Kong Green Building Council

International Cinema Technology Association

U.S. Green Building Council

The Chamber of Hong Kong Listed Companies

The GRI Gold Community

Appendix B

Environmental Performance

Indicator		Unit	Performance Data
A1 Emissions			
A1.1	Types of emissions and respective emissions data	N/A	<p>The majority of our operation takes place in our Wanchai office, and carbon emission is the main type of emission produced as a result of our operation. All wastewater discharge is managed by the building management and therefore is non-material to our operation.</p> <p>The main contributor to our carbon emission is resulted from our office's electricity consumption.</p>
A1.2	Total Greenhouse Gas (GHG) Emission	tCO ₂	42.1
A1.2	GHG Intensity	tCO ₂ /Employee	0.81
A1.3	Total hazardous waste produced and, where appropriate, intensity	N/A	The Group does not produce any hazardous waste.
A1.4	Total non-hazardous waste produced and, where appropriate, intensity	N/A	The Group currently does not report on the total non-hazardous waste produced. We plan to disclose the information in the future.
A1.5	Description of measures to mitigate emissions and results achieved	N/A	<p>Environmental Management System developed in accordance with the requirements of ISO 14001:2004</p> <p>Carbon Audit Green Partner – AEC signed the Carbon Reduction Charter as a commitment to carry out all activities in support of greenhouse gas emission reduction.</p>
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	N/A	<p>The majority of our wastes are general office refuse which is disposed by the building management. The following initiatives have been implemented to reduce our waste production:</p> <ul style="list-style-type: none"> • Reusable office supplies and cutleries • Recycling bins for paper, metal, and plastic waste • Employees are encouraged to bring their own lunch or eat out to reduce the amount of takeout packaging wastes • All single-sided printed papers are saved for printing drafts and internal documents

Appendix B

Environmental Performance

Indicator	Unit	Performance Data	
A2 Use of Resources			
A2.1	Total Electricity Usage	kWh	53293.99
A2.1	Electricity Intensity	kWh/Employee	1024.88
A2.2	Water consumption in total and intensity	N/A	Not applicable. The Group's water is supplied and managed by the building management.
A2.3	Description of energy use efficiency initiatives and results achieved	N/A	<ul style="list-style-type: none"> • Measure and evaluate the lighting intensity in the office and remove all unnecessary lighting fixtures • At least 50% of purchased electrical appliances carry the Grade 1 or 2 Energy Label • A timer is installed to the water dispenser to set the operation hours to correspond with regular office hours • Energy saving reminders are posted on all the electrical equipment such as computers, printers and fax machine; and next to all the switches
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	N/A	Water consumption is relatively insignificant, however the Group has actively engaged employees in water saving practices such as reminding employees to turn off the water while lathering and scrubbing hands, then turn it back on to rinse.
A2.5	Total packaging material used for finished products	N/A	Non-material to the Group's operation.

Appendix B

Environmental Performance

Indicator	Unit	Performance Data
A3 The Environment and Natural Resources		
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	<p>N/A</p> <p>Due to the nature of our office-based operation, our activities have minimal impacts on the environment and the natural resources. Regardless, we have implemented several resources saving initiatives to further reduce our environmental impacts.</p> <p>In addition to the aforementioned energy reduction and waste reduction initiatives, the Group has also purchased sustainable office supplies such as PEFC certified printer papers and all letter sheets and name cards are made of recycled paper to further offset its environmental impact.</p> <p>The Group had made donation to the Committee of International Million Trees (Forest) Project and Network (HK), as well as participated in the Million Tree (Forest) Project to contribute to the reforestation of Hong Kong.</p> <p>Our benevolence towards the environment is recognized by a variety of organizations:</p> <ul style="list-style-type: none"> • BOCHK Corporate Environmental Leadership Awards – EcoChallenger • Environmental Campaign Committee – Hong Kong Green Organisation Certification • Green Council – Hong Kong Green Awards – Green Management Award

