

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

Reporting Scope and Reference Standards

This report only focuses on reporting the environmental and social policies, measures, and performance of the curtain wall related to engineering business of Far East Global Group Limited ("Far East Global") in Hong Kong, Mainland China, and North America during the period between January 1 and December 31, 2016 ("Reporting Period"), involving Far East Global and the production facilities at five locations, which are Shenzhen, Shanghai, Quebec, Miami and Buffalo (collectively called "the Group"). The reason of the above businesses were chosen to be reported is because of the curtain wall related to engineering business is the core business of the Group.

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (ESG Reporting Guide) issued by Hong Kong Exchanges and Clearing Limited (HKEx). The corporate governance details of the Group can be found in Corporate Governance Report of our annual report.

STAKEHOLDER ENGAGEMENT

The success of the Group relies on the good relationship with our stakeholders. The Group has always been maintaining good and constructive communication with various stakeholders, including shareholders, institutional investors, employees, clients, architects, consultants, and suppliers/manufacturers via different channels. By doing so we can comprehensively understand, positively respond and implement their expectations and requirements in our daily business operation which can promoting the sustainable development of the Group.

Stakeholders	Communication Approaches
Shareholders and institutional investors	<ul style="list-style-type: none"> Communicate with the stockholders or the stockholders' representatives of the Group in person at the stockholders' meeting and learn about their opinions towards development of the Group Communicate with analysts, investors and fund managers on a regular basis Announcements/circulars, annual reports as well as financial statements can all be obtained from our website. In this way, we can improve the transparency of the Group and strengthen the effectiveness of information disclosure
Employees	<ul style="list-style-type: none"> Arrange trainings for new recruits Hold workshops and internal trainings Organise employee engagement activities, such as "Employee's well-being Day", "Far East Badminton Championship", "Company Day", etc. in order to increase employee's communication and the sense of belonging Build diverse teams to improve communication among employees from different regions Establish internal publication "Far East Bulletin", a proprietary communication channel between the group and our employees as well as a platform to present the good images of our employees
Clients	<ul style="list-style-type: none"> Set up "After-sales Maintenance Department" to provide clients with the professional after-sales services Visit clients on a regular basis to learn about their opinions towards the products and services of the group
Suppliers/Manufacturers	<ul style="list-style-type: none"> Strengthen our communication regularly by means of inquiry meetings, inquiry emails, etc Conduct supplier's performance evaluation annually Hold "Annual Suppliers and Strategic Partners Conference"

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PRODUCT QUALITY

The group provides the one-stop service curtain wall solution from bidding, designing, material procurement, manufacturing and assembling, logistic transportation, to on-site installation, and even to post maintenance in order to ensure the effective project implementation. Besides that, the Group also has a strict quality control system. With all of the above qualifications, the Group becomes a curtain wall supplier with good reputation. During the reporting period, there were neither product recalls due to quality issues nor complains regarding our products and services.

Suppliers/Manufacturers

In order to maintain the high quality of our products, the Group has established the supplier/major manufacturer management procedures to strictly inspect, select and evaluate suppliers/manufacturers. For example, the procedures require that suppliers/manufacturers guarantee the materials supply related to project schedule, quality, safety and environmental protection meet the demands of the owners and other relevant parties; the ISO certified suppliers/manufacturers have the priority to be selected; the suppliers approved by the procurement supervisor are allowed for temporary cooperation and can apply to become "approved suppliers" with satisfactory performance; the suppliers who haven't been selected in the past three years need to be re-evaluated; assess the performance of the suppliers whom we have contact with every year based on the evaluation criteria.

Clients

Providing high quality services and products to our clients, and realizing the concepts of rich imagination for them are our missions. Production facilities in Shanghai and Shenzhen are both ISO 9001 certified. Production facilities in Buffalo and Quebec are managed based on ISO 9001 certification standards and ASTM (American Society for Testing and Materials) respectively, even though the above two production facilities are not required to be officially certified. For the purpose of quality and technology assurance as well as the internal efficiency and client satisfaction improvement, all employees are required to accordance with the guidance documents regarding the workflow and the scope of work in the quality management system.

To further improve the quality of our products and services, production facilities in Shanghai has set up the "After-Sales Maintenance Department" to provide professional after-sales service and arrange return visits for our clients.

