

**STEED ORIENTAL (HOLDINGS) COMPANY LIMITED**  
**駿東（控股）有限公司**

(incorporated in the Cayman Islands with limited liability)  
Stock Code: 8277



Environmental, Social  
and Governance Report

**2017**



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## ABOUT THIS REPORT

This is the first Environmental, Social and Governance Report (the “ESG Report”) of Steed Oriental (Holdings) Company Limited (“Steed Oriental Holdings” or the “Company”, together with its subsidiaries referred to as the “Group”). The report covers the financial year ended 31 March 2017 (the “Reporting Period”) and discloses information on the environmental, social and governance management approach, strategy, priorities and objectives.

This ESG Report has been prepared in reference to the “Environmental, Social and Governance Reporting Guide” (the “ESG Reporting Guidelines”) in Appendix 20 to the Rules (the “GEM Listing Rules”) Governing the Listing of Securities on the Growth Enterprises Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and has complied with the “comply or explain” provisions set out in the ESG Reporting Guidelines.

All the information disclosed herein is from the official documents or statistical reports of the Company while reviewed and approved by the board of directors of the Company.

## REPORTING SCOPE

Steed Oriental Holdings is an investment holding company and was principally engaged in the sourcing, manufacturing and sale of plywood products as well as the trading of round logs during the Reporting Period. The Group’s two principal places of operation are the Mainland of the People’s Republic of China (the “PRC”) and Hong Kong. The Group conducted its manufacturing business in a leased production base located in Jiangmen City, Guangdong Province, the PRC. Hong Kong head office is mainly responsible for the relevant compliance matters for the listing of Steed Oriental Holdings on GEM.

This ESG Report highlights the Group’s efforts in sustainability in the following areas during the Reporting Period:

- Environmental aspect (Emission, Use of Resources, Environment and Natural Resources)
- Social aspect (Human Resources, Employment, Health and Safety, Development and Training, Labour Standard, Supply Chain Management, Product Responsibility, Anti-corruption and Community Investment)

For information about our corporate governance, please refer to the Corporate Governance Report section in the Annual Report 2017.

## MISSION AND VISION

As a responsible corporation, the Group is committed to producing high quality plywood products which comply with the international industry standards. We believe that corporations, while promoting business development, should also take the interests of different stakeholders into account. Therefore, the performance of the corporate social responsibilities and our business decisions are closely related. We are committed to ensuring that our operations are economically, socially and environmentally sustainable and producing low consumption, green and practical plywood and flooring-oriented plywood, with a view to building the Company into the largest green plywood production and export base in southern China region.

## STAKEHOLDERS’ FEEDBACK

The Group strives to allow different external stakeholders to understand our business conditions through various channels, including formal financial reports, statutory disclosures and general meetings, and through this ESG Report, the Group also tries to let external stakeholders understand the Group’s performance in aspects other than financial performance and business operations.

We welcome your feedback on this ESG Report; please share your views with the Group through the following methods:

Address: Suites 2524-25, 25/F., Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong  
Telephone: (852) 3595 6556  
Fax: (852) 3705 0076  
Email: [info@steedoriental.com.hk](mailto:info@steedoriental.com.hk)



## CORPORATE SOCIAL RESPONSIBILITY POLICIES

Our corporate social responsibility policies are designed to enable us to understand the stakeholders' needs by communicating with them, including investors, shareholders, employees, suppliers and business partners, government, and community, thereby striking a balance of their interests and incorporating their needs into our operational decisions. We have made clear requirements for our day-to-day operations to comply with or exceed the minimum law standards to achieve the best practice guidelines.

Our corporate social responsibility policies are applicable to all directors, senior executives and other employees while we require our suppliers and all related parties from the supply chain to understand our relevant policies to ensure our values are consistent.

## ENVIRONMENT

### Emissions

#### Environment Data (Production Base) Overview

Emission and consumption (Manufacturing workshops)	Electricity consumption	kWh	2,049,080
	Diesel and gasoline	liter	45,829
	Water consumption	ton	24,184
	Disposed tires	ton	0.3
	Disposed equipment	piece	6
	Sulfur dioxide	ton	1.72
Emission and consumption (Office)	Electricity consumption	kWh	19,422
	Diesel and gasoline	liter	30,000
	Water consumption	thousand cubic metre	2.53
	Paper consumption	ton	1

The Group values good environmental management and strives to protect the environment. We are devoted to take environment-protecting elements into account during our business process, in order to save energy and reduce emission.

