

碧 瑤
BAGUIO



碧瑤綠色集團有限公司
Baguio Green Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 Stock Code : 1397



2022

SUSTAINABILITY REPORT

可持續發展報告

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Being one of the most significant environmental services providers in Hong Kong, Baguio is committed to dealing with waste through different solutions. We are confident that our latest and upcoming projects will significantly contribute to continuous development and improvement of waste processing in Hong Kong.

Dear Stakeholders,

I am pleased to present Baguio's sustainability report ("ESG report") for the financial year 2022, a year of gradual economical recovery from COVID-19. Following our first ever ESG report for 2015, this report aims to accurately detail the Group's ESG performance while reassuring stakeholders, customers, and the society of our commitment to sustainable development.

While sustainability is the key to the success of an enterprise, focus on "Environmental, Social and Governance" (ESG) leads the path to sustainable development. To achieve decent ESG performance, participation and support from stakeholders are crucial. With sustainable development being one of Baguio's core corporate values, we devote significant effort to increasing stakeholders' awareness and input in this area.

BAGUIO'S STRIDES TOWARDS SUSTAINABLE DEVELOPMENT AND GOVERNANCE

In 2022, our sustainability governance personnel strategically took on more responsibilities and acquired more qualifications in order to address the forthcoming challenges. Firstly, the Group's Sustainable Development Steering Committee inducted a third executive director as a member this year. Baguio has plans to invite three more senior management members to the Steering Committee in 2023. These developments are important as they build up our Committee's expertise, which enhances our governance and execution capabilities for sustainable development. In addition, one of our executive directors and one senior management member have obtained the "Environmental, Social and Governance Analyst Certification" (CESGA) issued by the European Federation of Financial Analysts (EFFAS), enhancing the Group's green and sustainable finance strategic deployment, and further deepening the ESG market development. Furthermore, the Group launched the "Personal ESG Scheme" for employees. This scheme encourages the establishment of sustainable development culture by equipping employees with relevant knowledge. At the same time, it provides incentives to motivate employees to practise sustainability in both life and work.

ENGAGING STAKEHOLDERS IN OUR SUSTAINABLE DEVELOPMENT JOURNEY

In line with Hong Kong's goal of achieving carbon neutrality by 2050, the government has announced and launched numerous challenging measures such as "Net-zero power generation", "Green transport" and "Waste reduction". With every challenge comes an opportunity, Baguio has been proactively responding to ESG requirements stipulated by local regulatory bodies and the constant threat posed by climate change. The Group launched the ESG+ Service for customers to promote sustainable development amongst the Baguio community. The ESG+ Service integrates Baguio's comprehensive environmental services with resources to help customers practise sustainable development in their businesses. Data collection, staff training, and Sustainable Development Goal labelling are some of the services we provide under this initiative. To enhance the public's recycling experience, following the launch of iRecycle mobile app and "door-to-door" recycling service, we will set up 100 smart recycling bins for the gradual commencement of service in 2023. We are planning to expand the service network of smart recycling bins to more places to further promote citywide recycling.



OUR LOCAL “TURNING WASTE INTO MATERIALS” INITIATIVE

Being one of the most significant environmental services providers in Hong Kong, we are committed to dealing with waste through different solutions. According to the Environmental Protection Department, waste is the third largest source of Hong Kong’s total carbon emissions, accounting for 7% of overall carbon emissions. Striving for the goal of “turning waste into materials”, Baguio cooperates with companies from diverse sectors and implements innovative technical solutions to upcycle recyclables into the local circular economy, thus soothing Hong Kong’s heavy reliance on exporting recyclables.

In 2022, the Group collected 39,171 tonnes of recyclables, including glass containers, plastic, paper, food waste, metal, animal waste and yard waste. Among them, 16,845 tonnes of recyclables are recycled into raw materials or upcycled into products by Baguio’s local recycling facilities, including turning glass containers into eco-sandbags or cullet, using aerobic fermentation technology to convert horse waste into soil conditioners (BGsoil), and black soldier fly biotechnology to convert chicken manure into animal feed and organic fertilizers. This biotechnology is a potential solution for treating other organic waste such as pig waste, as well as food waste in the future. Moreover, in the second half of 2023, we will start operating a new biochar plant built by Jardine Engineer Corporation (JEC) in EcoPark. The biochar plant will convert yard waste into biochar for various applications. Baguio is confident that our latest and upcoming projects will significantly contribute to continue development and improvement of waste processing in Hong Kong.

FUTURE EXPECTATIONS

In 2021, the Group set a goal of reducing its carbon emissions and energy intensities by 30% by 2030 compared to the 2016 baseline. Currently, our main source of carbon emissions and energy consumption is the operation of commercial vehicles, accounting for 88.7% of our Group’s total greenhouse gas emissions. Keeping in mind that the application of new energy vehicles is showing significant future prospects, Baguio is paying much attention to this developing trend. For now, numbers of electric vehicles have been inducted in service, and data about electric vehicles are being collected for formulating plans and timetables for replacing existing vehicles with new energy vehicles. In the short run, we aim to replace old vehicles with vehicles that abide by the Euro VI emission standard. In the long run, we will continue to monitor the development of new energy vehicles i.e., electric and hydrogen vehicles and the application in the industry.

Ever since the establishment of Baguio in 1980, it has progressed with the spirit of “innovation”. It is the engine that drives our development, transforming Baguio from a cleaning service company to an integrated environmental services provider. The adoption of biotechnology in upcycling and smart technology in facilitation of recycling services are undoubtedly innovative approaches that will escalate the growth of our recycling business to the next level. In the future, “innovation” will continuously be held as Baguio’s core driving force, and thus be embedded into areas of corporate governance, business development, employee training, and customer service, so as to create value for both shareholders and stakeholders.

APPRECIATION

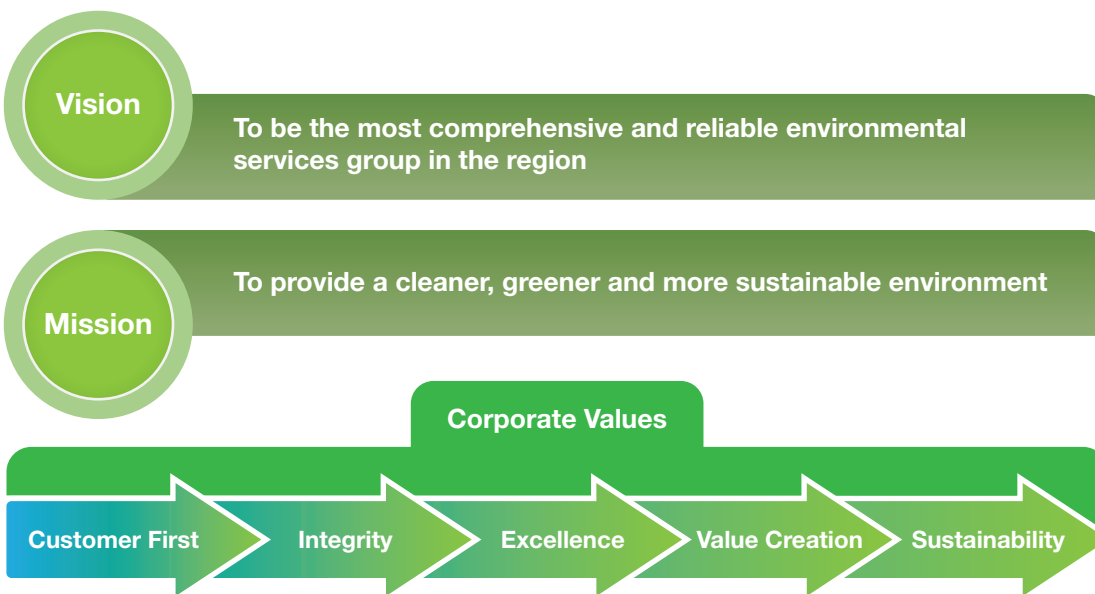
I would like to take this opportunity to express my heartfelt gratitude to our Board and employees for their continuous to the Group’s achievement. Looking ahead, we will relentlessly advance sustainable development and create a cleaner, greener, healthier city.

Phyllis Ng

Executive Director & Chief Executive Officer

ABOUT BAGUIO GREEN GROUP

Since being established in 1980, Baguio Green Group Limited (hereafter referred to as the “Company”) and its subsidiaries (the “Group” or “Baguio”), have dedicated themselves to cleaning and greening Hong Kong by providing integrated environmental services, spanning over cleaning, recycling, waste management, green technology, organic fertilizer and animal feed production, horticulture and landscaping, and pest management. In line with their upstanding vision, mission, and corporate values, Baguio continues to be a leading integrated environmental services provider in Hong Kong, with a reach that encompasses the HKSAR Government, public utilities, and private corporations.



ABOUT THE REPORT

2022 marks the eighth year of Baguio disclosing its performance and monitoring progress in the environmental, social, and governance (“ESG”) aspects. Our report has been written in compliance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Hong Kong Exchange, and with adherence to the reporting principles of Materiality, Quantitative, Balance and Consistency. This year, we have decided to restructure the way we frame our Sustainability report to better reflect Baguio’s corporate commitment to sustainability. All material topics covered will therefore create an acronym for “Baguio”. In doing so, we hope to always remind ourselves and all our stakeholders that sustainability is embedded in Baguio’s core service.





Reporting Period

Our 2022 Sustainability Report covers initiatives and measures adopted, targets set, and monitored, and sustainability performance during the reporting period of 1 January to 31 December 2022. The report has been reviewed by the Board and has been independently assured by The British Standards Institution (“BSI”) to ensure maximum transparency. The verification endorsement provided by BSI may be found in the appendix to this report. Therefore, to the best of our knowledge, this report has covered all the topics material to the Group, as indicated by our annual stakeholder engagement surveys.

Reporting Scope

The boundary of this year’s Sustainability Report covers the Group’s core business services, including cleaning, waste management and recycling, landscaping, and pest management, under the operation of the Company’s subsidiaries listed in the Section Particulars of Subsidiaries of Group’s 2022 Annual Report. In the reporting year, there are no significant changes to the scope or boundary of the Sustainability report.





Being a Leader: Our Sustainability Approach

- Sustainability governance enhancement
 - Induced a third executive director as a member of Sustainable Development Steering Committee
 - One executive director and one senior management have obtained the “Environmental, Social and Governance Analyst Certification” (CESGA) issued by the European Federation of Financial Analysts (EFFAS)
- Launched two special programs “Personal ESG Scheme” and “Plastic Free Friday” to develop a sustainability culture among staffs



Acknowledging our Climate Footprint

- Reduced 42.67% of carbon intensity (base year 2016)
- Reduced 43.75% of energy intensity (base year 2016)



Greening our Earth

- Collected 39,171 tonnes of recyclables
- Recycled and upcycled 16,845 tonnes of collected recyclables into raw materials or green products at Baguio's local recycling facilities
- Planted 9,105 trees





Upholding our Employees

- Staff attended 32,320 hours of training
- The work-related accident rate is 1.0 and achieved the 2022 safety target (1.2 work injury cases per 100,000 work hours)



Implementing Operational Excellence



- Adopted six digital and cloud-based solutions to enhance daily work efficiency
- A cooperation framework with the Hong Kong Science and Technology Parks and ParticleX to introduce innovative solutions



Our Community Engagement



- Participated in community services with a total of 397.5 volunteer hours
- Donated a total of HKD138,000 to green organizations



AWARDS AND RECOGNITIONS

Issuing Party (By Alphabetical Order)	Award
Environmental Responsibility	
Bank of China & The Federation of Hong Kong Industries	Corporate Environmental Leadership Awards 2021 – EcoPartner + EcoPioneer (5 Years +)
Environmental Campaign Committee	Certificated as Hong Kong Green Organisation Hong Kong Green Organisation Certification – Wastewi\$e Certificate – Good Level
Greeners Action	Charter of the Lai See Reuse and Recycle Program 2022
Green Council	Hong Kong Green Day 2022 – Certificate of Appreciation Bronze Sponsor Green Run 2022 Certificate of Appreciation
Green HK Advisory Committee Limited	Green HK 2021 – Green Enterprise
Green Road	Green Road – Recycling Booth cum Environmental Education Workshop – Certificate of Appreciation
JCI North District	Mountain Clean 2022 – Green Sponsors
Standard Chartered Bank	2022 Standard Chartered Corporate Achievement Awards: Sustainable Corporate (Environmental) – Outstanding Award
World Green Organisation	Green Office Award Labelling Scheme (GOALS)
Socio-economic Contribution	
Community Investment and Inclusion Fund	Social Capital Builder Logo Awards
CTgoodjobs	Best Employee Health & Safety Programme Award (Gold) Top Workplace Companies Award (Gold)
Green Council	UNSDG Achievement Awards 2022 – Merit 21st Eco-Model Tournament – Certificate of Appreciation
Hong Kong Council of Social Service	5 years+ Caring Company 2021/22 – Baguio Green Group Limited 5 years+ Caring Company 2021/22 – Tak Tai Enviro scape Limited 5 years+ Caring Company 2021/22 – Baguio Waste Management & Recycling Limited 5 years+ Caring Company 2021/22 – Baguio Pest Management Limited 10 years+ Caring Company 2021/22 – Baguio Landscaping Services Limited 10 years+ Caring Company 2021/22 – Baguio Cleaning Services Company Limited

AWARDS AND RECOGNITIONS

Issuing Party (By Alphabetical Order)	Award
MTR Corporation Limited	2021 Hong Kong Passenger Services "Safety First, Quality Always" Award Scheme – Excellence Staff (Contractor) – Silver Award
Oriental Media Corporation	Elite Listed Enterprise Award (Innovative Recycling)
Promoting Happiness Index Foundation	Happiness at work 2022 – Happy Company
Television Broadcasts Limited	TVB ESG Awards 2022 – Special Recognition
The Federation of Hong Kong Industries	Industry Cares Recognition Scheme 2022 – Caring Certificate (Enterprise Group) Industry Cares Recognition Scheme 2022 – Outstanding Caring Awards Industry Cares Recognition Scheme 2022 – The Most Innovative Award
Corporate Governance	
CTgoodjobs	Best Innovative L&D Initiative Award (Gold)
Hong Kong Institute of Certified Public Accountants	Commendation on Progress in ESG Practices under Self-nomination Awards of the Hong Kong Institute of CPA's 2022 Best Corporate Governance and ESG Awards
The Hong Kong Institute of Directors	Directors Of The Year Awards 2022 – Board Diversity Directors Of The Year Awards 2022 – Board
Others	
Alaya Consulting	Commendation for the Outstanding ESG Improvement Award
Green Council	Hong Kong Green Awards 2022 Experience Sharing Seminar – Certificate
Hong Kong Management Association	Certificate of Excellence in Environmental, Social and Governance Reporting
Hong Kong Toilet Association	Best Cleaning Staff Award 2022



BEING A LEADER – OUR SUSTAINABILITY APPROACH

Baguio places utmost importance on our sustainability performance. This year, Baguio improved our Task Force on Climate – Related Financial Disclosure (TCFD) analysis by assessing climate-related opportunities, and how they may be reaped to strengthen Baguio’s sustainability strategy. To keep ourselves accountable, we have a sustainability policy that keeps us on track, and an enhanced governance structure to continue steering us onto the right path. We continue to work hard to meet the environmental targets that we have set in previous years, diligently monitoring our environmental performance and striving for creative ways to reduce our climate footprint.

Sustainability Governance

Our Sustainability Steering Committee (“the Committee”), established in 2021, continues to provide oversight to ensure that Baguio is on the right path, moving towards sustainability. The Committee meets regularly, communicates with all relevant departments, including the ESG Working Group (“Working Group”) and keeps the Board of Directors up to date with Baguio’s sustainability performance.



Spearheaded by the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), the Sustainability Steering Committee aims to provide guidance crafted with industry expertise and sustainability knowledge. This year, with this goal in mind, we have invited our Chief Operating Officer (COO) to become a member of the Committee to increase the efficiency of work for meeting future sustainability-related targets and goals and to facilitate communication on an operational level. An additional three senior management members are invited to join the Steering Committee to contribute their expertise and perform the Committee’s duties in 2023. Furthermore, our CFO has obtained the “Environmental, Social and Governance Analyst Certification” (CESGA) issued by the European Federation of Financial Analysts (EFFAS), thus upgrading our Committee to enhance their abilities to oversee and strategically lead Baguio towards a greener future.

