

PAUL Y. ENGINEERING GROUP

CODE OF CONDUCT

September 2020

Paul Y. Engineering Group
Code of Conduct

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1. INTRODUCTION

Paul Y. Engineering Group ("the Group") is one of the largest contractors in Hong Kong with a growing clientele in the region and other parts of the world. The commercial success of the Group rests on the trust and reputation earned through the collective efforts of generations of its employees, customers and shareholders.

This Code of Conduct sets out the principles for acceptable behaviour for doing business within the construction industry. It captures the way the Group expresses its values and beliefs. The Code is to be followed strictly by all member companies of the Group.

[People] Care for our People

2. OCCUPATIONAL HEALTH AND SAFETY

- The Group recognises its employees as its most important asset and resource. Employees must be provided with safe working environment, conditions and equipment to prevent injuries and occupational disease.

The Group keeps an update on the available information on occupational diseases and will promptly carry out investigation upon notification so that root causes of the occupational diseases or safety accidents can be identified and remedial actions can be undertaken in the workplaces. The Group also effects and maintains necessary insurances to safeguard the interests of its employees.

3. RELATIONS WITH EMPLOYEES

- **Privacy of employees**

All personal data collected from employees will be kept in strict confidence. Employees all have the right to request access to, and to request correction of, his / her personal data.

- **Equality of employment opportunities**

Diversity and inclusion are truly valued at our workplace. The Group targets talent based on qualifications, experience, skills, potential and performance, regardless of race, religion, gender, sexual orientation, marital status, family status or disability.

- **Discrimination, harassment and vilification**

The Group strongly objects to any form of discrimination and harassment. Any form of discrimination and harassment will not be tolerated.

Fair treatment of all employees will be upheld to ensure they work in a discrimination-free environment. Every member company of the Group must take positive steps to prevent any form of discrimination and harassment in the workplace.

Staff who feel discriminated and harassed at work should report to their seniors immediately.

- **Human rights**

The Group is committed to upholding and protecting human rights. Fundamental

rights, such as right to life, liberty, equal rights, and rights against torture or cruel, inhuman or degrading treatment or punishment, as well as freedom of speech and opinion, religion and thought will be strictly upheld.

[Business] Protect our market

4. BRIBERY AND ILLEGAL GIFTS

The Group believes that honesty, integrity and fair play are important values in business. It is therefore important for all directors, officers and employees of the Group ("Staff") to ensure that the Group's reputation is not tarnished by dishonesty, disloyalty or corruption.

■ **Soliciting or accepting advantages**

All of the Group's business dealings must be on arm's-length terms and free of any favourable treatment resulting from personal interest of Staff. No Staff shall solicit and accept advantages from customers, suppliers, sub-contractors, competitors or any person in connection with the Group's business.

The Prevention of Bribery Ordinance (Cap 201) defines "advantage" as:-

- (a) any gift, loan, fee, reward, commission consisting of money or of any valuable security or of other property or interest in property of any description;
- (b) any office, employment, or contract;
- (c) any payment, release, discharge or liquidation of any loan, obligation or other liability, whether in whole or in part;
- (d) any other service, or favour (other than entertainment), including protection from any penalty or disability incurred or apprehended or from any action or proceedings of a disciplinary, civil or criminal nature, whether or not already instituted;
- (e) the exercise or forbearance from the exercise of any right or any power or duty; and
- (f) any offer, undertaking or promise, whether conditional or unconditional, of any advantage within the meaning of any of the preceding paragraphs (a), (b), (c), (d) and (e).

Staff may accept social amenities customarily associated with legitimate business relationships. These include free lunches or dinners, gifts of a non-cash value such as promotional or advertising souvenirs, gifts of a consumable nature and of modest value such as hampers, fruit baskets, red pockets and flowers given on festive seasons or special occasions. However, if accepting such amenities would affect professional judgement, lead to biased decisions or cause one to act against the Group's best interests, Staff should decline the offer.

