

Chapter 1: Introduction to ASA Building Materials (HK) Limited’s Environmental, Social, and Governance (ESG) Report

(Issued on 14 August 2023)

Welcome to the inaugural Environmental, Social, and Governance (ESG) report of ASA Building Materials (HK) Limited. This report represents our commitment to transparency and accountability, demonstrating our ongoing dedication to sustainable development and corporate responsibility.

1.1 Our Company

ASA Building Materials (HK) Limited is a renowned supplier of high-quality building materials, offering a diverse range of products to meet the needs of the Hong Kong construction industry. Since our establishment, we have been committed to delivering excellence, ensuring quality, and fostering innovation. We strive to contribute positively to our community and environment, and this report demonstrates our efforts to incorporate sustainability into our business operations.

1.2 Our ESG Philosophy

Our ESG philosophy is rooted in the belief that sustainable business practices are ethical and integral to long-term profitability and stakeholder value creation. Our commitment to ESG is reflected in our approach to managing our environmental footprint, contributing to our communities, and maintaining robust governance structures.

1.3 Scope and Structure of the Report

This report covers April 1, 2022, through March 31, 2023, and discusses our ESG performance related to our operations in Hong Kong. This report has been prepared following the Hong Kong Stock Exchange (HKEX) ESG Reporting Guide and applies the principles of materiality, quantitative, balance, and consistency.

It is divided into the following sections:

Environmental Stewardship: Details our efforts to minimise our environmental footprint, manage our resources efficiently, and promote sustainable practices in our value chain.

Social Responsibility: Discusses our initiatives to invest in our employees, contribute to our communities, and manage our relationships with our stakeholders.

Governance: Outlines our commitment to maintaining robust corporate governance practices, ensuring transparency, and promoting ethical behaviour across our operations.

1.4 Stakeholder Engagement

We value the perspectives of our stakeholders, including employees, customers, suppliers, shareholders, and the greater community. Their insights help shape our ESG strategies and priorities, ensuring we meet their needs and expectations.

We would like to thank all our stakeholders for their contributions to our sustainability journey and invite them to continue engaging with us as we strive to create a more sustainable future.

1.5 Looking Ahead

This report marks the beginning of our formalised ESG journey. As we look ahead, we are committed to continuous improvement, learning, and growth. We look forward to engaging with our stakeholders, addressing their concerns, and fulfilling our responsibilities as corporate citizens in the years to come.

We appreciate your interest in ASA Building Materials (HK) Limited and invite you to read this report to understand our ESG strategies, initiatives, and performance.

Chapter 2: Our Approach to Environmental Stewardship

In this chapter, we shed light on ASA Building Materials (HK) Limited's approach to environmental stewardship. We understand that our operations impact the environment and are committed to managing this impact responsibly through strategic planning, efficient operations, and innovative solutions.

2.1 Environmental Policy

Our environmental policy underpins our approach to environmental stewardship. We are committed to complying with all relevant environmental laws and regulations in Hong Kong. We strive beyond compliance by integrating best practices in environmental management into our operations.

2.2 Energy Management (KPI A1.1, A1.2, A1.5, A2.1, A2.3)

At ASA Building Materials (HK) Limited, we are acutely aware of the importance of energy conservation in reducing our environmental footprint and enhancing operational efficiency. Our energy management strategy is thoughtful and innovative, focusing on optimising our energy use within the unique context of our operations.

One of our essential energy management initiatives involves the strategic use of lighting in our showroom. We have equipped the space with dimmable lighting, which allows us to adjust the level of artificial light according to the amount of natural light available and the specific requirements of our displays. This approach enables us to minimise unnecessary energy consumption without compromising the quality of our product presentations.

Additionally, we have made a deliberate effort to maximise the use of natural light in our showroom. The space has been designed with large windows, contributing to an inviting aesthetic and significantly reducing our reliance on artificial lighting during daylight hours. The abundant natural light that filters through these windows illuminates our products naturally, creating a warm and welcoming environment for our customers while also serving our energy conservation goals.

