



**WANG ON GROUP LIMITED**  
**(宏安集團有限公司)\***  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 1222)**

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES**

### **1. Purpose**

**Wang On Group Limited** and its subsidiaries (collectively referred to as the “**Group**”) have diversified businesses, which are closely related to people’s livelihood. As a responsible enterprise, the Group shoulders the responsibility of citizens, insists on “care and love”, and strives to create a great future for the public and the next generation. At the same time, the Group pursues the values of “prudent management and perfection”, strictly abides by the laws, regulations and industry norms of the location where it operates and continuously improves the quality of services and products. Through this policy, the Group aims to strengthen internal communication to ensure that all employees understand the Group's management policies in all aspects of sustainable development and establish and implement work guidelines and specific measures in line with the local conditions of its business and operations.

### **2. Scope of application**

This policy is effective as of 21 November 2019. This policy applies to all business operations of the Group. All employees of the Group, including full-time, part-time and contract staff, are subject to this policy and other relevant policies, guidelines and codes.

### **3. Environmental protection management approach**

The Group adheres to applicable environmental laws, regulations and industry norms to support “green development and operation”, uses flexible modern operation modes and advanced equipment to improve the efficiency of operational resource utilisation, promotes green buildings, and ensures the coordinated development of business and ecology. Work guidelines, monitoring mechanisms and specific measures covering three major areas, which are emissions, resource use, and environmental and natural resources, are required to be established for each business in accordance with the Group's environmental management policy to reduce the negative impact of operations on the environment.

### 3.1 Management of emissions

To ensure proper management and reduce the negative impact of operations on the environment, the Group has established an emission data collection system and, based on which, monitors the performance of each business on a regular basis. The Group takes the following measures to assess the environmental impact of each business operation to establish timely and accurate improvement measures.

- Develop an internal greenhouse gas emissions management program that regulates each operating area to assess greenhouse gas emissions with internationally recognised standards or equivalent local standards to establish a greenhouse gas emissions information repository;
- Establish a data collection system to monitor discharge of waste, sewage and other air pollutants (excluding greenhouse gases) in each operating area; and
- Develop internal reporting rules and investigate and take appropriate action if emissions are found to be abnormal.

The Group understands that its daily operations involve waste generation and sewage discharge, which have a negative impact on the environment. Through emission data collection system, the Group monitors the discharge of waste and sewage in each operating area, and develops internal waste and sewage management guidelines by various businesses to ensure that all waste (including hazardous and non-hazardous waste) and sewage are properly handled according to local laws and regulations, and develops and adopts specific measures to reduce waste and sewage generation, including:

#### *Waste management*

- Develop and implement a waste management system based on waste reduction at source;
- Manage waste by adopting the “5R” principle (“Replace”, “Reducing”, “Reuse”, “Recycle” and “Repeat”); and
- Review the amount of generation and recycle of hazardous and non-hazardous wastes on a regular basis and set targets for reducing waste emissions.

#### *Wastewater management*

- Develop a wastewater discharge management system to standardize and check wastewater treatment methods;
- Develop targets for reducing wastewater discharge and reduce wastewater discharge through reuse of wastewater; and
- Put resources into research and introduce more advanced wastewater reuse facilities to increase wastewater reuse rates.

### **3.2 Management of resource use**

The Group actively reduces the environmental impact of its operations by improving the efficiency of resource use. The Group has established a data collection system to monitor the consumption of resources including energy, water and raw materials, to regularly review the consumption of resources, and to formulate internal reporting rules. If abnormal usage is found, the Group will conduct investigations and take appropriate actions. A resource management system that regulates energy management at all aspects of operations, including regular review of energy and water use and development of specific savings measures, is required to be established for each business.

#### *Energy*

- Introduce advanced equipment to improve energy efficiency;
- Install energy efficient lighting systems;
- Actively encourage tenants to implement energy conservation measures; and
- Review electricity use of each business regularly and develop targets and specific measures to improve energy efficiency.

#### *Water use*

- Encourage construction teams to reduce water use; and
- Introduce equipment with high water-saving performance to improve the efficiency of water use in production.