BEING A LEADER – OUR SUSTAINABILITY APPROACH



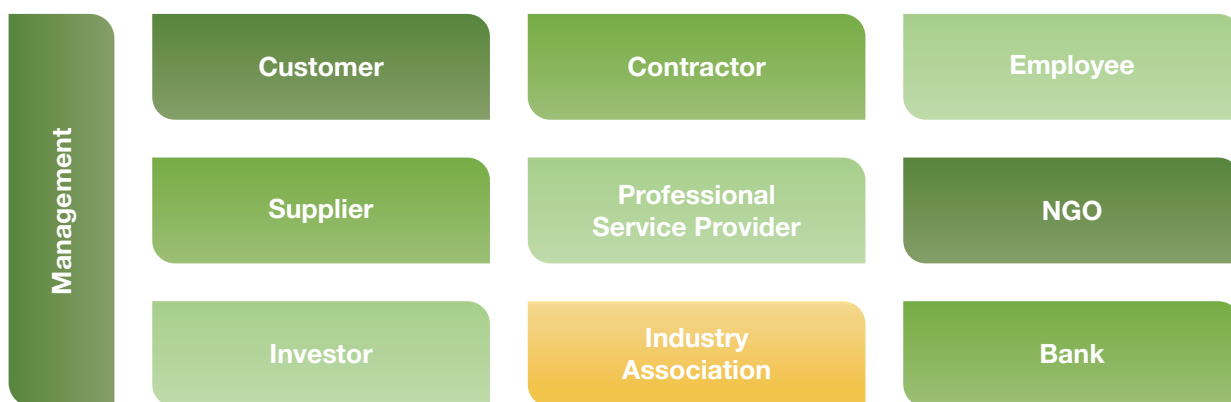
To optimise communication throughout the Group, the ESG Working Group comprises of key representatives from our five business units and different departments. Its members come from across the entire operations and the Working Group is tasked with collecting ESG data and information in an efficient manner to facilitate our ESG reporting. Beyond being key in our ESG data management process, the Working Group also reports directly to the Committee, and shares relevant sustainability information with the rest of the Group, such that all personnel are equipped with all important news and information.

Over the year, our Committee and ESG Working Group met regularly to discuss how Baguio can make further strides on its journey towards a sustainable future.

	Sustainability Steering Committee	ESG Working Group
Number of Meetings	4	4
Number of Members	4	20
Topics and Activities	Corporate Sustainability Awareness Development	Sustainability Awareness Enhancement Program
	Climate Related Risk and Opportunity	Innovative Suggestion and Idea
	Corporate Sustainability Direction	Sustainability Knowledge Sharing – Carbon Emission
	Electric Vehicle Adoption	Group Policy Review
	Sustainability Reporting	Sustainability Reporting

Engaging our Stakeholders

Noting the rapidly growing concerns about sustainability, we engage our external and internal stakeholders yearly to keep up with all their sustainability-related concerns. This year, we have successfully reached out to one more stakeholder group (Industry Association) compared to 2021, engaging with a total of nine external stakeholder groups, who have been selected due to their importance to Baguio’s success.

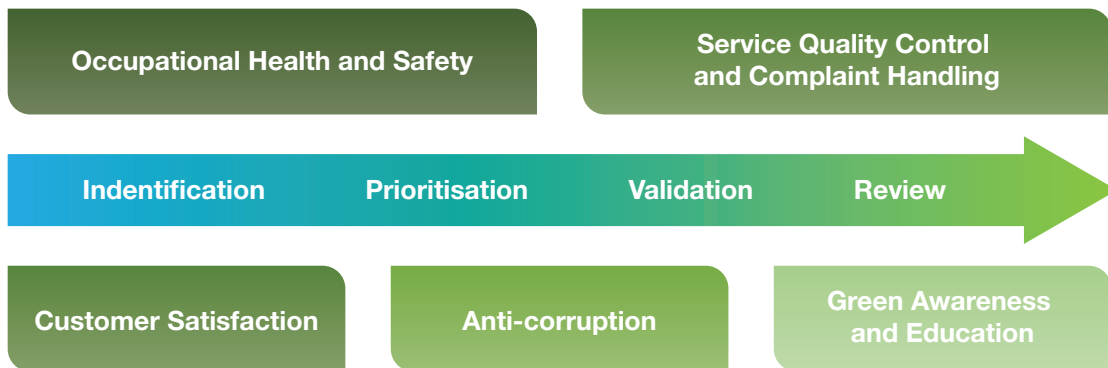


BEING A LEADER – OUR SUSTAINABILITY APPROACH

To maximise transparency, we engaged an independent consultancy to conduct our materiality assessment. Using a comprehensive online questionnaire that encompassed all topics highlighted by the Hong Kong Exchange ESG Reporting Guide, along with additional industry-specific topics, our stakeholders assessed and ranked a total of 28 topics, including the newly added “green awareness and education” topic, according to their relevance and importance.

This year, several changes were made to the list of topics assessed under the consideration of our business nature. As Baguio is a service-based provider which renders “packaging material consumption” to be non-material to the Group and its stakeholders, and has therefore been removed from this year’s assessment. Furthermore, the “hazardous and general waste management and reduction” topic has been combined under a new category named “contribution to zero landfill”. These changes have resulted in 28 topics assessed, compared to 29 topics in 2021.

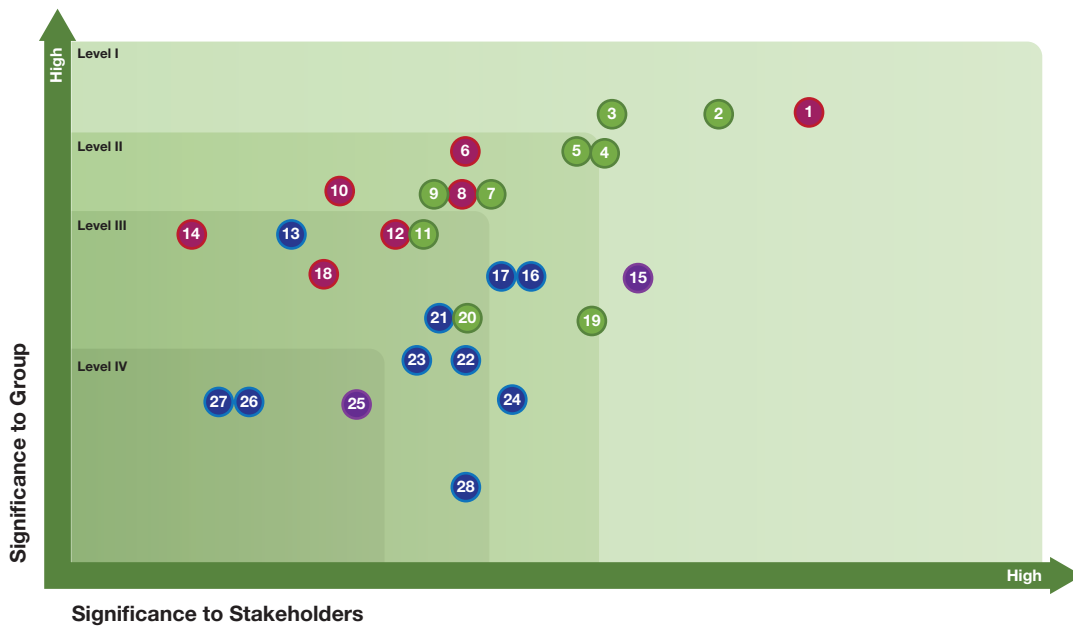
Topics identified in the materiality matrix (listed below) are categorised into four levels, with Level I being considered most significant to Baguio. The categorisation is based on the ranking of topics according to two dimensions: significance to our stakeholders and significance to our management. Overall, the materiality assessment process can be summarised into four steps: Identification, Prioritisation, Validation, and Review. This year, we have identified five Level I topics, which have been validated according to our management.



In 2022, we have three new priorities in comparison to 2021, namely: “green awareness and education” and being more customer-focused (i.e., “customer satisfaction” and “service quality control and complaint handling”). Other key changes observed from our stakeholder engagement process include the prioritisation of supply chain management and ecological conservation as material topics to Baguio, and a summary of our management approach towards these topics are outlined below.



Materiality Matrix



Level I

- 1 Occupational health and safety
- 15 Green awareness and education
- 4 Anti-corruption
- 3 Customer satisfaction
- 2 Service quality control and complaint handling

Level II

- 10 Employee communication channels
- 6 Anti-discrimination
- 8 Employee empowerment
- 9 Supply chain management
- 7 Emergency preparedness and response
- 19 Collaboration and partnership
- 5 Customer privacy protection
- 16 Contribution to zero landfill
- 17 Air emissions management and reduction
- 24 Ecological conservation

Level III

- 18 Precautionary measures of child/forced labour
- 14 Employee diversity
- 12 Employee training and promotion
- 20 Intellectual property rights protection
- 11 Innovation and advanced technology
- 13 Energy management and conservation
- 23 Green procurement
- Environmental benefits derived from corporate business
- 21
- 22 GHG emission management and reduction
- 28 Effluent discharges management and reduction

Level IV

- 25 Community engagement and support
- 26 Climate change and adaptation
- 27 Water management and conservation

BEING A LEADER – OUR SUSTAINABILITY APPROACH

Management Approach

To assess and manage material ESG-related topics impacting the environment, society and the economy, we rely on our Integrated Management System (IMS), which is certified for ISO 9001:2015 Quality Management System, ISO 14001:2015 Environmental Management System, and ISO 45001:2018 Occupational Health and Safety Management System. With an integrated management approach, the Group can track ESG-related risks and opportunities, emphasise its sustainability policy, and track improvements relating to quality, environment, and occupational health and safety.

Occupational Health and Safety

Our Safety, Health, Environment and Quality Department (“SHEQ Department”) is responsible for all safety matters in Baguio, and this year, we set a safety target of 1.2 work injury cases per 100,000 work hours. To attain this target, we have formulated our occupational safety, health and environmental protective regulations and ensured that safety messages can be effectively transmitted throughout our communication channels.

Green Awareness and Education

Our newly launched ESG+ Service, Plastic Free Friday initiative, and Personal ESG Scheme promotes sustainability amongst our clients and our workplace culture. We also conduct environmental training in the form of webinars, recycling days, or plant visiting tours, for our staff, customers and community.

Service Quality Control and Complaint Handling

Our integrated management systems are ISO 9001:2015 certified. To ensure that all complaints are resolved successfully, the Group will take the following actions: communicate with customers, investigate immediately, and hold regular meetings to review the processes and outcomes. We have a customer complaint handling system to record each of the complaint from our customers.

Customer Satisfaction

We conducted a Baguio service quality evaluation in 2022. 95.7% of our customers evaluated Baguio’s service performance as satisfactory or above.

Anti-corruption

Baguio has a Business Code of Conduct for our employees and Supplier Code of Conduct for our suppliers and business partners to ensure the compliance of our businesses, and organise anti-corruption seminar for our employees every two years. Our back office staff is required to sign the ethical policy and make an annual conflict of interest declaration. Our top management, audit committee, or Board will provide recommendations for better development in the future and be responsible for the final report regarding the investigation. Zero cases related to corruption were reported by Baguio in 2022.

Nurturing a Sustainable Culture

Baguio believes that every person has a role to play in ensuring that sustainability is embedded into our core. Therefore, in the second half year of 2022, we launched a Personal ESG Scheme to promote a workplace culture that is focused on sustainable development and encourage employees to discover Personal ESG elements in their daily lives and work together to practice them. The scheme uses a points system to reward and incentivise staff members and all departments to participate in the “environmental”, “social” and “personal governance” activities specified in the scheme, starting from cultivating personal ESG behaviours and building a good ESG culture in the company.

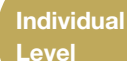


Department Participation Rate **100%**

8 Departments with **100%** employee participation

59% office staff joined at least one activity in the area of “E”, “S” or “G”

42% joined office staff completed both “E”, “S” and “G” activities



Environment

Actions in **environmental** protection

- Recycle with the iRecycle mobile application
- Recycle through the Environmental Protection Department's Green Rewards Scheme



Social

Promote **social** harmony and equality

- Baguio CSR activities
- Volunteer activities of accredited organizations
- Blood donation
- Registered organ donation
- Donation to recognized charities



Governance

Be responsible for your own **governance**

- Non-compulsory training or information sharing sessions from Baguio
- Job-related courses or trainings from accredited organizations
- Running or walking distance records
- Departmental or interdepartmental activities



To further foster this atmosphere of sustainable development, Baguio also launched a “Plastic Free Friday” campaign from July to December of 2022 with different topics and activities to increase awareness on the harmful impacts of plastics, and to encourage staff members to reduce plastic usage in their daily lives.

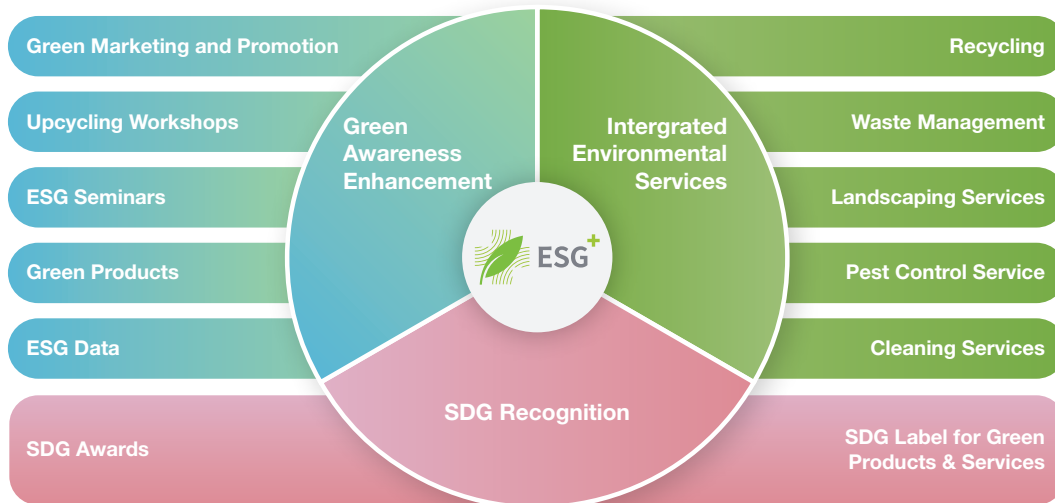
BEING A LEADER – OUR SUSTAINABILITY APPROACH

The “Plastic Free Friday” campaign helps to save resources and to protect our living environment. It also influences this behavior, which is closely connected with our daily life and can play a positive role in propagating the concept and providing guidance, to cultivate employees’ awareness of environmental protection and ensure that Baguio is heading towards a sustainable development path. Six activities included designing slogan and poster, giving out reusable tableware and drinking straws, conducting questionnaires on plastic reduction and personal carbon emissions, and introducing the concept of “naked shopping”.



Sustainability Strategy and Opportunities

To further develop a culture of sustainability in the workforce and its operations, Baguio continues to expand its integrated environmental services business, in which it is an industry leader. This year, Baguio identified the challenges associated with the integration of sustainability elements into business operations and grasped an opportunity to assist clients in developing and implementing effective sustainability programmes to achieve their sustainability related goals. With this in mind, we introduced a new ESG+ service to our corporate clients this year, which is a package that helps clients promote and execute ESG initiatives. The ESG+ service lies in the heart of the diverse range of environmental services (professional cleaning, waste management, recycling, horticulture and landscaping, and integrated pest management) as it incorporates additional ESG initiatives, such as the provision of green or ESG data and sourcing green products. By committing to our ESG+ service, our solution can help the clients to get recognition from third parties, which puts them on the right track to sustainable development.