Appendix C

Social Performance

Indicator	Unit	Performance Data / Section
B1 Employment		
B1.1	Total number of employees	Number of People 51
B1.1	Total number of male employees	Number of People 24
B1.1	Total number of female employees	Number of People 27
B2 Health and Safety		
B2.1	Number of work-related fatalities	Number of People 0
B2.2	Lost days due to work injury	Number of People 0
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	N/A <i>Keeping our Employees Healthy and Well</i>
B3 Development and Training		
B3.2	Average training hours completed per employee	Number of Hours 7
B4 Labour Standard		
B4.1	Description of measures to review employment practices to avoid child and forced labour	N/A <i>The Human Resources department screens through all recruits to ensure employment contracts are duly signed in compliance with the local labour laws.</i>
B5 Supply Chain Management		
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	N/A <i>Managing our Subcontractors</i>
B6 Product Responsibility		
B6.3	Description of practices relating to observing and protecting intellectual property rights	N/A <i>Client Data Protection</i>
B6.4	Description of quality assurance process and recall procedures.	N/A <i>Quality Control</i>
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	N/A <i>Client Data Protection</i>
B7 Anti-Corruption		
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period	Number of Cases 0
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	N/A <i>The Group has zero-tolerance policy towards all corruption and fraud activities. We have effectively communicated our expectations and values with the employees and vendors through our company policies. Employees are encouraged to report any suspected activities through our established whistle-blowing platform.</i>
B8 Community Investment		
B8.1	Focus areas of contribution	N/A <i>Creating Sustainable Value for the Community</i>
B8.2	Total time contribution	Number of Hours 105

Appendix D

HKEX ESG Reporting Guide Index

ESG Aspect	Statement/Section	Page No.
A. Environment		
A1 Emission		
General Disclosure	The Group is not aware of any non-compliance of laws and regulations that have a significant impact on the Group relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste during the reporting period.	46
A2 Use of Resources		
General Disclosure	Under the provision of the Environmental Management System, the Group has efficiently managed its resource consumption through the implementation of resource optimization initiatives.	47
A3 The Environment and Natural Resources		
General Disclosure	The Group's Environmental Management System has ensured that all the Group's environmental impacts are systematically managed and reduced to a minimal.	48
B. Social		
B1 Employment		
B1	<p><i>Recruiting and Developing Talents</i></p> <p>The Group regularly reviews its employment practice to ensure that we are in compliance with the Employment Ordinance and other regulations related to child labour and forced labour.</p>	33-34
B2 Health and Safety		
B2	<p><i>Keeping our Employees Healthy and Well</i></p> <p>The Group has complied with all relevant laws and regulations related to health and safety during the reporting period.</p>	36
B2.3	<p>Description of occupational health and safety measures adopted, how they are implemented and monitored</p> <p><i>Keeping our Employees Healthy and Well</i></p>	36
B3 Development and Training		
B3	<p><i>Recruiting and Developing Capability</i></p>	33-34
B4 Labour Standard		
B4	<p>AEC strictly abides by all laws and regulations prohibiting the use of forced labour and child labour.</p> <p>The Human Resources department would undertake all necessary measures to prevent and resolve any practices that do not conform the labour laws.</p>	49
B5 Supply Chain Management		
B5	<p><i>Managing our Subcontractors</i></p>	30
B6 Product Responsibility		
B6	<p><i>Ensuring Service Excellence</i></p> <p>The Group is not aware of any material non-compliance with the relevant laws and regulations that have a significant impact on the Group during the reporting period.</p>	29-30
B6.5	<p>Description of consumer data protection and privacy policies, how they are implemented and monitored.</p> <p><i>Client Data Protection</i></p>	30
B7 Anti-Corruption		
B7	<p>The Group is not aware of any material non-compliance with any relevant laws and regulations regarding anti-corruption.</p>	49
B8 Community Investment		
B8	<p><i>Creating Sustainable Value for the Community</i></p>	40



**ALLIED SUSTAINABILITY AND ENVIRONMENTAL
CONSULTANTS GROUP LIMITED**
沛然環保顧問有限公司

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