Any Staff who receives or is offered a gift of more than a modest value or other than in the manner or form mentioned above should inform and seek written approval from the Department Head, General Manager or Director as soon as practicable and within 2 weeks from the date of receipt.

Factors that Staff are advised to consider when offered with an advantage:

- ❖ whether it influences performance and affects judgement;
- ❖ the value of such offer;
- ❖ whether something has to be given in return; and/or
- ❖ whether such offer can be freely discussed with others;

- **Offering advantages**
Under no circumstance shall Staff offer any advantage to any person as an inducement or reward and especially under no circumstances can Staff offer gifts to civil servants or personnel of public organisations. Staff may not accept any advantage from any public bodies or governmental departments in connection with any contract or business dealing.

Business gifts and entertainment expenses must be processed under proper procedures and must be approved.
- **Bribery and corrupt practices**
The Group prohibits bribery and corrupt practices. Those involved in the selection of and purchase from suppliers and contractors should avoid any misuse of authority or engagement in situations, which could affect or appear to affect their ability to make free and independent decisions during the procurement process.
- **Observing local laws when working in another jurisdiction**
Staff who conduct business on behalf of the Group in other jurisdictions must abide by the laws of that jurisdiction, including the laws and regulations on anti-corruption, and all other laws and regulations pertaining to ethical business conduct.

5. CONFLICT OF INTEREST

A conflict of interest occurs when an individual's private interest competes with the interests of the Group, including both financial and personal interests of Staff, their family members, relatives and close friends.

Staff shall avoid being involved in any situation constituting conflict of interests, and must disclose the matter in writing to the Department Head, General Manager or Director.

- **Business connections with close relations**
Staff shall not be involved in any procurement process, decision making procedures, or the like closely connected to their family members, relatives and close friends.
- **Financial transactions**
Staff or their immediate family members shall not grant or guarantee a loan to, or accept a loan from any individual or organisation having business dealings with the Group except from banks.
- **Confidential information**
Staff shall not disclose, or allow to be disclosed, any information classified by the Group as confidential to any third party without written consent, unless required by law. Those who have access to or are in possession of such confidential information shall at all times ensure that such information is not being abused or misused.
- **Outside employment**
Employees may take outside employment either on a regular or consulting basis only if they have obtained prior approval.

6. RESPONSIBILITIES TO SHAREHOLDERS AND THE FINANCIAL COMMUNITY

Accounting policies and practices

The Group will maintain complete and accurate records to reflect all transactions, assets and liabilities. No false, incorrect or misleading entries shall be made. Staff having information on any false or incorrect entries must report to Senior Management.

Insider trading

The Group will not tolerate the use of unpublished price-sensitive information by Staff to secure an advantage for them or any third party. The use of unpublished insider information for personal gain is illegal, unethical and strictly prohibited. Staff shall not circumvent this Code by acting through another party or by giving insider information to others for their use.

Staff must not use information of the Group or its partners, customers or suppliers for financial or other personal benefits, or deliver information to others before it becomes public information.

7. RELATIONS WITH SUPPLIERS AND CONTRACTORS

■ Fair and open competition

The Group promotes fair and open competition for its entire procurement procedure and complies with all applicable competition laws. Suppliers and contractors are selected impartially so as to maintain a long-term and mutually reliable relationship between all parties.

Conduct such as bid rigging, price fixing, allocation of market and sales, output limitation are strictly forbidden.

■ Meeting the public interest and accountability standards

Staff shall conduct the procurement of supplies or services in a manner consistent with the highest ethical standards aiming for a quality end product and maintain the continued confidence of customers, suppliers and the public.

■ Procurement and tendering procedures

The Group ensures all contracting of services and purchasing of goods to be selected under open tendering or an approved selection process provided that all these procedures are solely based upon price, quality and need.