ACKNOWLEDGING OUR CLIMATE FOOTPRINT

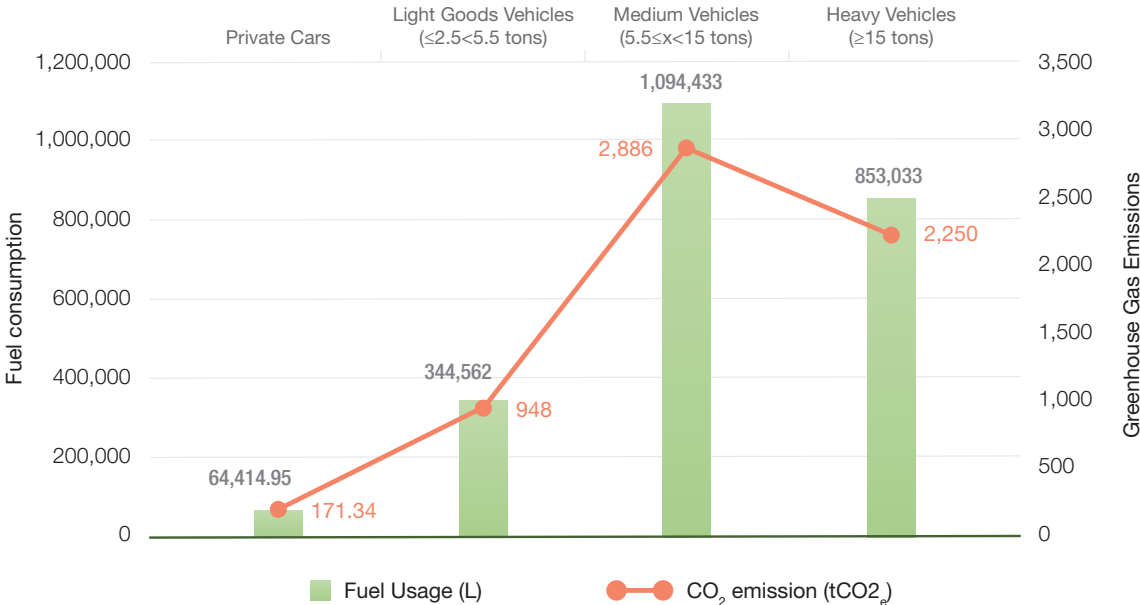


This year, we have accounted for 6,856 tCO₂e from our business operations. This figure is inclusive of 6,405 tCO₂e of direct emissions from fuel consumption (Scope I) and 451 tCO₂e of indirect emissions from electricity consumption (Scope II). Our total greenhouse gas emissions represent an increase from our 2021 emissions of 4,513 tCO₂e, which is a result of Baguio’s expansion and growth in service provision, as this was accommodated by an increased number of commercial vehicles. With our commercial vehicles exhausting 88.7% of carbon emissions in 2022, we understand that vehicular emissions are the largest source of our footprint. Hence, we have been focusing our resources on new, lower carbon energy vehicles such as electric vehicles and hydrogen vehicles to achieve the zero emission target. In 2022, we have begun building a low-carbon fleet of vehicles with six electric vehicles and 275 Euro VI models.

Challenge in Electric Vehicles Adoption

- Commercial electric vehicles are not yet popular in Hong Kong
- No suitable commercial electric vehicles or alternative energy vehicle models for the provision of environmental services
- Charging network availability, charging time, and driving range limitation

However, Baguio will continue to analyse these limitations and pursue a greener fleet composition. We are also collecting data of existing electric vehicles to monitor their environmental performance.



Going a step further, Baguio aims to use a combination of both electric and new energy vehicles as well as replacing diesel fuel with electricity in our operations to reach carbon and energy reduction targets. One initiative to help come closer to this goal is to electrify our operations. In 2022, we have replaced diesel fuel with electricity in one of our recycling plants, and we will continue to monitor the plant’s performance while examining the feasibility of electrifying other recycling plants.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

Climate Governance

The above initiatives and the below analyses are only made possible under the guidance of our Sustainability Steering Committee, which is responsible for overseeing Baguio's sustainability-related performance. More information of the Committee can be found in the Sustainability Governance section of the report.

Strategy: Climate-related Risks and Opportunities

Baguio carries out a risk analysis annually to understand the material risks that affect its operations. Improving on the first ever climate-related analysis in 2021, this year we have expanded it to include both climate-related risks and opportunities. This inclusion better reflects our attitude towards climate change: Baguio believes that with climate-related challenges come opportunities that may be harnessed. The table below summarises our Group's climate-related risks and opportunities, based on the recommendations provided by the TCFD.

Risks			
Physical			
Type		Description	Potential Business Impact
Acute	Property Damage	Extreme weather events may directly damage our properties	<ul style="list-style-type: none"> Maintenance of damaged properties
	Operational Disruptions	Extreme weather events will impact productivity (e.g., commuting time and delivery of materials and supplies)	<ul style="list-style-type: none"> Loss of employee productivity Longer procurement time
	Employee Health & Safety	Extreme weather events will pose safety risks for our employees	<ul style="list-style-type: none"> Employee health and insurance
Chronic	Property Damage	Water intrusion poses a threat to our service facilities and physical assets	<ul style="list-style-type: none"> Maintenance of damaged facilities and assets/operation suspension
	Supply Chain Disruptions	Water shortages may affect availability of electricity and office water supplies	<ul style="list-style-type: none"> Delays and disruptions to our operations
	Workplace Efficiency	Increase in average global temperatures decreases work efficiency and increases cooling requirements	<ul style="list-style-type: none"> Longer work period Increased cooling cost

ACKNOWLEDGING OUR CLIMATE FOOTPRINT














Transition			
Technology & Market	Technological Changes	Emerging low-carbon technologies will be advantage/required	<ul style="list-style-type: none"> Replacement of current technology with new, lower carbon alternatives
	Market Sentiment	Consumers will demand sustainability uptake in our operations	<ul style="list-style-type: none"> Purchase of more energy efficient equipment Purchase of greener products Investments into research and development
	Reputation	Negative perception from external stakeholders due to inability to meet compliance requirements	<ul style="list-style-type: none"> Existing and potential client business
Policy & Regulatory	Policies and Regulations	More stringent environmental policies and regulations set by the local government will affect our operations	<ul style="list-style-type: none"> Due diligence Compliance costs
	Carbon Pricing	Additional taxes or fees relating to an organisation's carbon emissions, pollution, or waste emissions	<ul style="list-style-type: none"> Operational costs and operating margin
	Climate-related Litigation	More stringent regulations increase risk of exposure to litigation claims and other legal risks	<ul style="list-style-type: none"> Existing and potential client business

Opportunities		
Type	Description	Potential Business Impact
Recycling Demand	Increasing awareness for limited resources will increase demand for waste recycling services	<ul style="list-style-type: none"> Potential client business
Operational Efficiency	Resource scarcity will push for efficiency in our transport, production and distribution	<ul style="list-style-type: none"> Transportation and fleet department
Energy Efficiency	Market demand will push for lower carbon emission sources of energy	<ul style="list-style-type: none"> Resilience to fluctuations in fossil fuel and carbon prices
Collaborative Potential	Demand for sustainable solutions will open access to new markets and collaborations	<ul style="list-style-type: none"> Partnership opportunities (e.g., with governmental sectors)
Market Resilience	Diversification to include sustainable resources will increase supply chain resilience	<ul style="list-style-type: none"> Supply chain resilience

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

From the climate analysis conducted, Baguio has identified the following risks and opportunities to be of the highest importance to the Group's operations. With a clearer understanding of the Group's main climate-related risks and opportunities, Baguio will further integrate these themes into our business strategy and future plans to improve our resilience to climate change.

Risks	Opportunities
 Policies and Regulations	 Recycling Demand
 Acute Property Damage	 Collaborative Potential
 Carbon Pricing	 Market Resilience
 Technological Changes	 Energy Efficiency
 Employee Health & Safety	 Operational Efficiency
 Market Sentiment	

Climate Risk Management

Risks associated with climate change have also been integrated into our Risk Management Approach. In 2022, the Group's potential climate risks are included in the agenda of regular risk management meetings, and each department needs to explore whether there are any potential issues related to climate risks and formulate countermeasures.

Although Baguio is unable to directly control the severity of climate change, we have the power to protect our employees from its harsh impacts. We have modified our employees' working arrangements under adverse weather conditions, provided training such that our employees are well aware of how to react in such conditions, and have invested in safety protective equipment (such as uniforms with cool max material, a portable waist fan, a cooling towel, automatic cleaning devices, and a waterproof and heat-resistant machine). Baguio has also dedicated a section in its Environmental and OSH emergency preparedness plan to demonstrate the operating procedures when dealing with bad weather, such as thunderstorms, rainstorms, or typhoons).

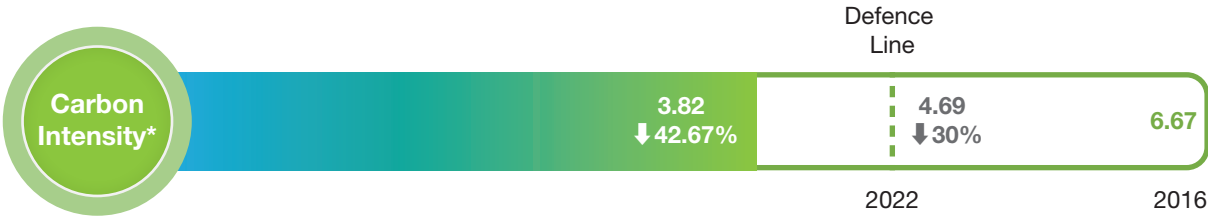
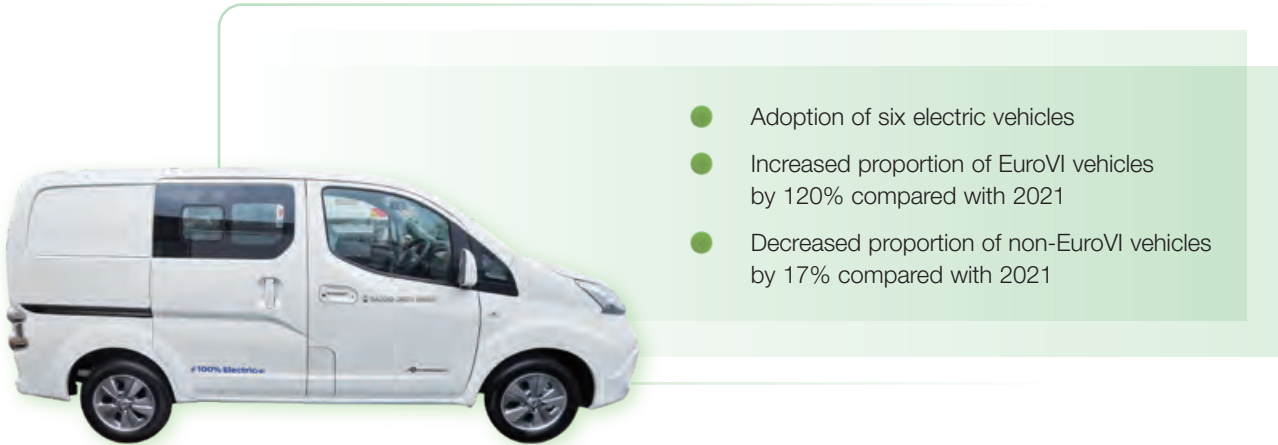
To mitigate the significant climate risks, such as employee health and safety and property damage, our Human Resources and Fleet Departments have begun developing a climate change risk indicator. Currently, our teams are focusing resources on the impacts of extreme weather events and the arrangements for addressing them, and on collecting the data to better understand how weather conditions may negatively impact our employees and fleet vehicles. Our Employee Compensation team from HR department has recorded actual and suspected heat stroke cases to determine the severity of climate change impacts on our staff. Our Fleet Department has also begun monitoring the frequency and magnitude of vehicle damage associated with climate change. Baguio will continue to monitor significant climate risks that affect its people and operations to better understand how climate change affects the Group and how to improve and optimise the approach to address climate change. In the future, we will expand our monitoring and data collection programme to include other climate-related risks.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

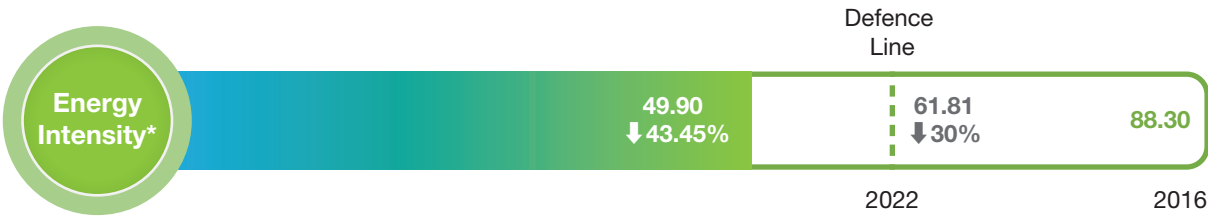


Metrics and Targets

Our carbon and energy intensity reduction target of 30% by 2030 compared to the 2016 baseline, which is in line with the commitments presented in our Climate Change Policy. In 2021, Baguio recorded a carbon intensity of 3.83 tCO₂e/million HKD revenue, and an energy intensity of 49.66 GJ/million HKD revenue. This year, with a carbon and energy intensity of 3.82 tCO₂e/million HKD revenue and 49.9 GJ/million HKD revenue respectively, marks Baguio's achievement in exceeding our carbon and energy intensity targets for the second consecutive year. We identified the main source of emissions is our operational fleet. We intend to build a low-carbon fleet of vehicles, with our initial efforts comprising to reduce carbon emission:



*Unit: tCO₂e/million HKD revenue

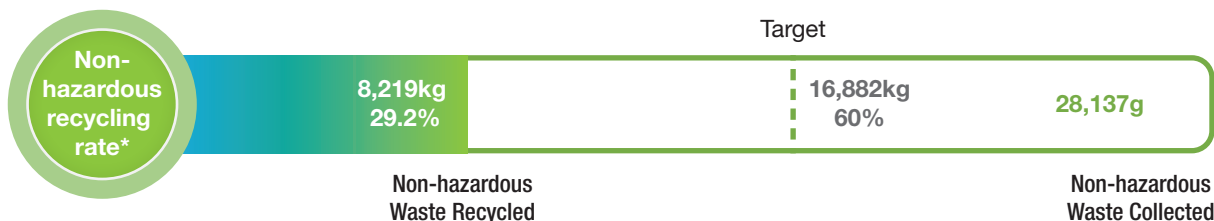


*Unit: GJ/million HKD revenue

Furthermore, the Group set a relevant environmental target to recycle 60% of our collected non-hazardous waste by 2030, and keep running the short-medium-long term actions. In short term, the Group has introduced various green office initiatives including the increasing number of recycling bins, setting up a recycling corner and increasing collection types of recyclables. In the medium-to-long term, the Group is increasing the green products procurement ratio. We also minimise the paper usage by the adoption of ERP and cloud-based system, and provided our employees with two green campaigns (Personal ESG Scheme and Plastic Free Friday) which are stated below to encourage behavioural changes.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT

The details of two green campaigns are outlined in the section – Nurturing a Sustainable Culture. This year, we recorded a 29.2% recycling percentage of all our collected non-hazardous wastes, which reflects our increased recycling efforts when compared to our 2021 recycling percentage (22.4%).

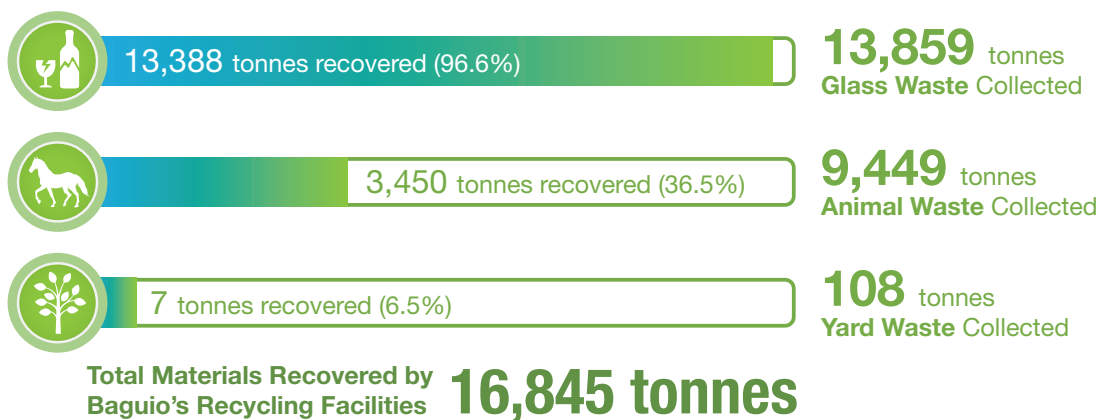


*Bagulo office and facilities

Circular Economy

Local Collection and Recycling

Besides its local waste collection services, Baguio contributes to circularity by recovering the materials collected and giving them a new life. For example, a few of our upcycled products include green sandbag, compost (BGSoil), biochar, organic fertilisers, or animal feed. With the environment embedded into everything we do, Baguio hopes to continue giving life to more resources in the future.