Through these measures, we are demonstrating our commitment to responsible energy use. We will continue to seek out and implement effective energy management strategies as part of our broader commitment to environmental stewardship, ensuring that our business operations are as sustainable as possible.

2.3 Waste Management (KPI A1.3, A1.4, A1.6, A2.5)

Effective waste management is integral to our commitment to environmental stewardship at ASA Building Materials (HK) Limited. We are keenly aware of our responsibility in reducing waste and promoting recycling in our operations.

A significant part of our waste management strategy is geared towards sustainable packaging. We are proud to share that over 90% of our product packaging materials are recyclable. These include materials such as cartons and recycled plastics. This approach minimises waste generation from our operations and aligns with the broader recycling process, thus contributing to a circular economy.

We have initiated recycling programs for paper and plastic bottles in our office. These programs not only provide a practical means for waste reduction but also serve to instil a culture of recycling among our employees. Such habits, when adopted, can have a substantial cumulative impact on our overall waste footprint.

Our commitment to waste management is ongoing. We constantly seek to improve our practices, finding new ways to reduce waste and increase the efficiency of our recycling efforts. We hope to contribute positively to a more sustainable environment by doing so.

2.4 Transition to Digital Platforms (KPI A1.5)

We are continually seeking ways to reduce our environmental impact. One significant initiative in this respect has been the transition from physical catalogues to digital platforms.

2.4.1 Ceasing Production of Physical Catalogues

Over the past year, we have phased out the production of physical catalogues—once a staple of our marketing efforts consumes considerable resources regarding paper and transportation. By eliminating them, we have reduced our consumption of these resources significantly.

2.4.2 Digital Presentation

In place of physical catalogues, we have adopted digital presentations as a way to showcase our products. These presentations, typically in the form of PowerPoint slides, allow us to provide our customers with detailed product information without the environmental cost of physical production and distribution. This approach also offers flexibility, as the presentations can be easily updated or customised to suit specific needs.

2.4.3 Website Improvement

We have also undertaken significant efforts to improve the functionality of our website. A key focus has been enhancing the search functionality, making it easier for customers to find the needed products. This enhances the customer experience and reduces the need for additional marketing materials.

By transitioning to digital platforms, we are demonstrating our commitment to sustainability. We understand that every step can make a difference in our environmental impact, no matter how small. We will continue to explore and implement further initiatives to reduce our environmental footprint.

2.5 Collaboration with Nature Network (KPI A3.1)

We believe in fostering partnerships that align with our environmental stewardship values. One such collaboration we are proud to share is our ongoing campaign with the Nature Network, a non-profit organisation that promotes environmental education and sustainable development.

2.5.1 Donating Returned Tiles

This unique initiative explores the alternative use of the customers' return tiles. These tiles, which would otherwise potentially contribute to landfill waste, are donated to the Nature Network. They find a new purpose in constructing classrooms where the Nature Network conducts its educational programs.

2.5.2 Supporting Environmental Education

The constructed classrooms are specifically used to promote environmental conservation and sustainable development education. This extends the lifecycle of our products and contributes to a cause that's closely aligned with our own environmental goals.

This initiative is a testament to our belief in the power of sustainable practices and the importance of education in fostering a more environmentally conscious society. We are delighted to support the Nature Network in its mission and look forward to continuing our partnership with them.

2.6 Summary

In summary, ASA Building Materials (HK) Limited's commitment to environmental stewardship is demonstrated through our strategic approach to managing energy

usage, waste, transitioning to digital platforms, and fostering environmentally conscious partnerships. We adhere to a robust environmental policy, optimising energy consumption through intelligent lighting and natural light use. Over 90% of our product packaging is recyclable, and we've implemented in-office recycling programs. We've ceased the production of physical catalogues, transitioning to digital presentations and enhancing our website's functionality. Furthermore, we've partnered with the Nature Network, donating returned tiles to construct classrooms that promote environmental education. Collectively, these initiatives underscore our dedication to sustainability and responsible environmental practices.