PRODUCTION SAFETY

The Group aims for the high standard safety performance and hopes to achieve zero accidents through the comprehensive management measures.

Establish and Implement a Perfect Occupational Health and Safety Policy

The production facilities in Shenzhen and Shanghai develop the safety production management system, implement the safety production responsibility system, establish the safety production committee and the safety management committee, and come up with the emergency response plans.

As to production facilities in North America, the one in Miami corresponds to the Group's unified management requirements, has established professional safety management teams. It also develops safety management teams and has set up emergency response teams for safety accident management and emergency response plans. The production facilities in Buffalo and Quebec have also established a safety production committee for the establishment and implementation of the follow-up safety production system.



Investment in Equipments

To provide a comfortable and safe working environment, the production facilities in Shenzhen and Shanghai correspond to the Safety Production Standardization Regulation, arrange production specifications and import their essential equipment from overseas to ensure safety and efficiency. In the meanwhile, the production facilities set up the mechanical equipment maintenance system, come up with the mechanical maintenance plan and implement the plan on schedule to ensure the safety of machinery maintains in high standard.

The production facilities in Miami and Buffalo conduct timely equipment maintenance according to the government regulations. The system maintenance of Buffalo production facility is being established and implemented. For example, the mechanical specification inspection system has been preliminarily completed.

The Group provides employees with personal protective equipment.

Comprehensive Safety Training

The Group provides employees with applicable occupational health and safety training so they can identify high-risk areas in the workplaces and reinforce their awareness of safety and health. The production facilities in Shanghai, Shenzhen and Buffalo perform drills on a regular basis to further improve the emergency response capabilities of the employees.

Rigorous Supervision

The registered occupational safety and health officer will visit the construction sites regularly to supervise the occupational safety and health situation. The scope of supervision includes checking if employees and subcontractors comply with the safety regulations of the Group when executing construction works in Hong Kong as well as evaluating the safety performance of subcontractors to ensure they are hired by the Group and able to comply with our safety and health policies. In the meanwhile, the Group also strengthens safety production routine inspection and releases a safety report monthly to remind the production lines that "Safety Comes First".

The production facilities in Miami, Quebec, Buffalo, Shenzhen and Shanghai all evaluate the sources of hazards existing in the factories, create marks for the hazards, and explain the safety practice knowledge to the employees clearly to reinforce their awareness towards the danger of the hazards to avoid accidents.

Continuous Improvement

The Group encourages employees to report any breach of the safety regulations so the appropriate actions can be taken promptly.

Safety Management Certificate

The production facility in Shanghai has been OHSAS 18001 certified for six consecutive years. It is reviewed and examined by a third-party yearly since it obtained the certificate in December 2010.



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CARING FOR THE ENVIRONMENT

The core business of the Group is the curtain wall related engineering business. The main emissions are greenhouse gases and solid waste generated in the curtain wall manufacturing process. The Group always ensure the compliance with the local environmental laws and regulations and any other relevant standards. There were no breaches of environmental laws nor regulations happening during the reporting period. In order to further reduce the emissions mentioned above and utilize resources more efficiently to reduce the impact of the Group's activities on the environment, the Group has established diverse environmental policies and measures, covering material procurement, product manufacturing procedures as well as office daily management.

Green Office

As for the offices, the Group has announced 《the Far East Global Group Green Office Environmental Protection Initiatives》 and requires all employees from the subsidiary companies adhere to the initiatives to reduce the resources utilized in office operation. Below are parts of the environmental protection measures implemented by the Group:

Environmental Protection Policies	Environmental Protection Measures
Reducing Electricity Consumption	<ul style="list-style-type: none"> • Turn off unnecessary illumination • Shut down computers and printers to reduce their standby time • Choose energy-efficient products preferentially
Water Conservation	<ul style="list-style-type: none"> • If there is a leaking water tap or pipe, please report and repair it in time • Encourage multiple uses of water and increase water use efficiency • Remind employees and visitors of water-saving in daily operation
Reducing Paper Consumption	<ul style="list-style-type: none"> • Go paperless • Encourage using double-sided paper and paper recycling
Reducing Gas Consumption	<ul style="list-style-type: none"> • Strengthen the management of business vehicles and improve their utilization rate • Choose public transportation for non-emergency business events
Waste Reduction	<ul style="list-style-type: none"> • Consider second-hand furniture for office furniture procurement • Recycling
Emission Reduction	<ul style="list-style-type: none"> • Substitute travelling, use phone or video conferences to reduce the carbon emission from traffic • Set up non-smoking areas. Prohibit indoor smoking to improve the air quality in office