In addition to the above waste categories, Baguio has also collected 5,245 tonnes of food waste, 1,813 tonnes of plastic bottles, and 8,697 tonnes of paper wastes from the local community for proper recycling. In total, Baguio, 39,171 tonnes of recyclables have been collected through Baguio's local efforts.

ACKNOWLEDGING OUR CLIMATE FOOTPRINT



Innovation and Technology

To increase the recycling rate, we actively invest resources to enhance the recycling experience with digital technology. We have introduced 100 smart recycling bins, which have been connected to the Environmental Protection Department's GREEN\$ Electronic Participation Incentive Scheme, and will commence service successively in 2023.

Baguio's Smart Recycling Bin

Smart recycling bin features:



ACKNOWLEDGING OUR CLIMATE FOOTPRINT

BSF Hatch — Recycling of Chicken Manure by Biotechnology

Currently, the typical disposal method for chicken farm wastes in Hong Kong is by landfilling. To reduce the burden on local landfills, BSF Hatch is the first modernised automatic bioconversion plant by using Black Soldier Flies (“BSF”) to convert chicken manure in Hong Kong.



Location:
EcoPark

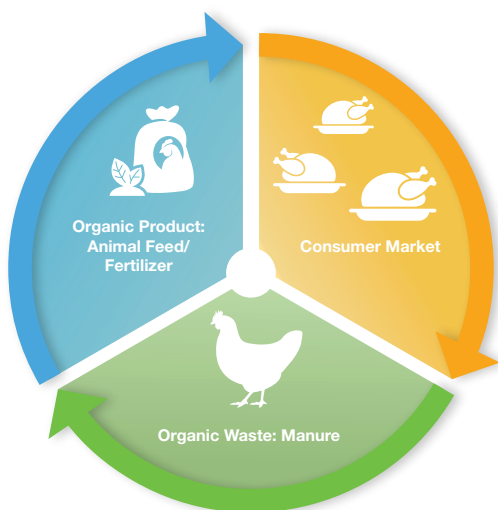
Opening:
November 2022

Operating Capacity:
10 tonnes of chicken manure daily (nearly 30% of organic wastes produced in local chicken farms)

Output:
2 tonnes of animal feed (dried and fresh larvae) and 1.7 tonnes of organic fertiliser (insect frass) daily

BSF have the natural ability to convert chicken manure (organic waste) into good quality protein animal feed and organic fertilisers and optimise and stabilise the environment. The animal feed and organic fertilisers can be used for various agricultural or horticultural purposes. The BSF bioconversion process is harmless for living organisms and the environment and provides organic wastes with another “life”.

Besides providing the closed-loop, economy to chicken manure, we have taken other green measures to ensure that the quest for a circular economy does not harm the environment even more, including:



Treatment of odorous air by an air scrubber system

Cleaning of collection trucks

Collection of wastewater for proper treatment

GREENING OUR EARTH



As an integrated environmental services provider, Baguio is committed to providing a cleaner, greener and more sustainable environment and actively integrates sustainability into its business operations. In line with Hong Kong's goal of achieving carbon neutrality by 2050, the government has announced and launched a number of measures aimed at "Net-zero power generation", "Net-zero electricity generation", "Energy-saving and green building", "Green transport" and "Waste reduction", which inspired our 2030 environmental targets outlined in the section - ACKNOWLEDGING OUR CLIMATE FOOTPRINT.

Energy Consumption

In 2022, the Group's total energy consumption was 89,483 GJ, an increase of 41.5% compared to 2021, which is due to the increased number of commercial vehicles we have added to our fleet to accommodate for the expansion in our service provision. During the year, the total number of vehicles is increased from 353 to 483 and the average vehicle fuel consumption (Litre/km) for our internal combustion engine vehicles is raised from 0.243 to 0.269* compared to 2021. Fuel is the main resource consumed by the Group due to a route-based business. However, keeping in mind that our 2030 target is to reduce energy intensity by 30% (base year 2016), we have invested in more electric vehicles, and will continue to research the feasibility of electrifying our fleet. The information about our environmental targets and works can refer to the section – ACKNOWLEDGING OUR CLIMATE FOOTPRINT.

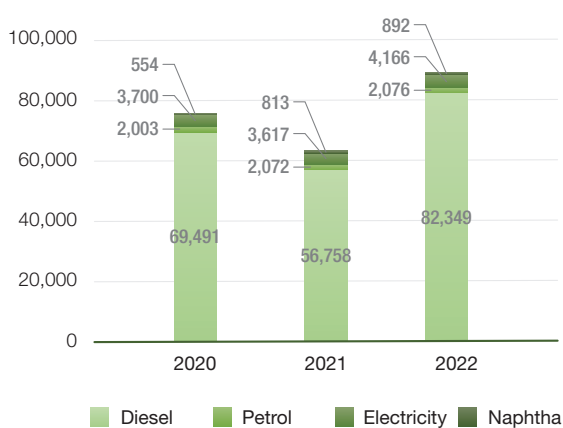
Greening Works and Planting Records

Tree planting is an important part of urban greening. The Group is committed to planting, preserving and protecting the trees to beautify the environment, purify the air and moderate climate changes. In 2022, the Group planted 9,105 trees for its landscaping projects to improve the overall quality of the environment.

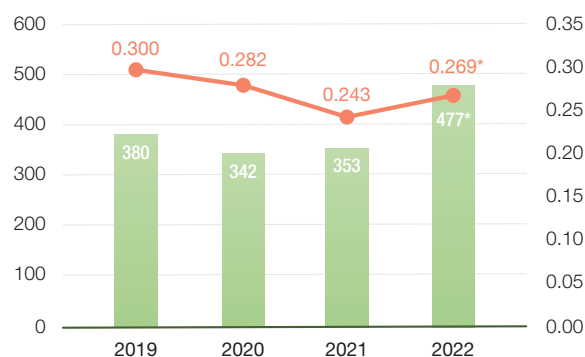


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Energy consumption by Fuel Type (GJ)



Average vehicle fuel consumption (Litre/km)



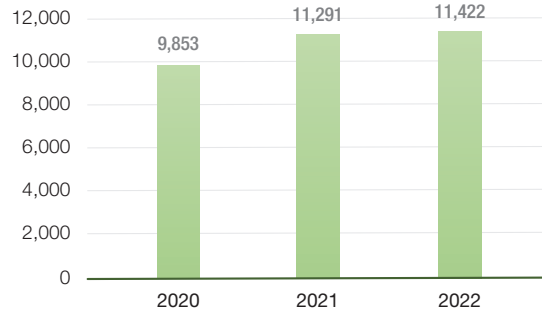
* The data is excluded electric vehicle.

Water Consumption

The major part of our water consumption is attributed to offices and facilities. In 2022, we consumed approximately 11,422 m³ of water. In the reporting period, the Group faced no problems in sourcing water that is fit for our purpose. No water efficiency target is set, as most of the water consumption and records of services are managed by our clients.

Nevertheless, water usage increased 1.2% from 11,291 to 11,422 m³ in 2022 as the operation of chicken farm waste recycling plant (BSF Hatch) has been commenced in November 2022. We minimise the use of water resources in our plant by reusing wastewater for internal use such as irrigation. In addition, we carry out regular maintenance to prevent water leakage and arrange prompt repair to minimise water loss. Wastewater is discharged into the public sewerage system in accordance with local regulations.

Water Consumption (m³)

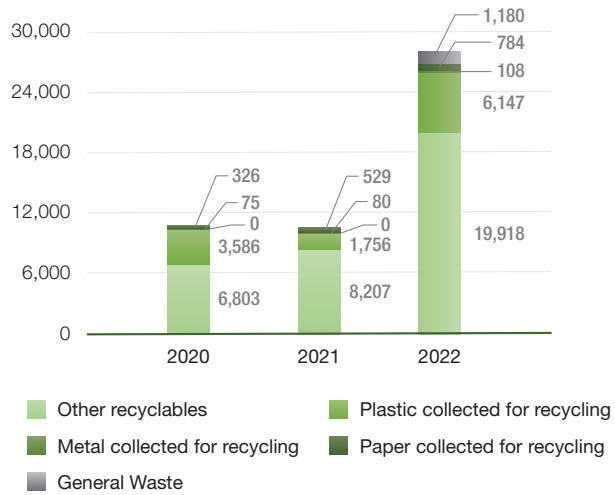


Waste Management

The Group generates both hazardous and non-hazardous waste in the course of its operations. In the 2022, 3,400 litres of hazardous lube oil waste and approximately 28,137.3 kg of non-hazardous waste were generated by the Group. The hazardous waste generated was securely transported and disposed of by licensed chemical waste collectors.

A total of 8,219 kg of recyclables were sorted from the non-hazardous waste (general waste) from our office and recycling facilities operations and sent to our recycling plants for recycling, thus resulting in a recycling rate of 29.2%. As seen in the graph below, there is a significant increment between the non-hazardous wastes collected in 2021 as opposed to that in 2022 – the reason for this lies in the expansion of our waste data collection to include our recycling facilities as well as our offices. In comparison, our previous years' data only encompassed the waste generated from our office operations. The rest of the non-hazardous waste was disposed of at landfills.

Non-hazardous Waste Generation (kg)



The Group set a relevant environmental target to recycle 60% non-hazardous waste by 2030, and keep running the short-medium-long term actions. The information about our environmental targets and works can refer to the section – ACKNOWLEDGING OUR CLIMATE FOOTPRINT.



Our Environmental Impacts

Our Integrated Management System (IMS) is ISO 14001-certified for five of our subsidiaries, spanning key business operations:

- Baguio Cleaning Services Limited
- Baguio Waste Management & Recycling Limited
- Baguio Pest Management Limited
- Baguio Landscaping Services Limited
- Tak Tai Enviroscene Limited

Our Environmental Code – which is part of our Employee Occupational Safety, Health, and Environmental Code – reiterates some of the measures mentioned in IMS. Besides promoting energy saving initiatives, the Environmental Code aims to protect our environment by ensuring that:



These measures help make every employee feel the responsibility for minimising our harmful impacts on the environment, and take actions to mitigate environmental risks relating to any leakage of chemicals or other dangerous goods, outlined in our Environmental and Occupational Safety and Health Emergency Preparedness Plan. Violating our Environmental Code is a serious act, and employees found to have broken our Code may face disciplinary action.

GREENING OUR EARTH

The above are some of the measures we take to minimise our impact on the natural environment. Baguio is taking further steps to reduce its impact in different aspects. For example, to reduce its ecological impact, Baguio has implemented an Enterprise Resource Planning (ERP) System, a cloud-based system, and a mobile app platform to facilitate transition towards a paperless workplace. Promotional messages advocating water, electricity, and paper saving initiatives were also emailed to colleagues and can be found in popular spots within the office.

Environmental Trainings

Environmental training is conducted for our employees to reiterate the environmental values listed in our Code. Our values are also reflected in our Sustainability Policy and Integrated Management Policy, which may be found in the Appendix section. The former aims to contribute to a clean and green society, while minimising Baguio's environmental impact, whereas the latter focuses on resource usage, impact identification and assessment, and the corresponding mitigating measures that Baguio and its employees can take to protect the environment.

Besides engaging its employees, another measure Baguio takes is to host or facilitate environmental education activities that benefit the community. To maximise the impact of our reach, we ensure that the above activities cover multiple stakeholder groups, including green organisations, universities, secondary schools, NGOs, and business chambers.