Chapter 3: Social Responsibility and Employee Welfare

This chapter explores ASA Building Materials (HK) Limited's commitment to social responsibility and employee welfare. Our employees are our greatest asset, and our success is mainly due to their hard work and dedication. Hence, we strongly emphasise creating a healthy, safe, and inclusive work environment.

3.1 Diversity and Inclusion (KPI B1.1, B1.2)

We are committed to fostering a diverse and inclusive workplace. We believe in equal opportunities for all our employees, regardless of age, race, gender, nationality, or background. The employee statistics are as follows.

POSITION GRADE	≤ 30	31-40	41-50	51-60	≥ 60	SUB-TOTAL
SENIOR MANAGEMENT	0.00%	6.45%	3.23%	0.00%	0.00%	9.68%
MIDDLE MANAGEMENT	12.90%	3.23%	0.00%	0.00%	0.00%	16.13%
GENERAL EMPLOYEES	41.94%	19.35%	6.45%	6.45%	0.00%	74.19%
TOTAL	54.84%	29.03%	9.68%	6.45%	0.00%	100.00%

POSITION GRADE	MALE	FEMALE	SUB-TOTAL
SENIOR MANAGEMENT	6.45%	3.23%	9.68%
MIDDLE MANAGEMENT	6.45%	9.68%	16.13%
GENERAL EMPLOYEES	29.07%	45.12%	74.19%
TOTAL	41.97%	58.03%	100.00%

3.1.1 Equal Opportunity Guidelines

We have implemented guidelines that promote equality within our company. These offer a framework that ensures all employees are treated fairly and have equal access to opportunities within the company. Our recruitment, promotion, and development processes are all fairly and transparent.

3.1.2 Valuing Age Diversity

We recognise the wealth of knowledge and experience that older employees bring to our team. Hence, we actively hire individuals over 50, cherishing their valuable

working experiences and unique perspectives. Our age-diverse workforce allows us to benefit from various backgrounds and skills.

3.1.3 Promoting Cultural Exchange

To promote cultural diversity, we have partnered with AIESEC, a global platform for young people to explore and develop their leadership potential. Through this program, we have hired a student from Indonesia. This cultural exchange enriches our company culture and promotes cross-cultural understanding and collaboration within our team.

Our commitment to diversity and inclusion reflects our belief in the power of diverse perspectives and experiences. We aim to empower every employee to contribute their best to our company by ensuring a fair and inclusive work environment.

3.2 Employee Health and Safety (KPI B2.1, B2.2, B2.3)

The health and safety of our employees are our topmost priorities. We have a comprehensive approach to ensure a safe and healthy working environment for all our staff.

As part of this commitment, we have integrated safety guidelines into our Code of conduct. One of the critical areas these guidelines address is handling heavy products such as large-format tiles and stones.

Understanding the potential risks associated with lifting and handling these heavy items, we have detailed procedures to minimise any hazards. Our guidelines instruct our staff on proper lifting techniques, appropriate tools, and the implementation of ergonomic solutions. They are also encouraged to seek assistance when handling heavy or awkward loads.

By inculcating these safety measures into our Code of conduct, we hope to foster a culture of safety where every employee understands their role in maintaining a safe and healthy workplace. We will continue to monitor, review, and improve our safety protocols to ensure they remain practical and relevant.

3.3 Training and Development (KPI B3.1, B3.2)

We believe in the continuous growth and development of our employees. Our training programs equip our team with a comprehensive understanding of our products and services, industry trends, and practical project management skills. Our extensive product knowledge training covers all the materials and products we carry. We ensure

our employees know our products' specifications, applications, and benefits. This knowledge enables them to provide accurate information and expert advice to our customers, enhancing customer service and satisfaction.

To keep pace with the dynamic nature of the building materials industry, we provide regular training on the latest interior design concepts and trends. This helps our employees stay up-to-date and allows them to provide customers with relevant and current advice.