Green Production

As for product manufacturing, the Group considers the factor of environmental protection in product design, material procurement and various manufacturing procedures, so as to reduce the significant impact of the Group's activities on the environment and the natural resources, as well as set up the regulatory system to ensure the effective implementation of the related measures. For example:

Procedure	Measures
Product Design	<p>Reduce the waste generated in manufacturing process</p> <ul style="list-style-type: none"> • Optimize product design to increase the material utilization rate and reduce waste at the source • Curtain wall products are highly recyclable as the materials used are mainly aluminium alloy, stainless steel and low carbon metallic material • Prefabricated unitized curtain wall products are made in factory to reduce construction waste <p>Low carbon and energy efficient design</p> <ul style="list-style-type: none"> • Open windows to improve ventilation to reduce the use of air conditioners • Use low thermal reflective glass to prevent the UV spectrum from entering the room and function as a thermal insulation layer to keep the indoor warm in winter • Coordinate with architectural design features, and allow more natural light indoor
Material Procurement	<p>Preferentially choose environmental friendly materials</p> <ul style="list-style-type: none"> • Try to choose coated glass and non-oxidized aluminium material to reduce light pollution and water pollution • Adopt recyclable packing materials, such as iron shelves, iron cages, etc • Preferentially use the suppliers who recycle surplus materials • Preferentially choose the products or services provided by green/environmental organisations • Use green environmental materials or green certified materials for decoration of production facilities <p>Try to reduce carbon emission in transportation and delivery</p> <ul style="list-style-type: none"> • Follow the principle of choosing the material suppliers who are close to the factories • Preferentially consider local suppliers for hardware purchasing on premise of our usage requirements being satisfied • Use centralized procurement to shorten the number of transporting times and transporting distance • Encourage forwarding agent to use environmental friendly vehicles for transportation

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Procedure	Measures
Manufacturing Procedures	<p>Reduce waste at source</p> <ul style="list-style-type: none"> • Provide staff training regarding low carbon production on a regular basis (such as material cutting, processing, injecting weather sealant and structural sealant, etc.) to increase the utilization rate and reduce waste generation • Provide warehouse, quality testing and structural glue glass-lifting staff with the training of glass operation, and set up the "Penalty Rules" to reduce glass-breaking rate <p>Greenhouse gas emission, wastewater discharge and waste management</p> <ul style="list-style-type: none"> • Set up "the energy saving management system" to reduce wastewater generation • Sign an agreement regarding sewage treatment with the local qualified institutions to incorporate the unavoidable wastewater from the production facilities into the municipal sewage pipe • Try to use surplus materials and scrap metal materials to produce shelves and other tools used in production facilities • Cooperate with companies which provide corresponding recycling service to handle unavoidable small amount of waste glass, waste rubber, waste aluminium and other waste materials • Use optimized aluminium material to increase the aluminium utilization rate and reduce aluminium waste production • Recycle packing materials • Deliver the unrecyclable waste in time to the local environmental enterprises for handling • Sort and handle the construction waste in accordance with government regulations <p>Indoor Air Quality Management</p> <ul style="list-style-type: none"> • Install exhaust fans to improve the air quality in airtight work cells • Smoking is exclusively allowed in a separate smoking room and prohibited in other areas. Set up smoking regulations to improve the air quality of each area

Environmental Awareness

To create the atmosphere of caring environment and attaching great importance to environmental protection, the production facility in Miami posts and hangs obvious signs relate to environmental protection in their communication records for internal and external communication use. This helps promoting environmental awareness and reduction of hazards waste discharge among employees and stakeholders. The production facility in Shanghai not only posts environmental protection reminders inside the facility, such as environmental practices and environmental importance, but also promotes the importance of "low carbon production and low carbon shipment" in material procurement, manufacturing process, office management, etc.