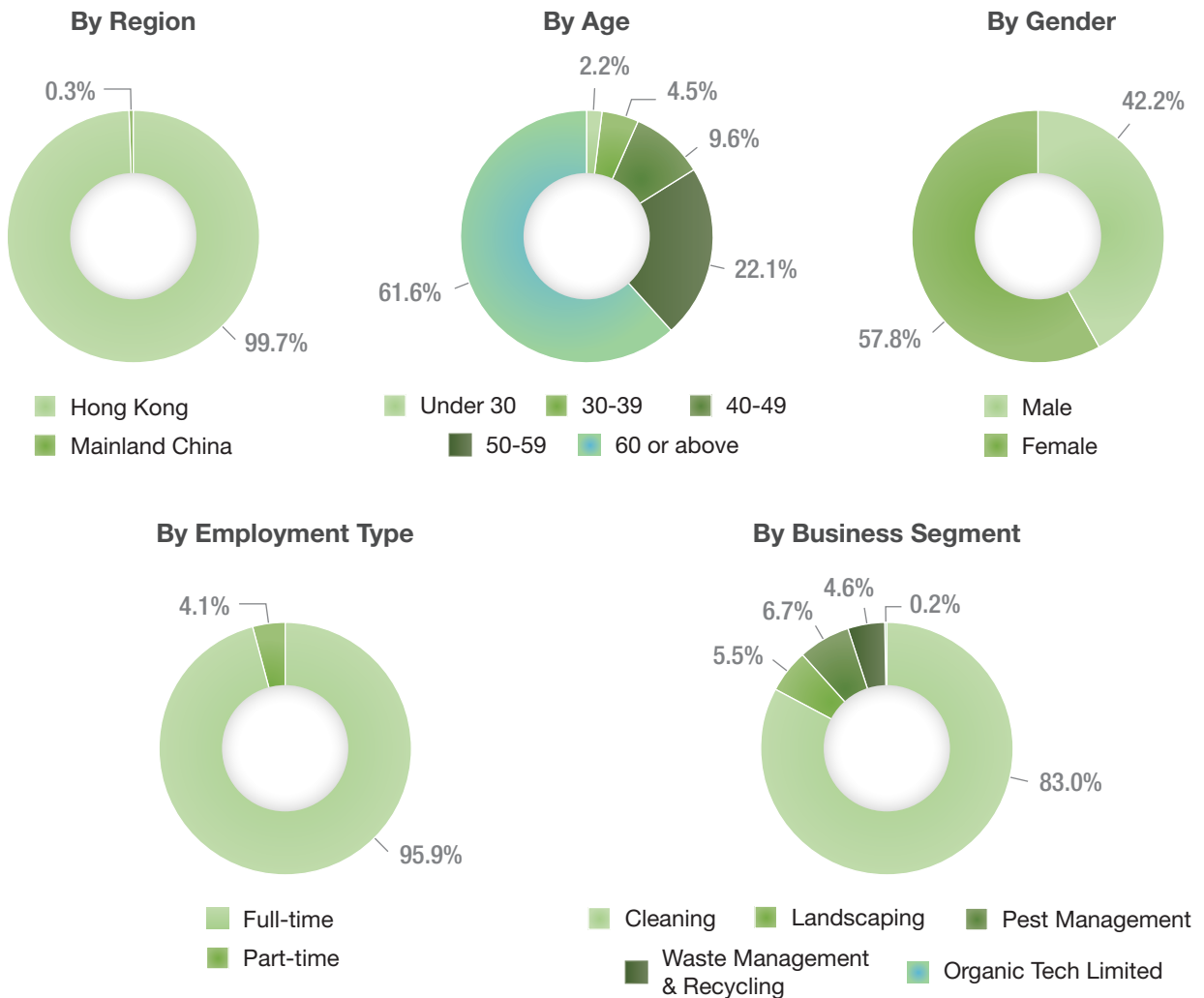


UPHOLDING OUR EMPLOYEES



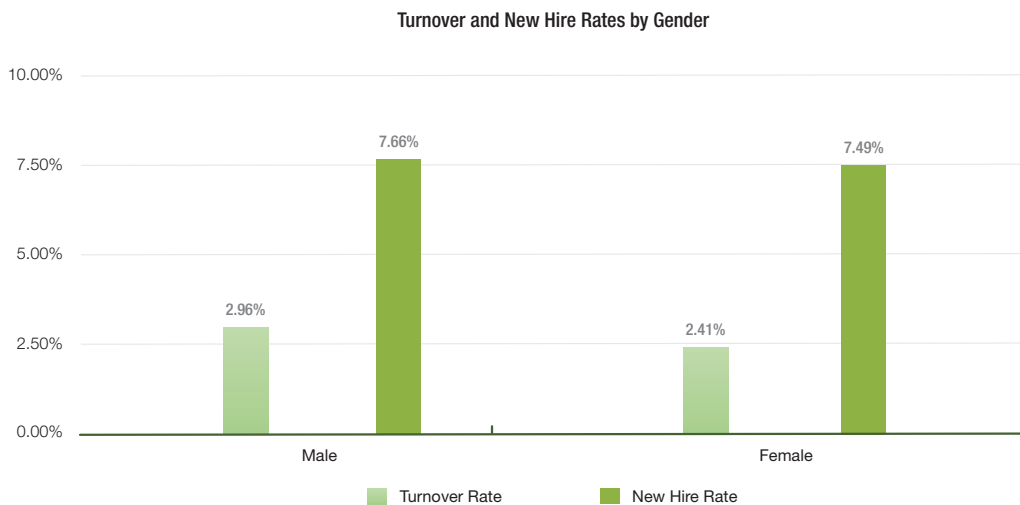
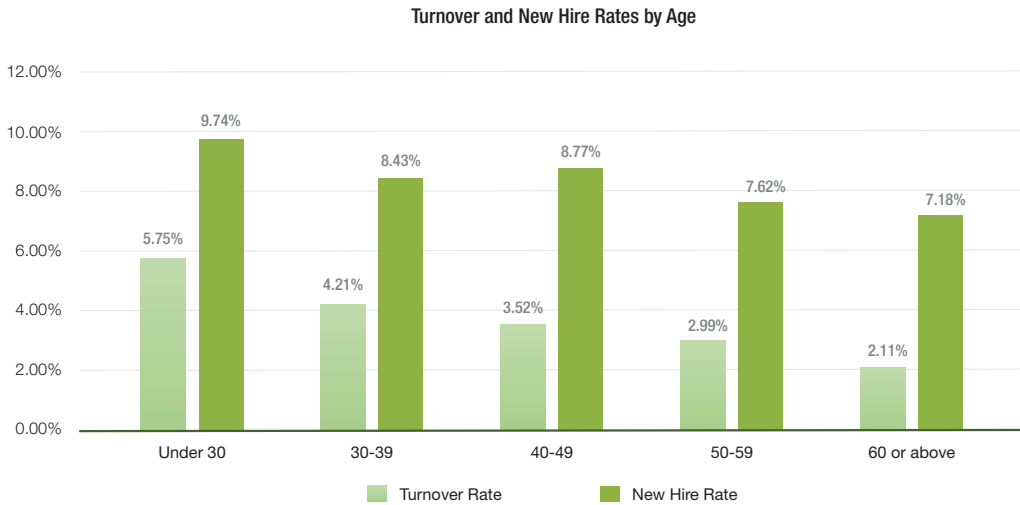
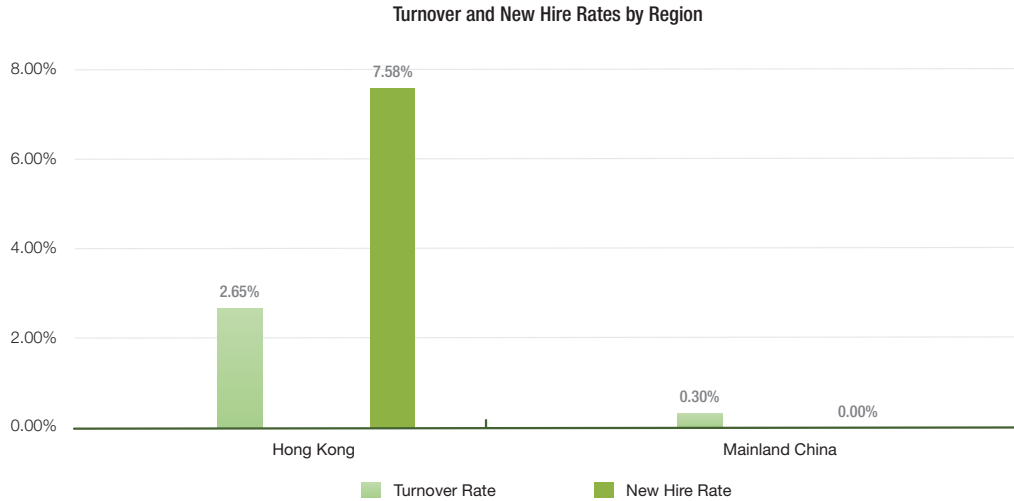
As an equal opportunity employer, we apply the principle of “Fairness, Openness and Impartiality” to all employment practices. Our Employee Handbook has stipulated regulations about recruitment and dismissal, remuneration, working hours, holidays, and other benefits and welfare to ensure compliance with relevant laws and regulations. We attach great importance to occupational health and safety. By providing employees with safety training and enhancing safety communication among employees, we strive to create a safe and healthy work environment. Meanwhile, we continue to promote the establishment of a talent management system, build a sustainable talent pool, and provide a variety of learning and development opportunities for our employees, so as to ensure growth of employees as well as the Company.

As of 31 December 2022, there were 8,894 employees in the Group, with 8,522 full-time and 372 part-time employees in Hong Kong and Mainland.



UPHOLDING OUR EMPLOYEES

During the year, the overall employee turnover rate and new hire rate were 2.64% and 7.58% respectively. Sustainable development has driven the growth of Baguio's business, and the group has continued to recruit more talents to cope with development. The charts below show the distribution of employee turnover rates and new hire rates by gender, age and region.





Equal opportunity, diversity, anti-discrimination

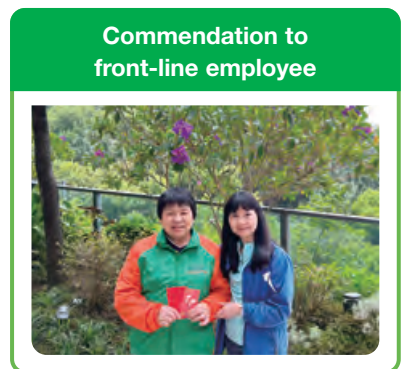
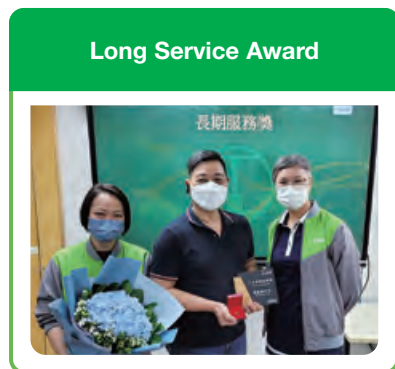
The Group strives to create a fair, diverse and inclusive working environment for its employees. Regardless of race, gender, skin colour, family and marital status, pregnancy or impairments, we treat every employee in a fair and equitable manner. In addition, we value the thoughts and opinions of all employees. By implementing a grievance mechanism and other channels, we encourage employees to express their concerns. A Whistleblowing Policy, which is governed by the Group's Complaint and Appeals Committee, is in place to ensure a fair and equal workplace.

The Group has zero tolerance for all forms of discrimination and harassment against others in its operations. In case of any relevant or suspected cases, employees can make complaints through the grievances mechanism and the responsible personnel conduct prompt investigation and follow up.

Remuneration and Benefits

The Group provides employees with competitive remuneration and benefits, and regularly adjusts its packages based on employee performance, Group performance and market trends. Moreover, training subsidies are provided to employees who meet certain criteria. Apart from local public holidays and annual leave, employees are entitled to additional holidays, including birthday leave, marriage leave, maternity and pending maternity leave.

To recognise and reward employees, the Group held several employee award ceremonies during the year, including Long Service Award Ceremony and SHEQ Awards Ceremony. In addition, the Group has established a reward mechanism to recognize outstanding frontline employees. If the frontline employees are commended by customers in writing or in the service quality questionnaire, we will issue supermarket cash coupons to the employees as rewards. As a caring employer, the Group also launched various employee activities to enhance internal communication.



UPHOLDING OUR EMPLOYEES

Occupational Health and Safety

Safeguarding the health and safety of our employees is an important task of the Group. Five subsidiaries of Baguio are ISO 45001 certified. Apart from that, the Group has a Safety, Health, Environment and Quality Department ("SHEQ Department") in place to govern all safety matters in line with the ISO 45001:2018 standard. Regular safety risk assessments are conducted by the SHEQ Department to ensure our operations are in full compliance with all applicable laws and regulations. To further enhance our management, we have established a safety target of 1.2 work injury cases per 100,000 work hours in 2022.

Workplace Safety and Occupational Health

Workplace safety and occupational health have always been the Group's top priority. We have formulated Integrated Management Policy to manage and implement occupational safety, health and environmental protection regulations for our employees. Besides, the Group also has Quadrilingual management guidelines in place, which list out safety requirements for employees in various aspects, including machinery operation, chemical handling, use of electrical appliances and working at height. All the employees must comply with all the requirements set out in the guideline and with all applicable laws and regulations.

Health and Safety Measures Implemented in 2022



Safety committee



Third-party OSH risk assessment



Supervisor monthly inspection



Regular spot check



Hazard control plan



Monthly safety/new induction training



Monthly high-risk job report



Sampling inspections of high-risk work



Industry accident sharing



Accident/incident investigation



Approved personal protective equipment list



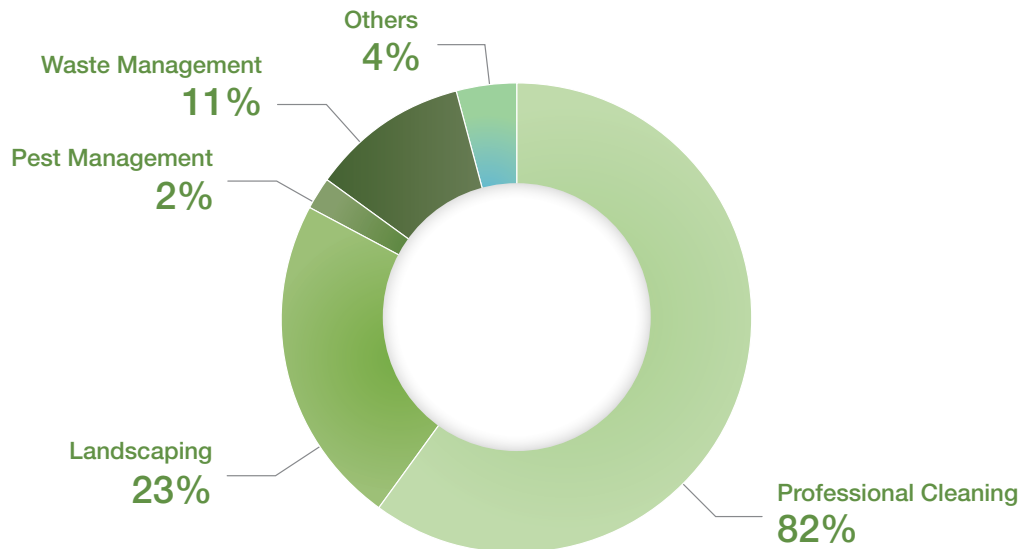
Environmental & OSH emergency preparedness plan

UPHOLDING OUR EMPLOYEES



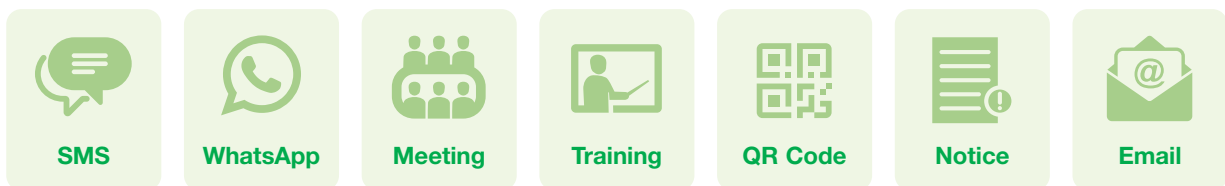
To enhance employee safety awareness and promote safety culture, the Group arranged safety trainings on a regular basis. Moreover, we keep implementing the “Train-the-Trainer” programme to equip employees with OSH knowledge.

Total Number of Qualified Trainer: 159



Safety Communication

Baguio has established diverse safety communication channels to ensure that safety message is delivered smoothly and effectively to different working levels. We share safety-related information with our workers and subcontractors through SMS and WhatsApp, including extreme weather precautions, recent industry work injury cases, and work safety instructions. We also arrange safety meetings to enhance communications between the frontline staffs and management. This year, a SHEQ committee meeting was held in our Ngau Tam Mei Animal Waste Composting Plant. To raise safety awareness, safety policy and code of conduct will be posted on the notice board of the construction site.



Training and Development

Baguio regards its employees as its most valuable asset, and their capabilities contribute to the long-term success of the company. Baguio commits to fostering a culture of continuous learning to unleash its potential. The Group evaluates the knowledge and skill set required for every position and offers appropriate staff training to nurture their talents.

This year, the head of each business unit held a meeting to discuss and plan various training programmes necessary for each department and for different staff levels. This meeting set the focus for the 2022 training plans. The decisions are summarised in the table below:

UPHOLDING OUR EMPLOYEES

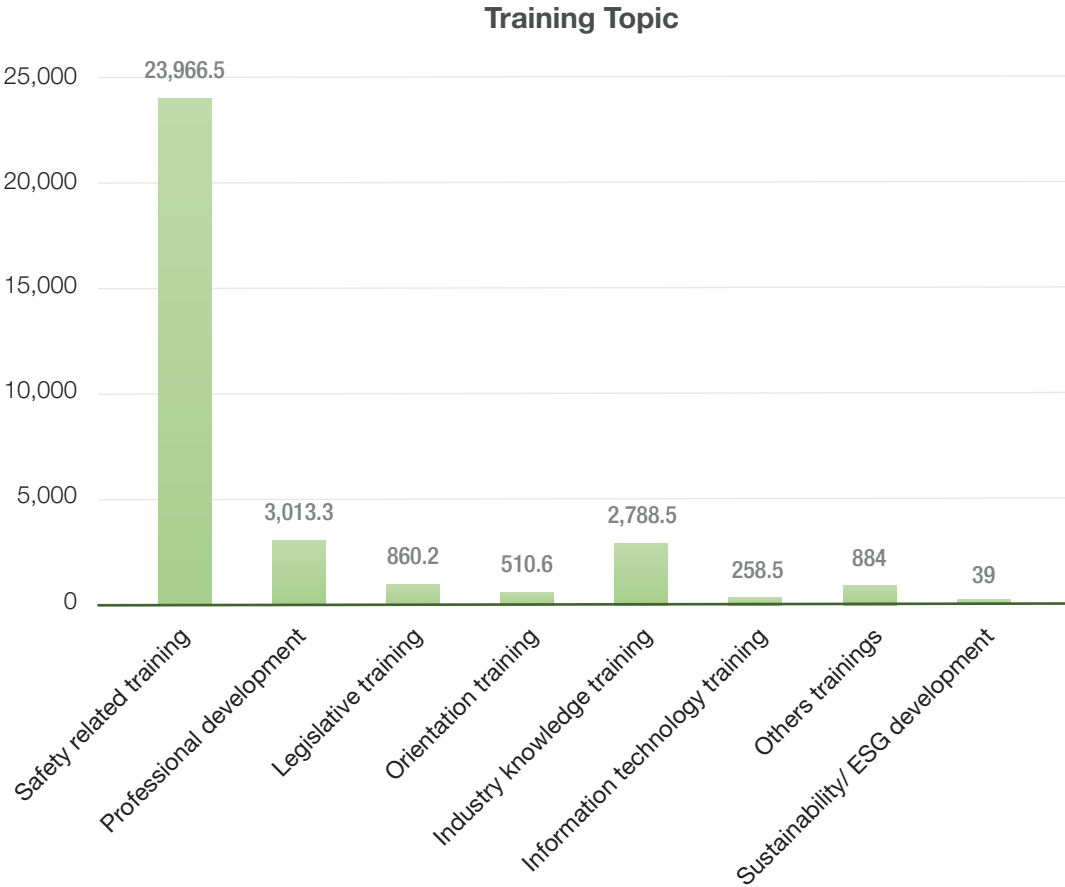
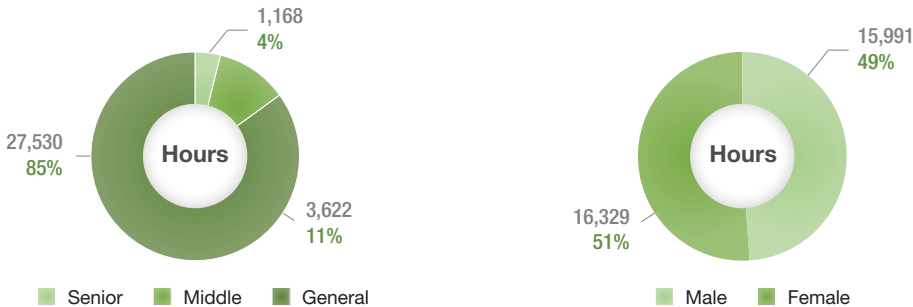
Employee Category	Focus Area	Description
Front-line Employees	Safety, Health, Environment, and Quality (SHEQ)	<p>As these trainings are crucial in maintaining our employees' health and safety, and educating them on Baguio's environmental impacts, SHEQ trainings need to be completed within three months after an employee joins duty.</p> <p>Our SHEQ training sessions are provided by either the Labour Department (accredited courses), by training institutions, or conducted internally ourselves.</p> <p>We have 25 categories of training programmes, encompassing themes such as safety equipment or machinery operation, physical fitness and safety, truck and loader usage, chemical or clinical waste handling, and recycling protocols.</p> <p>Furthermore, we have classified our employees into 18 categories, based on the scope of work or employee level, so that we can keep track of the relevant training types for different employee categories.</p>
	Professional Skills	<p>To facilitate a culture of continuous professional growth, Baguio is continuing to implement the Recognition of Prior Learning Mechanism (RPL), which is a scheme under the Education Bureau's Qualifications Framework ("QF"). Upon successfully attaining these skills, employees receive a statement of accreditation.</p> <p>This year, we have conducted preparatory training for nine of our front-line employees. As of September 2022, two of them have completed the formal interview assessments, whereas the remaining will sit for the assessment once they have been employed at Baguio for a sufficiently long period.</p>
	Soft Skills	<p>Baguio wants to ensure that our employees are equipped with the right knowledge to become active stakeholders in the community. To attain this goal, we have focused on training sessions dedicated to people management and communication, understanding the laws and regulations that Baguio abides by, and customer services.</p>
General	Soft Skills	<p>In 2022, eight Service First Workshops were launched by the Human Resources Department, and 97 employees joined. Through the workshops, our employees become aware of the different communication styles, thus improving our overall service quality.</p>
Senior Management	Current Developments	<p>It is imperative that our senior management is up to date with the changes occurring in Baguio's surroundings. This crucial information allows them to effectively steer Baguio towards the right direction.</p> <p>This year, we have prepared tailor-made seminars for our directors and senior management, including sharing on the development in the Greater Bay Area from expertise, and a training session conducted by legal advisor, on updated listing rules and regulations.</p>

UPHOLDING OUR EMPLOYEES



In 2022, a total of 32,320 training hours were provided to our staff. The data for the total training hours is included in the figures below. More information regarding our training data may be found in the Performance Data Summary section of this report.

Trainings



UPHOLDING OUR EMPLOYEES

Performance on Work Safety

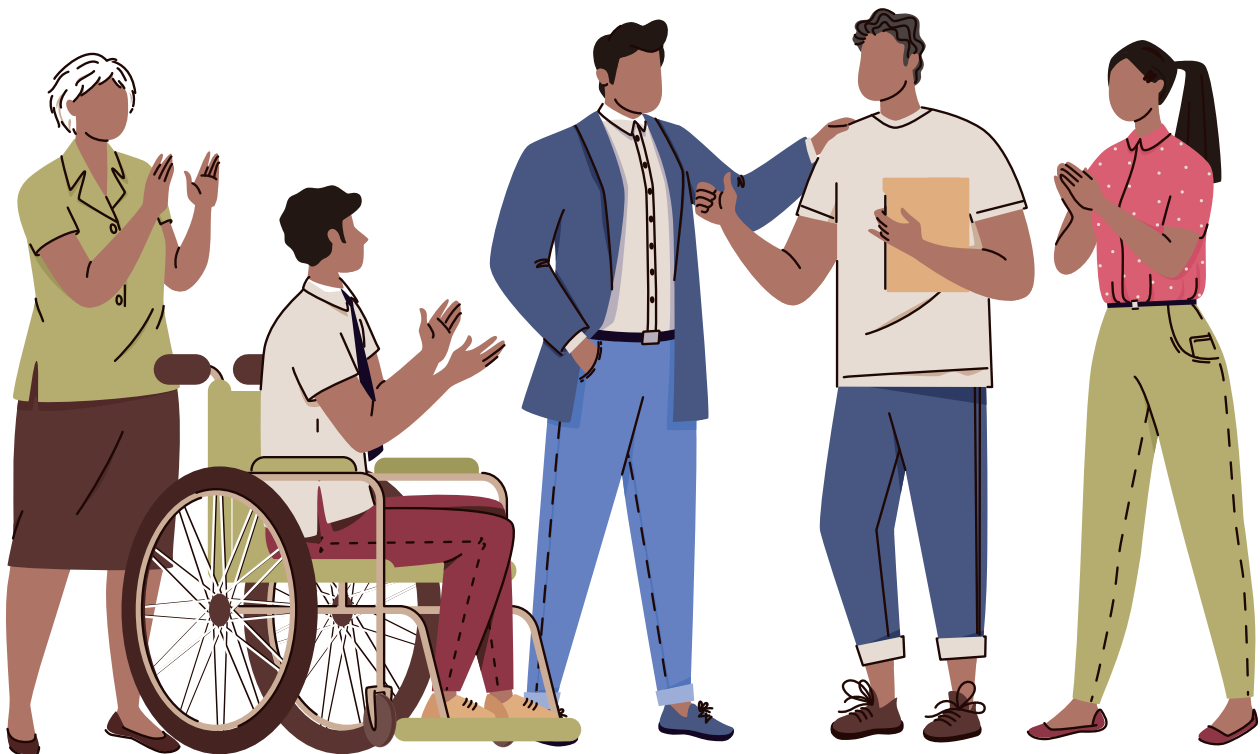
	2022	2021	2020
Lost days due to work injury	10,049	5,583	6,939
Accident rate	1.00	1.02	1.15
Work-related fatalities	0.00	0.00	0.00

During the year, the Group experienced a significant increase in the lost days due to work injury, which resulted from the increased of the Group's service contracts and manpower. The environmental service industry is dominated by manual labour work, and most of the employees employed are over 60 years old, which is more prone to work-related injury cases than other industries and age groups. The Group will continue to enhance the effectiveness of safety training, by providing specific training after analysing the work related injury cases and introducing automated machinery and tools to reduce the chance of employee injury.

Prevention of Child and Forced Labour

The Group is committed to eliminating all forms of child and forced labour in the organisation, including all direct contracts or subcontractors. Policies of Prevention of Forced Labour and Prevention of Child Labour have been established by the Human Resource Department to ensure adherence to legal employment practices. Regular audits are conducted in all facilities and structures to avoid forced labour, and age verification is mandatory before making any employment offer to ensure no child labour gets employed. In addition to terminating the employment immediately when child or forced labour is discovered, the Human Resource Department also takes remedial actions and keeps monitoring the implementation of resolutions.

During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and preventing child or forced labour.





Digitalisation and Innovation

In order to maintain our leading market position, the Group is determined to carry out digital and technological innovations. The group has adopted various digital and cloud-based solutions to enhance daily work efficiency, including ERP, online attendance system, cloud-based word processing and file sharing system, GPS, geographic information system and electronic key system (iButton).

This year, the group has established a cooperation framework with the Hong Kong Science and Technology Parks and ParticleX. According to our business nature, it will introduce innovative solutions from innovation and technology companies to enhance Baguio's operation and management capabilities. Under the cooperation framework, we will examine the service proposals of different innovation and technology companies, and let the integrated environmental services keep pace with the times.

Supply Chain Management

The Group is committed to building long-term and mutually beneficial relationships with its suppliers and business partners to improve operations and customer service continuously. The Procurement Department of the Group oversees supplier management. The Group favours suppliers who share our commitment to honesty and integrity, and integrate social, environmental, and sustainability policies into their business processes. Having defined codes on labour standards, fair dealing and competition, anti-corruption, environmental compliance, intellectual property protection, confidentiality and information security and data privacy are viewed as a positive for suppliers in the selection process.

To better identify and manage the environmental and social risks of our supply chain and ensure the effectiveness of sustainable procurement, the Supplier Code of Conduct and the Sustainable Procurement Policy are placed. All materials and services must be purchased from Baguio approved supplier list, and all suppliers should be reviewed and approved by providing relevant information and supporting documents before being successfully registered on the approved supplier list. The Group requires our suppliers to comply with all applicable regulations, laws and codes including environmental laws, labour standards, business codes, etc, and minimise the impact on our environment. The Group assesses and reports supplier management performance and communicates with stakeholders regularly to keep improving the management of environmental and social risks along our supply chain.

Baguio's Policies:

- Supplier Code of Conduct
- Sustainable Procurement Policy
- Sustainability Policy
- Integrated Management Policy

During the reporting period, the Group had 274 suppliers, 258 in Hong Kong, 13 suppliers in mainland China, and others in the Netherlands, Thailand, the UK, etc. The Group communicates with suppliers and sub-contractors regularly through different channels, such as interviews and questionnaires, to better manage and monitor their environmental and social performance. In 2022, the Procurement Department conducts the internal annual assessment to all the listed suppliers in the approved contractor list by evaluating their performance. In addition, 15 significant subcontractors and suppliers were assessed by face-to-face interview to ensure the compliance and sustainability performance.

Sustainable Procurement

The Group is committed to ensuring sustainable development by integrating operational efficiency, environmental protection and social corporate responsibility into all aspects of its business, including procurement with our Sustainable Procurement Policy approved by the Board. Priority will be given to suppliers who can implement socially and environmentally sustainable practices in their businesses, which will be monitored and assessed by our Procurement Department regularly.

Baguio's Policies:

- Code of conduct in Employee Handbook
- Declaration of Confidentiality
- Integrated Management Policy

IMPLEMENTING OPERATION EXCELLENCE

We not only use products with low environmental impact in daily operations but also communicate regularly with suppliers, recommending use of environmentally friendly products to jointly fulfil the commitment to sustainable development. The Group requests suppliers and sub-contractors to provide certificates, labels and test reports by the accredited bodies to meet the requirement and standards. To promote sustainable procurement more effectively, we actively promote sustainable products and services to our customers, thereby reducing the impact on society and the environment. In 2022, we applied a total of 11 types of products which are environmentally friendly, including organic fertiliser, organic compost, or biodegradable plastic bags.

In addition, to enhance the awareness of sustainable procurement and promote better practices, a workshop “Changing Landscape of Sustainable Procurement” was arranged in 2022, and nine colleagues from our Procurement Department joined.



Responsible Service Provider

The Group has received the ISO 9001:2015 certification for the quality management system and Integrated Management System. The Integrated Management Policy has been set to ensure the quality of the service. As a responsible service provider, the Group is committed to providing the accurate and truth information for our promoting materials, labels, and advertisements, etc. Any misleading information, false statements or exaggerated descriptions of our products and service are prohibited by the Group. Actions listed below are taken to ensure the quality of our products and services with and the best interests of our customers are kept in view.

Comply with laws, regulations and rules



All employees, subcontractors, and suppliers shall adhere to all applicable laws, house rules, work instructions, safety and health and environmental guidelines to provide quality assurance and prevent environmental pollution, injuries, ill-health, and accidents.

Further action to better service our customers



“Kick-off” meeting and action plans are provided to our customers to clarify service for our customers.

Regular monitoring and review



Regular audits and service evaluations are conducted to ensure the quality of our products and service.

During the reporting year, the Group renders integrated environmental services and does not encounter product recall due to health and safety reasons and was not aware of any violations of laws and regulations that would significantly influence the Group in regard to advertising, labelling, and health and safety in relation to services we offered.

IMPLEMENTING OPERATION EXCELLENCE

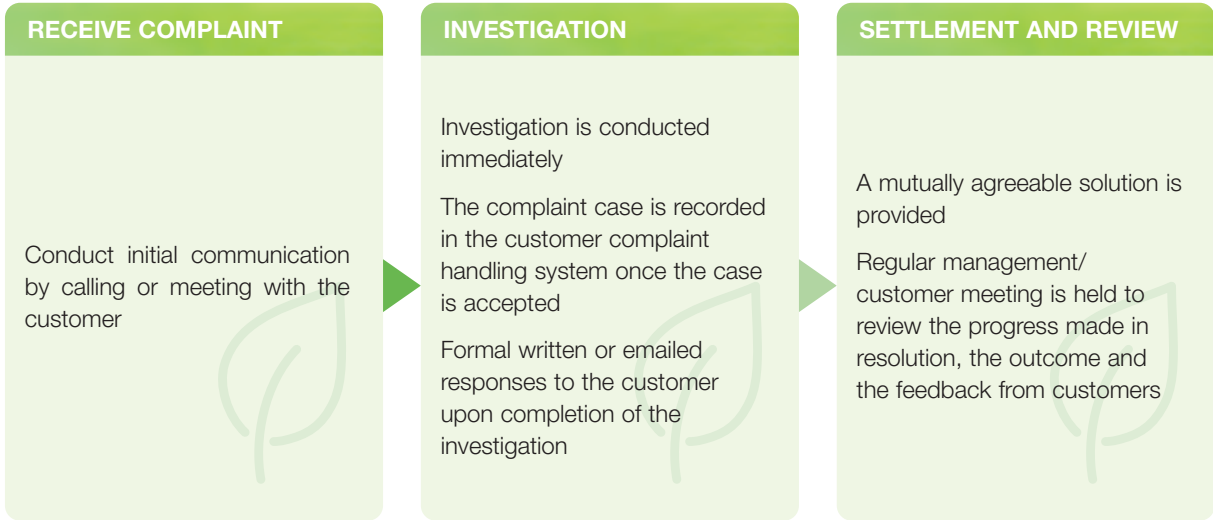


Customer First

The Group is committed to providing excellent service to its customers. We value communication with customers as it helps continuously improve operations and services. The Baguio Service Quality Evaluation Survey was conducted in 2022, which evaluated service performance, managerial staff performance and front-line operational staff performance. 260 responses were received during the year. The evaluation items rated “Satisfactory of above” was over 95% in each part of the evaluation.

Level of Satisfactory	Service Performance	Managerial Staff Performance	Front-line Operational Staff Performance	Overall
Average score	79.4	80.3	80.7	80
Median score	80	80	80	80.7
Item rated Satisfactory or above	95.7%	95.1%	96.5%	95.7%

During the reporting period, we received seven complaints from customers that have been resolved successfully. Once we receive the complaints from customers, several actions will be taken immediately which are listed below:



Intellectual Property Protection

The Group attaches great importance to protecting intellectual property, which is beneficial to continuous innovation and long-term development. Four logos of the Group were registered in 2022. The Corporate Development Department is responsible for checking the Group’s publication materials to ensure compliance with laws and regulations. The Supplier Code of Conduct has been implemented, which is effective in ensuring the contractors, subcontractors, and suppliers of the Group protect the relevant intellectual property rights. Any action that undermines the Group’s intellectual property rights or reputation is not allowed.

During the reporting period, the Group is not aware of any infringement related to intellectual property issues. Once the relevant case happens, we will take actions according to our internal policies and legal actions if necessary.

IMPLEMENTING OPERATION EXCELLENCE

Information Security and Data Privacy

The Group takes information security and data privacy seriously and complies with the laws and regulations. The Risk Management Team of the Group is responsible for protection of information and data, prevention of confidential information leakage, and monitoring. The internal policies which apply to employees, suppliers, and third parties are implemented. Two new measures below are taken to ensure information security and data privacy, and the IT training along with confidential documents handling solution are provided to all of our employees.