Investing in these training areas ensures our employees can communicate effectively with customers, understand their needs and provide innovative and practical solutions. This comprehensive approach to training and development contributes significantly to our high customer satisfaction levels and ongoing success in the industry.

3.4 Supply Chain Management (KPI B5.2)

We prioritise both ethical conduct and the safety of all stakeholders involved. Given the nature of our products, particularly the large format tiles and stones, it is imperative to ensure the safety of all stakeholders during the delivery process. We have clear guidelines and requirements for our service providers, focusing on safe handling and delivery methods. We aim to prevent accidents or injuries due to improper handling or transportation of heavy products. Traditionally, it's not uncommon for drivers to accept customer tips or service charges. However, we believe in maintaining total transparency in our logistics pricing. As such, we explicitly forbid drivers from collecting additional tips or customer service charges.

This policy ensures no hidden costs for our customers and maintains the integrity of our pricing structure. This transparency further strengthens our relationships with customers, who can trust in the fairness and honesty of our practices.

Our approach to supply chain management reflects our commitment to safety, fairness, and transparency. We will continue to uphold these values as we create a more sustainable and socially conscious business model.

3.5 Summary

In conclusion, ASA Building Materials (HK) Limited is deeply committed to social responsibility and employee welfare, which are fundamental to our operations and business ethics. We prioritise the health and safety of our employees and seek to foster a workplace environment that encourages continuous learning, diversity, and

inclusion. Our commitment extends beyond our company's boundaries to our supply chain management, where we uphold safety, fairness, and transparency principles. As we move forward, we will continue to adhere to these principles, always striving to improve and adapt our practices in alignment with our mission to contribute positively to our employees, customers, and the broader community. Doing so can ensure a sustainable future for our business and all stakeholders.

Chapter 4: Governance

This chapter provides a comprehensive overview of the governance structure, practices, and policies at ASA Building Materials (HK) Limited. Our commitment to strong corporate governance is paramount, as it underpins our ability to operate sustainably and responsibly, ensuring accountability, fairness, and transparency in all our interactions with stakeholders.

4.1 Governance Structure

The overall structure of ASA Building Materials (HK) Limited's governance is outlined in this section, emphasising the roles and responsibilities of the Senior Management and Middle Management.

Senior Management

The Senior Management team plays a crucial role in representing diverse interests within the company. The Managing Director represents the interests of administrative staff, ensuring their needs and concerns are addressed. The Marketing Director, on the other hand, represents the Marketing Department, advocating for the strategies and resources required to market our products effectively. Lastly, the Brand Development Director aligns their role with the sales department's interests, focusing on strategies to enhance brand recognition and sales.

Middle Management

Our Middle Management comprises managers from the Project Teams and the Retail Teams. As ASA Building Materials (HK) Limited is a sales-oriented company, the representation of the employees from the Sales Department in the management structure ensures that the perspectives of those working both in the office and the showroom are considered and taken care of. Sales are always the company's top priority, and this structure ensures that the interests of those directly involved in sales are adequately represented.

4.2 Governance Practices

Our governance practices, which include setting ESG goals and decision-making processes, are explored in this part.

4.2.1 ESG Goals

The ESG goals of our company are set during Senior Management meetings with consultation from the Middle Management. These goals are shaped with the input of various departments, ensuring a balanced and comprehensive approach to

environmental, social, and governance issues.

4.2.2 Decision-Making Process

We describe the decision-making process within our company, emphasising principles of fairness, transparency, and accountability. This process ensures everyone's interests are represented and decisions are made with the company's overall best interest in mind.

4.2.3 Transparency and Accountability

To further improve transparency and accountability, we plan to:

- Implement a regular reporting mechanism on our performance against ESG goals.
- Create an open dialogue environment where employees at all levels are encouraged to provide feedback and ask questions.
- Enhance our digital presence to keep stakeholders updated about our company's progress and decisions.