We have a production base at Jiangmen City, Guangdong Province, PRC, hence our operations are required to observe certain national or local laws and regulations, including the Environmental Protection Law of the PRC\* (《中華人民共和國環境保護法》), the Law of the PRC on Evaluation of Environment Effects\* (《中華人民共和國環境影響評價法》) and other relevant laws and regulations.

All the supervisors of our production base and executives of our office will oversee the implementing status of the above measures and relevant environmental policies. Under such strict supervision and instruction, we hope each department can achieve its best green practice and ensure all business processes are in compliance with legal requirements. We will continue to review our policies and practices, report to management if appropriate and suggest suitable measures when necessary.

There was no incident of non-compliance with relevant local environmental laws and regulations that has a signify impact on the Group relating to air and greenhouse gas, emissions, discharge into water and land, and generation of hazardous and non-hazardous waste.

\* For identification purpose only



### Use of Resources

We have introduced “7S” management in our production base, in order to save the energy cost, we adopt relevant policies and measures to deal with the usage of electricity, water, fuel and diesel in our day-to-day production. We advocate energy saving by requiring our staff to switch off electricity and water tap. We carry out the measures to categorise and recycle the wastes, and before the recycling, we will consider the reuse value of the wastes and take the appropriate measures to reduce the amount of the wastes we discharge. Meanwhile, we have also replaced to LED lights at the workshops. Relevant measures have been detailed on the staff notice board to raise employees’ environmental awareness.

We are committed to producing low consumption, green and high quality products which comply with the international industry standards and invested a considerable amount of funds for research and development and improvement of our production techniques, including replacing the wood-fired boilers by a new boiler fired by clean natural gas to minimise the pollution made from combustion. Our general plywood, low formaldehyde emission structural plywood and low formaldehyde emission concrete panels are JAS certified. We obtained European Alliance CE certification of factory production control of wood-based panels. We have also been assessed and certified in compliance with the relevant standards of “FSC-STD-40-004 V2-1 Standard for Chain of Custody Certification and FSC-STD-40-003 V2-1 for purchase of FSC 100% veneer; manufacture (transfer system) and sales of FSC 100% plywood”.

Apart from the production base, we encourage the Hong Kong head office and our subsidiaries to carry out green office management from different aspects, including reduction of paper usage by using electronic documents, use of natural light design or LED lighting system, maintaining suitable air conditioner temperature, green procurement, supplying environmentally friendly office supplies.

### Environment and Natural Resources

We strive to reduce the negative influence to the environment by improving the efficiency of our operation and implementing green measures. We supervise the production process and review every single step from peeling, veneer drying, sorting, composing and gluing, pressing, trimming and sanding to inspection and packaging on a regular basis in order to optimise manufacturing processes, reduce consumption of water, electricity, fuel and other resources, limit or stop the use of polluting environment supplies.

### SOCIETY

#### Human Resources

We are committed to providing a working environment of respect, integrity and fairness. Our management ensures that all human resources practices are in compliance with relevant laws and regulations. The Group and our employees enter into employment contracts, which are prepared according to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Labour Law of the PRC\* (《中華人民共和國勞動法》), and other applicable laws, as well as industry practices and standards. All employees are bound by relevant terms and condition to protect the rights of both the Company and employees. Our administration department and supervisors are responsible to oversee the implementation, when inappropriate behaviour takes place, they shall report to senior management and provide recommendations when necessary.

In addition, the Group determines the reasonable basic remuneration packages and welfare of our staff with reference to the job nature, experience, operating condition of the Company and market condition. Adjustment of remuneration will be made having considered the work performance of each employee. The Group values the development of our employees and encourages them to participate training programs arranged by the Group or arranges for other external trainings, so as to improve their professional knowledge and skills. We will offer adequate internal promotion opportunities to reward employees with outstanding performance.