#### *Raw materials and packaging materials*

- Encourage construction teams to reuse construction materials and actively establish a set of testing standards for reusable materials to ensure their quality and safety and promote green development in the industry;
- Regularly review raw material consumption of each business and develop targets and specific measures to improve the efficiency of raw material use; and
- Review packaging design on a regular basis, including the use of packaging materials that are more in line with sustainability principles, to reduce the use of packaging materials.

### **3.3 Management of impact on the environment and natural resources**

The Group is committed to reducing the impact of its operations on the environment and natural resources and to ensuring the coordinated development of business and ecology.

- Adopt the principle of scientific site selection, proper management and timely restoration and avoid participation in projects in ecologically sensitive areas;
- Develop environmental analysis and environmental management plans throughout the project cycle to identify and mitigate indirect and long-term effects on the ecological environment;

- Review design and construction plans to ensure that the project's entire life cycle is consistent with environmental management plans;
- Consider the negative impacts of pharmaceutical raw material planting processes on biodiversity;
- Encourage tenants to introduce local ingredients and sustainable food; and
- Establish an emergency response plan system for sudden environmental incidents, specify emergency organisation and responsibilities, and improve the environmental detection and early warning system.

### **3.4 Management of addressing climate change**

In addition, climate change has a number of impacts on the global business environment, such as extreme weather including heat, drought, floods and blizzards. The Group believes that identifying and managing the financial risks and opportunities brought about by climate change will help achieve green growth and develop a low-carbon economy. Risk assessments of climate change are required to be conducted for each business to standardise all projects for potential risk identification, and develop appropriate management measures and targets to improve its ability to withstand climate change.

- Consider risks and opportunities brought about by climate change and incorporate them into business decisions;
- Develop an annual budget to prevent climate change risks and ensure adequate resources.

## **4. Social management approach**

The Group is committed to complying with all applicable laws and regulations in each of the Group's operating regions and devotes its efforts to fulfil its corporate social responsibility. The Group's social management approaches are implemented throughout all businesses. With the eight major areas including "Employment", "Health and Safety", "Development and Training", "Labour Standards", "Supply Chain Management", "Product Responsibility", "Anti-Corruption" and "Community Investments" as the main directions, work guidelines, monitoring systems, and specific measures are formulated and improved to promote social responsibility.

### **4.1 Employment**

The Group values the overall development of its employees. Through the following measures, the Group strives to create an employment and training system that is competitive in the market and protects employees' rights, and builds a workplace of happiness, peace of mind and diversity, allowing employees to fully realise their self-worth.

#### *Employment system*

- Comply with all local employment laws in the regions where it operates and protect both employers and employees through employment contracts;
- Develop an attendance management system based on statutory working hours;

- Arrange working hours and rest days according to the Employment Ordinance, and negotiate with employees in case of overtime work and provide compensatory leave or overtime allowance according to law;
- Provide employees with wages and benefits that are more favourable than those provided under regulations; and
- Care for employee well-being and promote work-life balance.

#### *Promotion*

- Provide employees with a comprehensive promotion ladder and broad career development space;
- Implement a performance management system and a staff reward and punishment system to encourage employees to make continuous progress.

#### *Diversity and equal opportunities*

- Provide equal opportunities for employees, including but not limited to recruitment, promotion and transfer, assignments, incentives and benefits, training and development, interdiction, etc.;
- Establish a diverse team that respects individual differences and regard it as the driving force behind the Group's development;
- Recruit people with disabilities and promote a culture of integration.

#### *Anti-discrimination*

- Adhere to the principle of equal opportunity in all employment matters and ensure that employees are respected;
- Do not treat employees differently on the ground of gender, disability, pregnancy, family status, race, color, religion, age, sexual orientation, nationality, union membership, or other conditions; and
- Develop reporting mechanisms for discrimination or harassment in the workplace and ensure that all reports are handled fairly.

#### *Communication mechanism*

- Establish a diversified communication mechanism to ensure that employees can express their opinions and make complaints independently and honestly; and
- Regularly review the effectiveness of the communication mechanism to ensure its effectiveness.