4.3 Policies and Compliance (KPIs C2.1, C2.2, C2.3, C2.4)

The Code of Conduct, which includes our key governance policies, such as the Anti-Corruption Policy, Equal Opportunity Policy, and Health and Safety Policy, serves as a guiding principle for our employees and management. The Code ensures we maintain ethical behaviour and adhere to our governance policies. We also discuss our ongoing efforts to comply with all relevant local and international laws and regulations.

4.4 Stakeholder Engagement (KPI C1.6)

To further improve our engagement with stakeholders, we propose the following measures:

- Regular surveys or feedback sessions with stakeholders to understand their expectations and concerns.
- Enhancing our digital platform for interactive communication and updates to our stakeholders.

4.5 Summary

This chapter has provided a detailed picture of our governance structure, highlighting the role of Senior Management and Middle Management in representing the diverse interests within our company. Our ESG goals, set in Senior Management meetings and consulted with Middle Management, are balanced and comprehensive, reflecting the input of various departments. We emphasised our commitment to transparency,

accountability, and compliance with crucial governance policies and laws. Finally, we underscored our ongoing efforts to improve stakeholder engagement through regular surveys, feedback sessions, and enhancing our digital platform. This approach to governance demonstrates our commitment to ethical operation, stakeholder engagement, and sustainable growth.

Chapter 5: Conclusion and Future Commitments

As we conclude our inaugural Environmental, Social, and Governance (ESG) report, we at ASA Building Materials (HK) Limited would like to thank all our stakeholders who have supported our sustainability journey.

5.1 Reflection on Our ESG Journey

This report has provided an overview of our ESG strategies, initiatives, and performance from April 1, 2022, to March 31, 2023. While this inaugural report primarily aims to outline our current ESG status and commitments, we are fully aware of the importance of quantifiable performance and impact assessments. As we gather more data and gain more insights into our operations, we expect to provide more precise metrics in our subsequent reports, offering a more comprehensive view of our ESG performance. Our commitment to transparency and accountability is evident through our comprehensive ESG strategy, which focuses on environmental stewardship, social responsibility, and robust governance.

Our dedication to environmental stewardship is manifested in our strategic approach to managing energy usage, effective waste management, transitioning to digital platforms, and fostering environmentally conscious collaborations. We have also made significant strides in our commitment to social responsibility, particularly in fostering a diverse and inclusive workplace.

5.2 Future Commitments

As we move forward, we are committed to strengthening our ESG performance and further integrating sustainability into our business operations. We are determined to continue our efforts in:

- Optimising our energy efficiency and waste management strategies to reduce our environmental footprint further.
- Enhancing our employees' welfare, promoting diversity and inclusion, and ensuring a safe and healthy working environment.
- Strengthening our corporate governance structures to ensure accountability, transparency, and ethical business conduct.
- Expanding our community engagements and collaborations that align with our ESG goals.
- Continuously improving our reporting to provide our stakeholders with a clear and accurate understanding of our ESG performance.

5.3 Stakeholder Engagement

We believe in the importance of stakeholder engagement in shaping our ESG strategies. We invite our stakeholders to continue to engage with us, share their insights, and help us improve our ESG efforts. We value their perspectives and are committed to addressing their concerns and meeting their expectations.

5.4 Looking Ahead

As we look ahead, we see a future where sustainability is not just an addition to our business but an integral part of our operations. We are excited about our progress so far, but we also understand that our ESG journey is a continuous process of learning and improvement.

Our commitment to ESG reflects our belief in doing business responsibly and ethically. As we continue our journey, we remain dedicated to sustainable development and corporate responsibility principles, striving to create a positive impact for our stakeholders, the environment, and society at large.

We appreciate your interest in ASA Building Materials (HK) Limited and our ESG efforts. We look forward to sharing our progress in future reports and continuing to work towards our vision of a sustainable future.

This document represents the end of our ESG Report from April 1, 2022, to March 31, 2023. Please get in touch with us if you have any questions or comments regarding our report. Your feedback is invaluable in our continuous journey towards increased transparency, accountability, and sustainability.

Report and confirm by



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