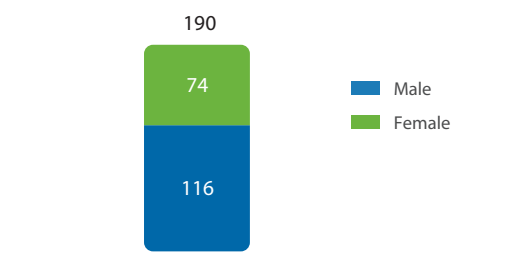
During the Reporting Period, our employee turnover was mainly voluntary and mostly from production workers, which is normal in our industry and other factories, reasonable and appropriate arrangement was made for all the resigning employees in accordance with relevant laws. Due to our business nature, our employees are mainly male; however, we strive to improve the gender balance at workplace. For the requirements of the work, our employees hold professional qualifications according to the laws of the PRC, e.g. electrician, furnace workers, and forklift workers all holding qualified license.

\* For identification purpose only

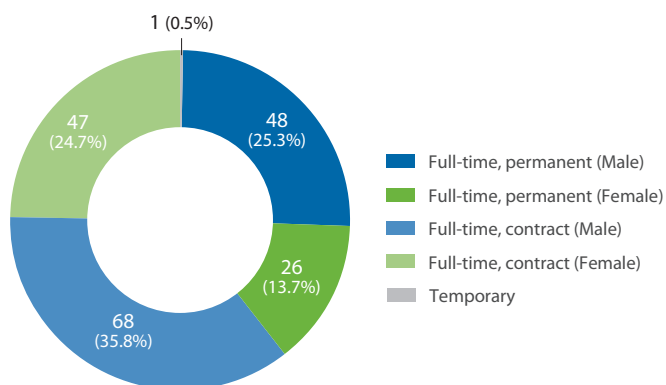


## Employee Overview

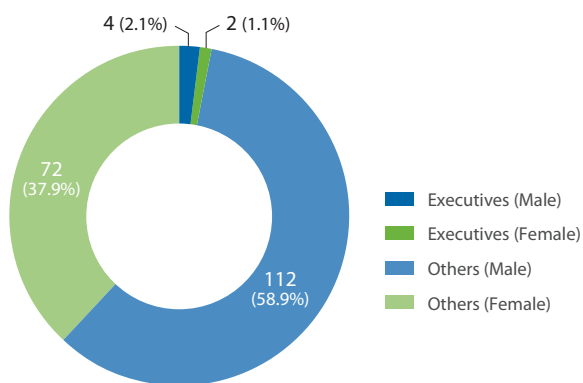
Total number of employees (31 March 2017)



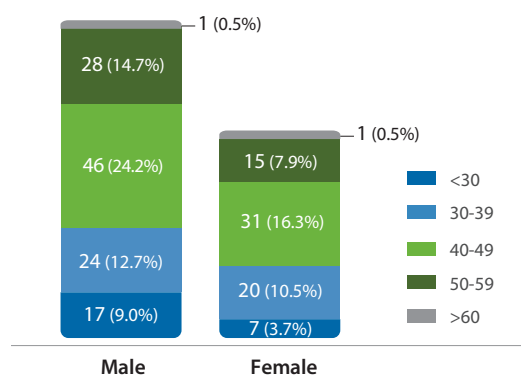
By employment type (31 March 2017)



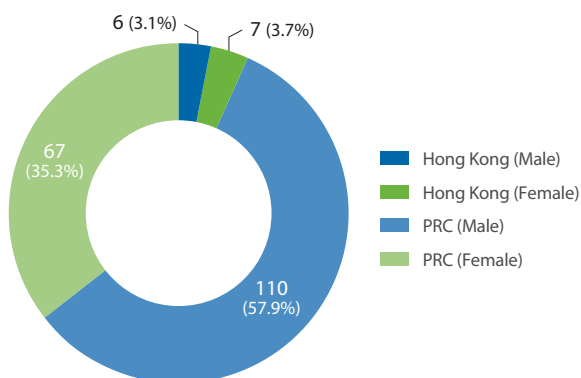
By positions (31 March 2017)



By age (31 March 2017)



By geographical location (31 March 2017)





## Employment

The Group is dedicated to create a fair, discrimination-free working environment for the employees. We protect our employees from the discrimination in relation to gender, ethnic background, religion, age, marital and family status, and disability or any other kind of discrimination, or being deprived of any benefits.