Procurement and tendering activities shall be based on the following principles:

- ❖ Impartial selection of capable and responsible suppliers and contractors;
- ❖ Regular vetting of approved suppliers and contractors to ensure alignment with the Group's core principles of good business practices and commitment to legal compliance, health and safety, sustainability and quality;
- ❖ Maximum use of competition;
- ❖ Selection of appropriate contract types according to needs;
- ❖ Compliance with laws, relevant regulations and contractual obligations; and
- ❖ Adoption of an effective monitoring system and management controls to prevent bribery, fraud or other malpractice.

8. RELATIONS WITH CUSTOMERS AND CONSUMERS

- **Products and services to customers**

The Group is committed to providing an efficient and courteous service with good value for money to customers so as to maintain their satisfaction and co-operation with the Group.

The Group vows to offer products and services with high standards of safety, quality and reliability to its customers. The Group will be fully accountable for all products not meeting the required standards.

- **Protection of personal information**

Staff are required to protect the personal information of customers and business partners in strict compliance with relevant privacy law. The information shall be used in proper context only for authorised business purposes and shall be accessible only to those Staff having a legitimate need to know.

[Community] Commit to our community

9. STAKEHOLDERS

- **Environmental sustainability**

The Group believes that business growth should not come at the expense of the environment. As environmental sustainability is of paramount importance to our business, Staff are encouraged to take initiatives to observe and comply with relevant environmental laws and regulations.

- **Engaging with the community**

The Group understands that its business is strongly tied with the community and is therefore committed to building good relationships and actively providing support to the communities in which it operates. The Group works collaboratively with the community to help promote a healthy, safe, sustainable and responsible society.

- **Sponsorships, donations and contributions**

The Group also supports local charities and the community through donations, sponsorships and contributions. To ensure that donations and sponsorships are not used as a means of bribery, the Group adopts an approval procedure to ensure all donations are transparent, fully accounted for and are made with a clear intent. Staff should not make direct or indirect contributions to officials, political parties or individuals engaged in politics for unethical purposes.

[Company] Value our company

10. INTERNAL PRACTICES

- **Handling company property**

Staff are prohibited from altering equipment, facilities or installing software without specific authorisation or developing their own applications without Management approval.

- **Use of information and communication systems**

Staff are not allowed to browse any unauthorised websites or to download, e-mail, store or print any material that may be considered inappropriate, offensive or disrespectful to others. Besides, the email system of the Group is to be used primarily for business purposes. The Group reserves the right to monitor all email messages and internet usage.

11. COMPLIANCE AND ENFORCEMENT

- **Responsibility of compliance**

This Code is intended to apply to the Group and Staff and it is the responsibility of them, collectively and individually, to ensure compliance with this Code. Each Staff will receive a copy of this Code upon commencement of his / her directorship, appointment or employment.

It is also the responsibility of Staff to ensure breaches of this Code are reported to the Department Head, General Manager or Director with sufficient details and in a timely manner to avoid any possible lapse of solutions.

- **Whistle-blower**

Any person concerned who reports a breach of this Code will not be retaliated against by the Group in any way provided that he or she has reasonable ground to believe that such person has violated or committed a breach of this Code.

The Group does not accept victimisation of whistle-blowers. Any Staff who is found to have victimised a whistle-blower will be disciplined. Staff who feel that they are being victimised should contact their respective seniors and report such situation.

- **Procedure of getting help**

Every Staff shall be accountable for fully complying with this Code. Department Head, General Manager or Director upon being aware of any violation or breach of this Code shall investigate such violation or breach, and if a violation or breach has occurred shall take appropriate action, disciplinary or otherwise as permitted by law.

Department Heads, General Managers or Directors shall keep records of and report to the Management of the Group in respect of any breaches and any corresponding result of investigation.

The Management will make a report on any breaches of this Code to the Compliance Committee regularly and in any event on an annual basis.

- **Adoption and amendment**

This Code is adopted by the Group and shall only be amended by the Personnel Department or Legal Department of the Group.

- **Enquiry and comment**

Should any Staff have any enquiry and / or comment on this Code, please do not hesitate to contact the Personnel Department or Legal Department.