- Posters regarding personal data handling are posted at different office areas;
- The multi-factor authentication is applied to all employee accounts to protect and prevent confidential information from leakage due to the increase of the remote access from external sites or home office arrangements.

During the reporting period, the Group did not come across any cases of infringement of laws and regulations related to information security and data privacy.



Anti-corruption

As a responsible corporate, Baguio has zero-tolerance for any form of corruption and has set up a series of internal policies to ensure all employees, suppliers, customers and other third parties clearly understand the anti-corruption rules. All new staff is educated about anti-corruption in the course of staff orientation and training for front-line supervisors. The Group works with ICAC to hold an anti-corruption seminar twice-a-year for all staff including the senior management to refresh their awareness and more training is provided in different forms such as face-to-face and online, based on the needs of our staff.

Baguio is committed to achieving and maintaining the highest standards of openness, probity and accountability. Our Whistleblowing Policy provides guidance for protecting our whistle-blowers, keeping confidentiality, and the procedures of monitoring and reporting. All employees of the Group need to follow the Business Code of Conduct and laws and regulations and are required to submit a Conflict of Interest Declaration Form every year. Any employee who disobeys the policies or regulations is subject to disciplinary action (including but not limited to dismissal). In addition, the Supplier Code of Conduct has been set to ensure all suppliers comply with all applicable anti-corruption laws and regulations.

Baguio's Policies:


- Business Code of Conduct and Ethic
- Conflict of Interest Declaration Form
- Employee Handbook
- Supplier Code of Conduct
- Whistleblowing Policy


During the reporting period, the Group was not aware of any non-compliance of relevant laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering. The company secretary is in charge of the complaints or concerns about misconduct or malpractices. Once a case is reported, serious measures, for example, internal evaluation, external evaluation and investigation by law enforcement authorities if necessary, are initiated to ensure effective resolution. The top management, or the audit committee, or the Board will be responsible for the final report of the investigation and the recommendation for appropriate change in the future.

OUR COMMUNITY ENGAGEMENT



Engaging with Community

 **397.5 Hours**
Activities

 **HKD 138,000**
Donation

As one of the largest and most respected integrated environmental services groups in Hong Kong, the Group promotes sustainable development, continuously improves expertise and environmental governance, and is committed to building green communities and contributing to the green future of Hong Kong. In 2022, we accelerated sustainable business growth by introducing new technologies, organizing various environment-related activities and communicating closely with various stakeholders such as green organizations, universities, secondary schools, NGOs and business chambers. Over the years, the Group has always been committed to enhancing the awareness of environmental protection continuously. During the reporting year, we donated a total of HK\$138,000 and devoted up to 397.5 hours of voluntary activities, including organising recycling services, promoting activities of sustainable development, and a series of webinars regarding to Green Lifestyle, ESG solutions, Baguio's Recycling Services, etc. Furthermore, to lengthen the lifecycles of electronic materials, and prevent them from quickly accumulating at landfills, our IT Department donated 89 computers and LCD monitors to NGOs.

Our Warmth and Caring



Baguio provides volunteer services to different people in need in society according to their needs. Over the years, we served the elderly, children, low-income families, people with disability, ethnic groups, new arrivals, homeless and even small animals. In 2022, we held a volunteer event of "Outreach Visit to the Homeless", donating anti-epidemic materials and knitted neck wraps to more than 110 homeless people. The knitting necks for this event were woven by 32 Baguio volunteers who were taught to knit the neck wrap by Baguio staff in weaving classes. A total of 110 knitting necks were completed and delivered our warmth and care to the homeless.

OUR COMMUNITY ENGAGEMENT

Serving People In Need



Life Education Farm Visiting with Underprivileged Children



Outreach Visit to the Homeless

Green Activities



Tap Mun Coastal Cleanup



Baguio Glass Bottle Recycling Plant Visit



2021 Calendar Recycling



Red Packet Reuse & Recycle Programme

OUR COMMUNITY ENGAGEMENT

To enhance green awareness, and education, and induce behavioural changes among the public, a free mobile APP iRecycle has been developed, which allows registered members to redeem various gifts and coupons by recycling plastic and glass bottles. Through the iRecycle App, we have collected 9.01 tonnes of glass containers and 6.89 tonnes of plastic bottles in 2022.

In addition, we are involved in a number of organisations in the community and actively share the Group’s best practices in sustainable development. The list of our memberships and charters can be found in the Appendix to the report.

The City’s Environmental Hygiene Enhancement

Baguio has provided integrated environmental services in Hong Kong for 42 years. In 2022, Baguio’s provision of street cleaning services for the Food and Environmental Hygiene Department (“FEHD”) has expanded to eight districts in Hong Kong, serving a total population of approximately 2.8 million; Pest control services for FEHD have expanded to four districts in Hong Kong, serving a total population of approximately 1.2 million, and waste collection services for FEHD have expanded to five districts in Hong Kong, serving a total population of about 1.5 million people. Looking ahead, the Group is proud to contribute to improving environmental hygiene in Hong Kong and making Hong Kong a leaner, greener and more sustainable city.



APPENDIX PERFORMANCE DATA SUMMARY

		2022	2021	2020	2019
Employment	Group-wide (Person)	8,894	5,621	5,255	7,457
	By Business Segment				
	Cleaning (Persons)	7,383	4,237	–	–
	Landscaping (Persons)	485	405	–	–
	Pest Management (Persons)	599	628	–	–
	Waste Management & Recycling (Persons)	427	351	–	–
	By Region				
	Hong Kong (Persons)	8,867	5,593	–	–
	Mainland China (Persons)	27	28	–	–
	By Employment type				
	Full-time (Persons)	8,522	5,388	5,011	7,135
	Part-time (Persons)	372	233	244	322
	By Workforce				
	Office Staff (Persons)	273	247	225	218
	Operations Staff (Persons)	8,621	5,374	5,030	7,239
	By Age group				
	Under 30 years (Persons)	194	172	179	238
	30-39 years (Persons)	405	264	306	341
	40-49 years (Persons)	853	561	503	676
	50-59 years (Persons)	1,962	1,318	1,292	1,687
	60 years or above (Persons)	5,480	3,243	2,975	4,515
	By Gender				
	Male (Persons)	3,757	2,435	2,282	3,389
	Female (Persons)	5,137	3,186	2,973	4,068
	Group-wide turnover rate (%)	2.64	2.78	2.71	3.72
	By Age group turnover rate				
	Under 30 (%)	5.75	5.65	–	–
	30-39 (%)	4.21	3.27	–	–
	40-49 (%)	3.52	3.80	–	–
	50-59 (%)	2.99	2.78	–	–
	60 or above (%)	2.11	2.40	–	–
	By Gender turnover rate				
	Male (%)	2.96	2.87	–	–
	Female (%)	2.41	2.71	–	–
	By Region turnover rate				
	Hong Kong (%)	2.65	2.79	–	–
	Mainland China (%)	0.30	0	–	–
Training and Development	Total training (Hours)	32,320	23,050	16,255	20,168
	Total percentage of employees that took part in training (%)	92	–	–	–
	By Workforce Profile ^				
	Senior (Hours)	1,168	–	–	–
	Middle (Hours)	3,622	–	–	–
	General (Hours)	27,530	–	–	–

APPENDIX PERFORMANCE DATA SUMMARY



	2022	2021	2020	2019
By Gender				
Male (Hours)	15,991	–	–	–
Female (Hours)	16,329	–	–	–
The average training hours (Hours)	3.6	4.1	3.1	2.7
The average training hours by Workforce Profile[▲]				
Senior (Hours)	7	–	–	–
Middle (Hours)	5.2	–	–	–
General (Hours)	3.4	–	–	–
The average training hours completed by Gender				
Male (Hours)	4.3	–	–	–
Female (Hours)	3.2	–	–	–
Health & Safety				
Days lost due to work injury (Days)	10,049	5,583	6,939	12,387
Work-related accidents (Number) (cases of over 3 lost days)	165	121	135	237
Work-related accident rate (Cases per 100,000 working hours)	1.00	1.02	1.15	1.33
Confirmed work-related fatalities (Number)	0	0	0	0
Safety Training (Hours)	23,966	15,597	11,203	10,629
Environment				
Total Resource Consumption	1,151,571⁺	1,004,156	1,027,755	917,926 [^]
Electricity (kWh)				
Diesel (Litres)	2,298,477	1,585,207	1,940,805	2,478,070 [*]
Petrol (Litres)	65,135	65,019	62,856	58,962 [*]
Naphtha (Litres)	26,064	23,760	16,182	29,088 [*]
Water (m ³)	11,422 ⁺	11,291 [#]	9,853	8,324
Water intensity (m ³ /million HK\$ revenue)	6.37	8.8	8.71	5.96
Paper (Total) (Ream)	5,759	3,855	3,924	4,687
Paper with recycled content (Ream)	5,695	3,785	3,775	4,480
Non-degradable plastic bags (Bag)	388,716	430,850	345,700	607,100
Degradable plastic bags (Bag)	9,745,332	6,799,048	5,548,929	10,568,661
Average vehicular fuel consumption (Litre/km)	0.269	0.243	0.282	0.300
Energy intensity (GJ/million HKD revenue)	49.9	49.66	66.93	67.91
Energy intensity (kWh in '000s/million HKD revenue)	13.86	13.79	18.59	18.86

[▲] The employee category (workforce profile) is changed from “Managerial and Genders” to “Senior, Middle and General”

⁺ The data boundary has been expanded to include chicken farm waste recycling plant

[#] Water consumption data is estimated for two sites in the fourth quarter as we did not receive water bills from Water Supplies Department.

[^] The data boundary has been expanded to include Glass Bottle Recycling Plant.

^{*} The data boundary have been expanded to include the stationary fuel consumption

APPENDIX PERFORMANCE DATA SUMMARY

	2022	2021	2020	2019
Greenhouse Gas Emission				
Scope I (tCO ₂ e)	6,404.88	4,513.05	5,402.94	6,893.68
Scope II (tCO ₂ e)	451.31	371.73	513.88	458.96
Total Emissions (tCO ₂ e)	6,856.19	4,884.78	5,916.82	7,352.64
Carbon intensity (tCO ₂ e/million HK\$ revenue)	3.82	3.83	5.23	5.26
Air Emissions				
Sulphur oxides (tonnes)	0.04	0.03	0.03	0.04
Nitrogen oxides (tonnes)	24.3	18.51	20.90	25.99
Particulate matter (tonnes)	2.15	1.58	1.72	2.05
Hazardous waste				
Engine oil disposed (spent lube oil) (litres)	3,400	6,600	3,600	2,000
Chemical disposed (kgs)	0	0	0	0
Pesticide disposed (kgs)	0	0	0	0
Hazardous waste intensity (litre/million HK\$ revenue)	1.9	5.18	3.18	1.43
Non-hazardous waste¹				
Office and Recycling facilities – general (kgs)	19,918.2	8,206.6	6,802.7	4,069.7
Office – paper collected for recycling (kgs)	6,147	1,756	3,585.5	2,928.0
Office – metal collected for recycling (kgs)	108.1	79.9	74.8	79.5
Office – plastic collected for recycling (kgs)	784	529.0	326.0	162.4
Recycling facilities – paper, metal, and plastics (kgs)	1,180.1	–	–	–
Non-hazardous waste intensity (kg/million HK\$ revenue)	15.69	8.30	9.53	5.18
Community				
Donations (HKD)	138,000	200,500	13,880.0	78,511.8
Volunteer hours (hours)	397.5	421.5	309	377.5

Calculation:

This document follows the best practice prevalent in corporate reporting in compliance with guidelines of HKEX. Computation of the GHG footprint is based on the Corporate Accounting and Reporting Standard (revised edition) for Scope 1 and 2.

Calculation standards and methodologies for carbon emissions:

- “Guidelines to Account for and Report on Greenhouses Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong” published by the Environmental Protection Department (EPD) of Hong Kong Government

The sources of published emission factors for reporting of carbon emissions are:

- Sustainability reports of China Light and Power (CLP)

Notes:

1. In previous years, the non-hazardous waste data only accounted for the wastes generated in Baguio’s offices. Hence, the reason for the large increment between the 2022 and 2021 non-hazardous waste collected is due to the inclusion of wastes generated by staff members and operations in Baguio’s offices and recycling facilities in the calculation of this year’s figures.

APPENDIX

SUMMARY OF COMPANY ACTIVITIES



Summary of Company Activities in 2022

Partner Organisation	Activity	Volunteer hours
Environmental		
The Hong Kong Polytechnic University	Baguio Glass Bottle Recycling Plant Visit	4
The Green Earth	Green Hero Challenge 2022	25
Greeners Action	Red Packet Reuse & Recycle Programme	2
Tin Shui Wai Methodist College	Webinar – Baguio’s Recycling Services	2
The University of Hong Kong, Master of Science in Environmental Management	Webinar – Baguio’s Recycling Services	3
Hong Kong Organic Resource Centre	Webinar – Baguio’s Recycling Services	6
Chinese YMCA of Hong Kong-Hin Keng Centre	Webinar – Baguio’s Recycling Services	8
Purtato	Webinar – ESG Solution	1
Caritas Fanling Chan Chun Ha Secondary School	Webinar – Baguio’s Recycling Services	1
TWGHs Kap Yan Directors’ College	Webinar – Baguio’s Recycling Services	1
Rotaract Club of Hong Kong City North	Seminar – ESG Solution	1
JCI Sha Tin	Seminar – Baguio’s Recycling Services	1
Green Council	Hong Kong Green Awards Winner Sharing Session	1
SocietyNext Foundation	Webinar – ESG Solution	1
Rotaract Club of Hong Kong City North	Baguio Glass Bottle Recycling Plant Visit	6
Food Angel	Mooncake and Mooncake Container Recycling	3
JCI – North District	Tap Mun Coastal Cleanup	87
Rhine Garden, Sham Tseng	Recycling Day	3
Hong Keung Court, Lok Fu	Recycling Day	20
Global Environmentalist Leadership Assembly	Beach Cleanup	2
Green Sense	Baguio Glass Bottle Recycling Plant Visit	4
HKTDC	Seminar – Green Lifestyle	1
Fu Tung Estate, Tung Chung	Recycling Day	1.5
JCI Sha Tin	Seminar – Project Insight 2022 – Go Green, Grow Economy	2
East Point City, Tseung Kwan O	Recycling Day	22
Greeners South	Baguio Glass Bottle Recycling Plant Visit	6
Lions Clubs International District 303 – Hong Kong & Macao, China	Hong Kong School STEM Competition and Plastic Recycling Project	1.5
New Home Association – Jockey Club Tin Shui Wai Service Centre	Baguio Glass Bottle Recycling Plant Visit	4
Hong Kong Community Network	Baguio Glass Bottle Recycling Plant Visit	6
Social		
Tai Po Baptist Church Social Service	Webinar – Pest Control Tips sharing	2
Methodist Centre – Wan Chai DHC Express	Medical Check-up	6
Tai Po Baptist Church Social Service	Seminar – Introduction of Underprivileged Families	17
Tai Po Baptist Church Social Service	Life Education Farm Visiting with Underprivileged Children	76.5
Homeless Link Hong Kong Limited	Outreach Visit to the Homeless	70
Total		397.5

APPENDIX APPLICABLE LAWS AND REGULATIONS

Aspect	Applicable Laws and Regulations	Section
Environment	Air Pollution Control Ordinance; Dangerous Goods Regulations; Environmental Impact Assessment Ordinance; Factories and Industrial Undertakings Ordinance; Hazardous Chemicals Control Ordinance; Motor Vehicle Idling (Fixed Penalty) Ordinance; Noise Control Ordinance; Ozone Layer Protection Ordinance; Pesticides Ordinance; Product Eco-responsibility Ordinance; Road Traffic Ordinance; Waste Disposal Ordinance; Water Pollution Control Ordinance	Greening our Earth
Employment	Disability Discrimination Ordinance; Employment Ordinance; Family Status Discrimination Ordinance; Minimum Wage Ordinance; Race Discrimination Ordinance Sex Discrimination Ordinance;	Upholding our Employee
Labour Standards	Employment of Children Regulations Employment of Young Persons (Industry) Regulations;	Upholding our Employee
Occupational Health and Safety	Dangerous Goods Regulations; Employees' Compensation Ordinance; Factories and Industrial Undertakings Ordinance; Fire Safety (Buildings) Ordinance Occupational Health and Safety Ordinance; Road Traffic Ordinance; Smoking (Public Health) Ordinance	Upholding our Employee
Product Responsibility	Personal Data (Privacy) Ordinance The Trade Descriptions Ordinance	Implementing Operational Excellence
Anti-corruption	Prevention of Bribery Ordinance The Competition Ordinance	Implementing Operational Excellence

APPENDIX MEMBERSHIPS AND CHARTERSHIPS



Memberships

Hong Kong Environmental Industry Association
 Federation of Hong Kong Industries
 Business Environment Council
 Environmental Contractors Management Association
 Hong Kong Waste Disposal Industry Association (Hong Kong Waste Association)
 Hong Kong Pest Management Association
 Pest Control Personnel Association of Hong Kong
 National Pest Management Association
 The Chamber of Hong Kong Listed Companies
 Hong Kong Waste Management Association
 Hong Kong Greening Contractors Association
 Occupational Safety & Health Council
 Hong Kong General Chamber of Commerce
 Hong Kong Cleaning Association
 Hong Kong Federation of Restaurants & Related Trades Limited
 Hong Kong Brand Development Council

Charterships

Issuing Party

Title

Green Council	Sustainable Procurement Charter
Proper Operation of Refuse Collection Vehicles Steering Committee	The Charter on Proper Operation of Refuse Collection Vehicles
The Labour and Welfare Bureau (LWB), The Rehabilitation Advisory Committee, The Hong Kong Joint Council for People with Disability	Talent-Wise Employment Charter
World Green Organisation	Paper Towel Saving Campaign
Occupational Safety & Health Council, Department of Health	Joyful@Healthy Workplace
Labour Department	Good Employer Charter
Environmental Protection Department	Green Event Pledge
Equal Opportunities Commission	The Racial Diversity & Inclusion Charter for Employers

APPENDIX

ESG CONTENT INDEX

Reporting Principles

Materiality

To keep up with the fast pace of global and local sustainability developments, Baguio conducts a stakeholder engagement survey that assesses the concerns of internal and external stakeholders. From the surveys, we have developed a deep understanding of the topics material to Baguio, and ensured that these topics have been addressed in this report.