## **4.2 Health and safety**

The Group is committed to protecting the health and safety of its employees, preventing accidents and eradicating serious accidents, avoiding prosecutions and continuously reducing the rate of accidents at work accidents, minimising safety crisis and adopting the following preventive and control measures:

- Identify potential health and safety risks in the workplace and establish a safety management system to ensure that all operational aspects are in compliance with legal requirements in relation to occupational and health;
- Target zero work injuries and continuously improve occupational health and safety;
- Provide adequate protective equipment and device for employees;
- Improve the health and safety awareness of employees through education and training;
- Develop safety incident notification and handling mechanisms to reduce and manage the impact and risks of accidents; and
- Formulate emergency plans for safety incidents and arrange regular drills to assess the effectiveness of the plans.

## **4.3 Development and training**

The Group emphasises the development and nurturing of talents to support business development, fully supports employees' lifelong learning and self-improvement, and provides employees with comprehensive training and development plans with innovative attitudes, and strives to establish a complete and multi-channel talent development ladder.

Provide systematic on-the-job and after-work training to enable employees to develop their personal potential;

- Make appropriate use of online learning and various knowledge sharing channels to reach out to more employees and achieve maximum learning outcomes;
- Regularly develop new courses for employees and business needs to support current and future business development needs;
- Regularly assess employee performance, encourage employee to make progress and enhance team competitiveness; and
- Promote training on transformation and innovation to train employees in different positions to face unknown challenges.

## **4.4 Labor standards**

The Group respects human rights and does not allow employment or use of child labor or forced labor in any part of the business, and requires employees and business partners to comply with appropriate preventive and remedial measures:

### *Child labor*

- Verify the age of the job seeker during the recruitment process to ensure that all employed staff have reached the local legal minimum working age; and
- Immediately terminate the contract if any child labor is found to be accidentally recruited, and send the child back to the place where his/her guardian is located as soon as possible and bear all expenses incurred in the process.

### *Forced labor*

- Do not directly participate in or indirectly support any form of forced labor and ensure that every employee work on their voluntary wishes
- Do not collect deposits or detain the identity documents from newly-recruited and serving staff.
- Respect the personal lifestyle of employees outside of work and ensure that they are free to leave work and dormitory areas during their spare time; and
- Ensure that employees can leave the job according to the requirements of their employment contract.

## **4.5 Supply chain management**

Suppliers and subcontractors play an important role in the project construction of the Group. The Group requires suppliers to abide by business ethics, perform corporate social responsibility and work closely with suppliers and sub-contractors; and maintains communication with business partners to ensure that they meet the Group's requirements for quality, environmental and safety standards, and jointly construct a supply chain that targets sustainable development with the Group. All suppliers must confirm the following principles in writing:

- Abide by strong business ethics and pursue the highest standards of business ethics and integrity in business operations;
- Comply with relevant labor laws and regulations to protect the legitimate rights and interests of employees;
- Do not treat employees differently on the ground of gender, disability, pregnancy, family status, race, color, religion, age, sexual orientation, nationality, union membership, or other reasons;
- Respect basic labor rights protection principles, including internationally recognised basic labor rights principles;
- Refuse to provide or accept any bribes and other improper benefits; and
- Maintain fair trade and competition.

To ensure the effectiveness of supply chain management, the Group:

- Assesses the performance of supply chain in environmental protection and caring for the society and establishes relevant risk management mechanisms;

- Establishes a grievance mechanism and ensures that all cases are handled in a timely and fair manner.

#### **4.6 Product liability**

The Group honours contracts and ensures quality, continuously reviews and perfects its quality management system, enhances the manufacturing procedures, quality requirements and manners of quality management of various products and services, and provides customers with quality and safe products and services. The Group also ensures the health and safety of its customers, maintains communication with external stakeholders through constant and accurate release of news, and is committed to protecting personal data of customers, job seekers and employees.

##### *Customer health and safety*

- Establish a safety management system and implement standardised management to ensure that each work process meets safety standards;
- Conduct risk analysis to identify and avoid potential risks of construction investment projects; and
- Establish safety performance indicators and incorporate them into the performance appraisal of the responsible person in the operating area.