CARING FOR EMPLOYEES

Human resource is the supporting power of company's development. Protecting our employees' safety and health as well as job security and income can contribute to the consistent and stable development of the Group.

Equal Opportunities and Benefits

In order to establish and maintain excellent work teams, the Group has established a completed human resource management system to ensure the equality and equity in staff recruiting, promotion, compensations and benefits, working hours, etc. For staff recruiting and promotion, the Group only evaluates candidates/employees based on their working performance, expertise, and capabilities regardless of their genders, ages and ethnic groups. During the reporting period, the Group ensures the compliance with the local related labour laws and regulations. In the meantime, no child labour, forced labour or any other related violations are found.



The Group purchases medical insurance for the employees working in both offices and production facilities. The subsidiaries in Mainland China provide annual physical examination for employees to let their employees aware of their health conditions.

Development and Training

The Group always considers our employees as valuable assets. We insist on the people-oriented principle and ensure the consistent and increasing investment in human resource. Strengthening staff education and training is an important task to improve our staff quality and teamwork capability. Enhance our employees' knowledge and skills to make them qualified for their current positions as well as more important positions in the future as the Group develops.

The Group has a comprehensive training program which covers the employees at all levels and with different positions. The horizontal classifications are "basic level courses", "professional level courses", "skill courses" and "external course subsidy", total 4 categories. Based on the job titles of the trainees, the vertical classifications are "basic level and new recruits level", "middle level" and "department head level and above", total 3 categories. Emphasize knowledge developing and sharing internally, and pursue efforts in the training of employees at all levels, such as emphasizing enterprise culture for the new recruits; investing resources for the current employees to improve their professional skills and management skills.

In addition, the Group provides external course subsidy for qualified employees to encourage them for self-development.

The Group will continue to build diverse teams to promote local wisdom and international experience to the maximum extent. Provide our employees with the opportunities of communication and job rotation and facilitate the flow of talent on a global scale.

Harmonious Working Environment

Aside from employee occupational safety, the Group also attaches great importance on the employees' physical and mental health. We hold various sports events and interest-oriented classes to help our employees balance work and life as well as help to strengthen their sense of belonging and facilitate communication. For example, in 2016, the Group held/participated in various events, including "Elegant Flower Workshop", "Employee Well-Being Day", "Far East Badminton Championship" and "Air Plant Terrarium Workshop", etc.

As to employee vacation policies, the Group offers paid marriage leave, maternity leave, paternity leave, compassionate leave, and exam holiday, and also provides marriage gifts, childbirth gifts, condolence compassion and birthday gifts to staff to show our care.

As for employee health welfare policies, subsidiaries in Mainland China and North America pay medical insurance for their employees in accordance of related laws. The Group purchases medical insurance and life insurance for employees in Hong Kong and Macau, including some qualified family members of them.

Anti-Corruption in our Corporate Culture

The Group has strict requirements regarding employee ethics and integrity. The Group has both "Company Ethics and Discipline Codes" and "An Open Letter to Far East Contractors and Suppliers" which clarify the ethics requirements regarding honesty, intellectual property, relationship with suppliers, gift receiving, hospitality reception, outside part-time jobs as well as conflicts of interests. Any breach of the regulations shall result in departmental discipline action and maybe transferred to Independent Commission Against Corruption (ICAC) for further investigation. Administrative public relation department is responsible for management and supervision to ensure all employees strictly comply with the related regulations. No corruption cases are found during the reporting period.

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CARING COMMUNITIES

Since 2013, Far East Global has been awarded the honour of “Caring Company” annually for four consecutive years. As a member of “Caring Company”; while maintaining the market profitability, the Group hopes to encourage employees to participate in various community charity events, cultures, and environmental protection campaigns to care for society. The Group social responsibilities emphasize three core aspects: children’s education, history and culture conservation as well as environmental protection.

Far East Global has participated in or undertaken the events jointly held by China Overseas Holdings Ltd. (China Overseas) and Treats (a charitable organisation focuses on children social integration in Hong Kong) for three consecutive years. The Group hopes to create more equal participation opportunities for children and promotes the idea of being equal and integrated. In addition, the Group hopes that participating in the cultural and environmental events could not only facilitate the communication among colleagues but also raise staff awareness of green environmental and historic legacy. Jointly fulfil the Group’s social responsibilities with our staff.