Quantitative

Whenever applicable, this report discloses historical and current key performance indicators (“KPIs”) from 2021 and 2022. Through a direct comparison of year-on-year data, the effectiveness of the Group’s ESG management approach may be gauged. An overview of Baguio’s 2022 ESG data may be found in the Performance Data Summary of the Appendix.

Balance

All relevant data and material topics, regardless of whether it has a positive or negative connotation, has been disclosed in a transparent manner.

Consistency

Unless explicitly mentioned, the data calculation methodologies for all derived figures are consistent with our 2021 Sustainability Report, thus allowing for direct comparisons to be made.

Relevant Policies

- Sustainability Policy
- Supplier Code of Conduct
- Sustainable Procurement Policy
- Climate Change Policy
- Crisis Management Policy
- Integrated Management Policy
- Whistleblowing Policy





KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Governance structure		
General disclosure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	<p>Being a Leader: Our Sustainability Approach:</p> <ul style="list-style-type: none"> – Sustainability Governance P.10 – Management Approach P.14 – Climate Governance P.18-22 – Metric and Targets P.21-22
Reporting principles		
General disclosure	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <ul style="list-style-type: none"> a) Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement. b) Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. c) Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. 	<p>Engaging our Stakeholders P.11-13</p> <p>ESG Content Index:</p> <ul style="list-style-type: none"> – Report Principle P.50
Reporting Boundary		
General disclosure	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	<p>About The Report:</p> <ul style="list-style-type: none"> – Reporting Period and Reporting Scope P.5

APPENDIX

ESG CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
A. Environmental		
Aspect A1	Emissions	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	ESG Content Index: – Applicable Law’s and Regulations P.48 – Relevant Policy P.50
KPI A1.1	The types of emissions and respective emissions data.	Being a Leader: Our Sustainability Approach: – Acknowledging Our Climate Footprint P.17 Performance Data Summary P.46 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Being a Leader: Our Sustainability Approach: – Acknowledging Our Climate Footprint P.17 – Metric and Targets P.21 Performance Data Summary P.46
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Greening our Earth: – Waste Management P.26 Performance Data Summary P.46
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Being a Leader: Our Sustainability Approach: – Metric and Targets P.22 Greening our Earth: – Waste Management P.26 Performance Data Summary P.46
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Being a Leader: Our Sustainability Approach: – Metric and Targets P.21
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled and a description of reduction target(s) set and steps taken to achieve them.	Greening our Earth: – Waste Management P.26

APPENDIX

ESG CONTENT INDEX



KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect A2	Use of resources	
General disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Greening our Earth: – Our Environmental Impacts P.27 ESG Content Index: – Relevant Policy P.50
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Greening our Earth: – Energy Consumption P.25 Performance Data Summary P.45
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Greening our Earth: – Water Consumption P.26 Performance Data Summary P.45
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Being a Leader: Our Sustainability Approach: – Acknowledging Our Climate Footprint P.17 – Metric and Targets P.21 Greening our Earth: – Energy Consumption P.25
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Greening our Earth: – Water Consumption P.26 The Group sources water solely from municipal water supplies, having no issue in sourcing water that is fit for purpose. No water efficiency target is set, as it is not materials to us. Most of the water consumption is managed by our clients.
KPI A2.5	Total packaging materials used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group's operation do not involve the use of packaging materials

APPENDIX

ESG CONTENT INDEX

KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect A3		
The environment and natural resources		
General disclosure	Policies on minimising the issuers' significant impact on the environment and natural resources.	Being a Leader: Our Sustainability Approach P.10 ESG Content Index: – Relevant Policy P.50
KPI A3.1	Description of significant impacts of activities on the environment and natural resources and the actions taken to manage them.	2022 Baguio's Performance at a Glance P.6 Being a Leader: Our Sustainability Approach: – Circular Economy P.22-24 – Environmental Trainings P.28
Aspect A4		
Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Being a Leader: Our Sustainability – Approach – P.10 – Climate Governance P.18 ESG Content Index: – Relevant Policy P.50
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Being a Leader: Our Sustainability Approach: – Climate Governance P.18-24
B. Social		
Aspect B1		
Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Upholding our Employees P.29 ESG Content Index: – Relevant Policy P.50 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Upholding our Employees P.29 Performance Data Summary P.44
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Upholding our Employees P.30 Performance Data Summary P.44-45
Aspect B2	Health and safety	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Upholding our Employees: – Workplace Safety and Occupational Health P.32 ESG Content Index: – Applicable Law's and Regulations P.48 – Relevant Policy P.50 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Performance Data Summary (P.45)
KPI B2.2	Lost days due to work injury.	Upholding our Employees: – Performance on Work Safety P.36 Performance Data Summary P.45
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Upholding our Employees: – Occupational Health and Safety P.32-36

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B3		
Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Upholding our Employees: – Training and Development P.33-35 ESG Content Index: – Relevant Policy P.50
KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	Upholding our Employees: – Training and Development P.35
KPI B3.2	The average training hours completed per employee by gender and employee category.	Performance Data Summary P.45
Aspect B4		
Labour standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Upholding our Employees: – Prevention of Child and Forced Labour P.36 ESG Content Index: – Applicable Law's and Regulations P.48 – Relevant Policy P.50 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Upholding our Employees: – Prevention of Child and Forced Labour P.36
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Upholding our Employees: – Prevention of Child and Forced Labour P.36

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
Aspect B5		
Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain	Implementing Operational Excellence: – Supply Chain Management P.37 ESG Content Index: – Relevant Policy P.50
KPI B5.1	Number of suppliers by geographical region.	Implementing Operational Excellence: – Supply Chain Management P.37
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Implementing Operational Excellence: – Supply Chain Management P.37
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Implementing Operational Excellence: – Supply Chain Management P.37
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Being a Leader: Our Sustainability Approach: – Sustainability Strategy and Opportunities P.16 Implementing Operational Excellence: – Sustainable Procurement P.37-38
Aspect B6		
Product responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Implementing Operational Excellence: – Responsible Service Provider P.38 ESG Content Index: – Applicable Law's and Regulations P.48 – Relevant Policy P.50 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Group renders integrated environmental services and does not encounter product recall due to health and safety reason
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Implementing Operational Excellence: – Customers First P.39
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Implementing Operational Excellence: – Intellectual Property Production P.39
KPI B6.4	Description of quality assurance process and recall procedures.	Implementing Operational Excellence: – Customers First P.39 The Group renders integrated environmental services and does not encounter product recall.
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Implementing Operational Excellence: – Information Security and Data Privacy P.40
Aspect B7	Anti-corruption	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Implementing Operational Excellence: – Anti-corruption P.40 ESG Content Index: – Applicable Law's and Regulations P.48 – Relevant Policy P.50 During the year, the Group was not aware of any non-compliance or applicable laws and was not subject to any significant fines or non-monetary sanctions due to non-compliance.

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KPIs	HKEX ESG Reporting Guide Requirements	Section/Remarks
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Implementing Operational Excellence: – Anti-corruption P.40
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Implementing Operational Excellence: – Anti-corruption P.40
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Implementing Operational Excellence: – Anti-corruption P.40
Aspect B8	Community investment	
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	ESG Content Index: – Relevant Policy P.50
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Our Community Engagement: – Engaging with Community P.41-43 ESG Content Index: – Summary of Company Activities P.47
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Our Community Engagement: – Engaging with Community P.41 Performance Data Summary P.46



Statement No.: **SRA-HK784794**

BAGUIO GREEN GROUP LIMITED 2022 SUSTAINABILITY REPORT

The British Standards Institution is independent of Baguio Green Group Limited, and its subsidiaries (hereafter referred to as “Baguio” collectively in this statement), and has no financial interest in the operation of Baguio other than for the assessment and assurance of Baguio’s 2022 Sustainability Report (the “Report”).

This independent assurance opinion statement has been prepared for Baguio solely for the purposes of assuring its statements relating to the Report, more particularly described in the Scope below. It was not prepared for any other purpose. The British Standards Institution will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or towards any person by whom the independent assurance opinion statement may be read. This statement is intended to be used by stakeholders & management of Baguio.

This independent assurance opinion statement is prepared on the basis of review by the British Standards Institution of the information presented to it by Baguio. The review does not extend beyond such information and is solely based on it. In performing such review, the British Standards Institution has assumed that all such information is complete and accurate.

Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to Baguio only.

Scope

The scope of engagement agreed upon with Baguio includes the following:

1. The assurance covers environmental, social and governance (“ESG”) information in the Report, and focuses on systems and activities of Baguio in Hong Kong, which include cleaning, horticulture & landscaping, integrated pest management, waste management & collection, and recycling, during the period from 1st January 2022 to 31st December 2022. The Report is prepared in accordance with The Stock Exchange of Hong Kong Limited’s (“HKEX”) Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”).
2. Type 1 Moderate Level of Assurance in accordance with the AA1000 Assurance Standard v3 (“AA1000AS v3”) evaluates the nature and extent of Baguio’s adherence to four reporting principles: Inclusivity, Materiality, Responsiveness and Impact. The reliability of specified sustainability performance information/data disclosed in the Report has been evaluated.

Opinion Statement

We conclude that the Report provides a fair view of Baguio’s sustainability performance in the reporting year. We believe that the environmental and social general disclosures and key performance indicators are fairly represented in the Report, in which Baguio’s efforts to pursue sustainable development are widely recognized by its stakeholders.

INDEPENDENT ASSURANCE OPINION STATEMENT



Our work was carried out by a team of sustainability report assurers in accordance with the AA1000AS v3. We planned and performed this part of our work to obtain the necessary information and explanations. We considered Baguio has provided sufficient evidence that Baguio's self-declaration of compliance with the ESG Reporting Guide were fairly stated.

Methodology

Our work was designed to gather evidence on which to base our conclusion. We undertook the following activities:

- A top level review of issues raised by external parties that could be relevant to Baguio's policies to provide a check on the appropriateness of statements made in the Report;
- Discussion with senior executives on Baguio's approach to stakeholder engagement. We had no direct contact with external stakeholders;
- Interview with staff involved in sustainability management, report preparation and provision of report information;
- Review of key organizational developments;
- Review of supporting evidence for claims made in the Report; and
- An assessment of the Baguio's reporting and management processes concerning reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles 2018 Standard ("AA1000AP (2018)").

Conclusions

- A detailed review against the AA1000AS v3 principles of Inclusivity, Materiality, Responsiveness and Impact and the ESG Reporting Guide is set out below:

Inclusivity

The Report has reflected the fact that Baguio is seeking the engagement of its stakeholders through numerous channels such as investor conferences and roadshows; annual general meeting; financial reports and press releases; ESG report; corporate activities and events; employee grievance mechanism; feedback from training workshops; education and support; compliance with laws and regulations; active response to government policy; ongoing communication with relevant government departments; monthly customer surveys; online questionnaire; face-to-face interviews; websites and social media platforms; feedback from front-line employees; site visits and assessments; annual interviews and appraisals; recycling education booths; recycling street stations; supporting charity organizations; voluntary work; public environmental education; guided tour and seminars; and more.

Baguio's operation involves various methods of engaging its stakeholders. The Report covers environmental and social aspects of concern to its stakeholders with a fair level of disclosure. In our professional opinion, Baguio adheres to the principle of Inclusivity. Our view of areas for enhancement of the Report was adopted to Baguio before the issue of this opinion statement.

Materiality

Baguio publishes sustainability information that enables its stakeholders to make informed judgments about the company's management and performance. In our professional opinion, the Report adheres to the principle of Materiality and identifies Baguio's material aspects by using appropriate methods of materiality analysis and demonstrating material issues in a matrix form. Areas for enhancement of the Report were adopted to Baguio before the issue of this opinion statement.

INDEPENDENT ASSURANCE OPINION STATEMENT

Responsiveness

Baguio has implemented practices that respond to the expectations and perceptions of its stakeholders. It includes various surveys and feedback mechanisms to both internal and external stakeholders. In our professional opinion, Baguio adheres to the principle of Responsiveness. Areas for enhancement of the Report were adopted to Baguio before the issue of this opinion statement.

Impact

Baguio has established processes to understand, measure and evaluate its impacts in qualitative and quantitative way. These processes enable Baguio to assess its impact and disclose them in the Report. In our professional opinion, Baguio adheres to the principle of Impact. Areas for enhancement of the Report were adopted by Baguio before the issue of this opinion statement.

HKEX ESG REPORTING GUIDE

Based on our verification review, we are able to confirm that social responsibility and sustainable development related key performance indicators and general disclosures in two ESG subject areas (Environmental and Social) are reported on basis of the ESG Reporting Guide.

In our professional opinion, the Report covers Baguio's social responsibility and sustainability issues. Areas for enhancement of the Report were communicated to Baguio before the issue of this opinion statement.

Assurance Level

The Type 1 Moderate Level of Assurance provided in our review is defined by the scope and methodology described in this statement.

Responsibility

It is the responsibility of Baguio's senior management to ensure that the information being presented in the Report is accurate. Our responsibility is to provide an independent assurance opinion statement to stakeholders giving our professional opinion based on the scope and methodology described.

Competency and Independence

The assurance team was composed of Lead Auditor and Auditor, who are experienced in the industrial sector, and trained in a range of sustainability, environmental and social standards including GRI G3, GRI G3.1, GRI G4, GRI Standards, AA1000, HKEX ESG Reporting Guide, UNGC's Ten Principles, ISO20121, ISO14064, ISO 14001, OHSAS 18001, ISO45001, ISO 9001, and ISO 10002, etc. British Standards Institution is a leading global standards and assessment body founded in 1901. The assurance is carried out in line with the BSI Fair Trading Code of Practice.

For and on behalf of BSI:



Mr. Stephen Yu

Chief Operating Officer – Hong Kong
China Operational Resilience Director

Hong Kong
17th April 2023



AA1000
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碧瑤綠色集團有限公司
Baguio Green Group Limited