##### *Communication*

- Employees must provide complete, correct, sufficient and timely information, including promotional publications and product labels, to external stakeholders, including investors, customers and partner institutions;
- Regulate that any promotional publications and product labels must be approved by the Group's president's office or subsidiary office; and
- Develop a remedial mechanism; if the publications and labels are found to be inaccurate or misleading, they should be amended and replaced as soon as possible by specialised staff to protect the rights and interests of consumers.

##### *Privacy*

The Group respects the personal data of customers, job seekers and employees and is committed to protecting customers and any personal data relating to employment and ensuring that information is collected, held, used and processed in a legal and prudent manner.

- The marketing department and human resources department of the Group and its subsidiaries are responsible for the management of personal data of customers and employees, including monitoring the implementation of file management by specialised staff and regularly reviewing the effectiveness of the measures and proposing improvement plans; and



- Provide specific guidance and training to employees to ensure they understand and comply with relevant regulations and internal controls.

#### *Intellectual property*

- Provide information management personnel with relevant training on the use of genuine software to ensure that genuine software are used for all operations;
- In the process of cooperation with an external institution, stipulate in contract clauses that there shall be no infringement of the products and services provided by the institution;
- Protect the intellectual property of partners and comply with the confidentiality agreement and licensing system (if applicable) agreed upon by both parties.

#### **4.7 Anti-corruption**

The Group adopts a zero tolerance policy on bribery, extortion, fraud, money laundering and all other violations of professional ethics. The Group requires all employees to comply with anti-corruption laws and regulations in the country and regions in which it operates. To ensure that all businesses operate with a high standard of ethics, transparency, accountability and integrity, the Group has established procedures for reporting, investigating and handling suspected corruption cases to avoid any corruption-related misconduct.

Develop anti-fraud and reporting systems and ensure that employees understand and follow relevant requirements and are not allowed to participate in any bribery or corruption activities:

- Adopt a zero tolerance approach for any bribery or corruption activity, and do not allow employees to claim, offer or accept benefits on behalf of the Group, from customers, suppliers or any person with whom the Group has business dealings;
- Comply with regulatory and reporting requirements related to money transactions and do not allow employees to conduct money laundering activities in any manner, including forging documents or providing false accounts, receipts or invoices;
- Provide anti-corruption training to employees on a regular basis to ensure they are aware of relevant codes;
- Any person may file a report by real name or anonymously, and the Group will keep the identity of the person reporting as confidential;
- Record, evaluate and investigate all reported cases and arrange for investigations by audit and supervision department with appropriate qualifications and no previous involvement in reported incidents;
- The audit and supervision department reports the findings, actions taken, and recommended follow-up actions to the audit and supervision commission.

## 4.8 Community

As an enterprise with diversified business, the Group believes that its expertise, skills and work experience can contribute to the communities in which it operates. The Group continuously strengthens its ties with the community and understands the needs of residents, and is committed to supporting people's livelihood infrastructure, health and public welfare poverty alleviation through, including but not limited to, volunteer services, cooperation with other groups, sponsorship and donations, so as to bring positive impacts for the community in which it operates and the whole society.

- Develop own knowledge and skills, participate in construction in relation to improvement of people's livelihood, and provide medical assistance
- Promote education, support programmes to enhance the quality of education and provide more educational channels, including environmental education promotion activities;
- Support innovation and encourage the use of new technologies in business to drive industry growth;
- Organise corporate volunteer groups and encourage employees to participate in community service work; and
- Collaborate with agencies such as government, enterprises or non-governmental organisations and enhance synergies through mutual use of resources, knowledge and skills.

## 5. Implementation and revision

To ensure the effective implementation of this policy, the Group has appointed the Sustainable Development Committee to monitor the implementation of this policy and to ensure continuous communication with employees on this policy. The Committee shall review this policy at least annually based on factors such as business changes, regulatory requirements, outcome of stakeholder participation and the effectiveness of environmental and social governance measures. Any revision to this policy must be approved by the Board of Directors. All employees and related stakeholders should be notified of such change in writing.

**\*\*\* END \*\*\***

*Adopted on 21 November 2019*