The community charity events held or participated in by the Group during the reporting periods are as follows:

On 10 January 2016, Far East Global participated in the Community Chest’s large fund-raising event — “2015/2016 Hong Kong & Kowloon Walk” for four consecutive years for fundraising purposes. The funds raised will be assisted social welfare agencies in providing “family and child welfare services” to assist the families in need.

On 28 May 2016, the staff participating in the “Children’s Dream, Our Thoughts” integrated space studio volunteer recruitment undertaken by Far East Global and co-organized by China Overseas and Treats dedicate the service time of more than 100 hours. Children with different talents and backgrounds play as space designer, their creativity potential get inspired by the free space with no right or wrong. With the love and respect towards other people, they create their integrated environment from inside their hearts. The goal of this event is to improve the participants’ communication skills through group collaboration and interactivity as well as their self-fulfilment and self-confidence in the process of art creation. In the meanwhile, the event can also improve the understanding among people with different talents and backgrounds, change stereotypes, and improve the degree of acceptance of the society.

On 5 November 2016, Far East Global and Treats co-organized “Integrated Artists (Painting Production)”. This event provided an equal platform for all participants and promoted the integrated concept. Among the participants, there were normal students, students with mild intellectual disability as well as volunteers. By means of art creation, they could freely express their ideas and feelings. Their creativity potential got inspired to create the unique painting so as to improve their self-fulfilment and self-confidence. The participants collaborated with each other in this event. By doing so, they understand that people with different talents and backgrounds could help and admire each other and practice integration.



The community charity events held or participated in by the Group during the reporting period are as follows:



On 12 November 2016, the Group participated “The Ping Shan Poon Choi Group Biking and Walking Eco-Tour” co-organized by Staff Recreation Association of COHL and China Overseas Sorority. This event is designed to encourage colleagues close to the nature with family in spare time and enhance the awareness of heritage conservation in Hong Kong.



On 26 November 2016, a group of employees attended the “Sai Kung Yim Tin Tsai Half-Day Eco-Tour” held by China State Construction International Holdings Ltd. Through this guided tour, colleagues learnt more about history, civilization, culture and eco-system of Yim Tin Tsai which help improve the ideas of eco-system and culture conservation.



On 14 December 2016, Far East Global held an Air Plant Terrarium Workshop. By designing and producing their own eco-landscape bottles, employees develop green environmental awareness through this workshop.



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2016 MAJOR REWARDS AND RECOGNITIONS

Rewards/Recognitions	Issuing institution	Award Date	Award Unit
Environmental Protection and sustainable development			
Participate in Green Office Award (GOALS)	World Green Organisation	1 November 2016	Far East Global Group Ltd.
The Better World Company	Junior Chamber International Hong Kong	1 November 2016	Far East Global Group Ltd.
Quality and Client Service			
Excellent Partners	China Construction Third Engineering Bureau Co. Ltd	January 2016	Netfortune (Shanghai) Aluminium Works Co., Ltd
Social Responsibility			
"Caring Company" 2015–2016	Hong Kong Council of Social Service	1 March 2016	Far East Global Group Ltd.
The home of extraordinary workers	Shanghai Huangpu District Federation of Trade Unions	May 2016	Netfortune (Shanghai) Aluminium Works Co., Ltd

HONG KONG STOCK EXCHANGE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

ESG Reporting Guide Index	Subject Areas/Aspects/General Disclosure	ESG Report Sections
A. Environment	Aspect A1: Emissions	Caring for the Environment
	Aspect A2: Resource Usage	Caring for the Environment
	Aspect A3: Environment and Natural Resources	Caring for the Environment
B. Society — Employment and Labour Conventions	Aspect B1: Employment	Caring for the Employees
	Aspect B2: Health and Safety	Production Safety
	Aspect B3: Development and Training	Caring for the Employees
	Aspect B4: Labour Standards	Caring for the Employees
B. Society — Operating Practices	Aspect B5: Supply Chain Management	Product Quality
	Aspect B6: Product Responsibility	Product Quality
	Aspect B7: Anti-Corruption	Caring for the Employees
B. Society — Communities	Aspect B8: Community Investment	Caring Communities