We aspire to attract, encourage and retain talent to support the long-term and stable growth of the Group. To achieve such goal, we have fixed, among others, the welfare and benefits of the employees including the basic salary, discretionary bonus and other monetary and non-monetary incentive mechanism, mandatory provident fund, social insurance, housing provident fund and statutory leaves in accordance with the requirements of the applicable laws and regulations. We will also provide dormitory residence to employees from other provinces or places. We also have long-term effective incentive schemes, pursuant to which we grant share options to senior management and core or long-serving employees.

Normally, when an employee is dismissed from his or her job position for reasons such as violation of the Group's regulations, continued below-par performance or other reasons, we will terminate his or her employment contract in accordance to applicable laws and regulations. We will consult our management and seek legal advices when necessary to ensure such dismissal is in compliance with applicable labour laws.

The Group organises and encourages our employees to participate various activities, such as organising staff forum and establishing letter box, to promote communication among employees and better understand their needs and improve their corporate values, sense of identity and code of practice, and strengthen their sense of belonging.

## Health and Safety

The Group attaches high importance to our employees' health and well-being, and is committed to building a healthy and safe working environment for them. Massive operations of machineries are involved in the Group's manufacturing base. Therefore, we endeavour to maintain a sound safety management and comply with all relevant laws. Laws and regulations governing the manufacturing and fire safety mainly include Law of the PRC on Work Safety\* (《中華人民共和國安全生產法》), Fire Protection Law of the PRC\* (《中華人民共和國消防法》), Provisions on Supervision and Administration of Fire Control at Construction Projects\* (《建設工程消防監督管理規定》) and Provisions on the Supervision and Inspection Over Fire Protection\* (《消防監督檢查規定》) issued by Ministry of Public Security.

The Group has built a comprehensive safety management system, production safety emergency and contingency measures, as well as guidelines for occupational health, having taken references to industry nature, practices and regulatory requirements. We have also formed a designated supervising team to perform regular check and take rectifying measures in case of any issues discovered. We identify potential risks in each step of the production and reinforce safety control, workers of special work procedures are equipped with protective gear and equipment. All new employees shall undergo safety training and pass the test before officially commencing works. Meanwhile, we arrange health and safety training for and provide the relevant information to our employees, including fire prevention seminar, first-aid and firefighting equipment manual, in order to raise their safety awareness; have first-aid and fire prevention equipment in place; arrange fire drill in our manufacturing base; provide annual body check to employees at special work positions. In case of significant work safety risks and accidents, we will report to our management and take necessary improvement measures.

During the Reporting Period, there was no significant industrial accident of work-related injury. We will continue carrying out our daily production operations under our safe operation procedures, internally strongly promoting safety awareness and strengthening the safety education and supervision of the employees, so as to ensure safety production in daily operations.

\* For identification purpose only



### Development and Training

The Group actively attract and nurture talent, and introduce management talent and professionals, and optimise human resources structure in accordance with the business development needs and direction. Meanwhile, the Group places importance on the nurturance of our own talent and promotion of studying culture. We aspire to enhance quality of our employees through training program, with a view to helping their career growth in the long run. We offer internal promotion opportunities to employees with outstanding work performance and potential. We also promote open communication, encourage employees of different ranks to express their view and suggestions through various channels in order to better understand their work condition, career development goal and the effectiveness of our development and training program so that we can take necessary improvement measures and deploy employees to suitable positions, allowing them to deliver their best, gain satisfaction, and grow with us.

During the Reporting Period, the Group provide employees with different types of training according to their job nature, including machinery operation, professional seminar and training on work environment management. We coordinate annual examination for employees who are required to hold certain certificates or qualification according to the requirements from professional organisations or laws. We also arrange the directors to attend the external seminars and online learning platform about latest listing rules and relevant laws regularly, so as to increase their corporate governance knowledge.

### Labour Standard

The Group perform stringent inspection of identity during recruitment processes in strict compliance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong), Labour Law of the PRC\* (《中華人民共和國勞動法》) and Provisions on Prohibition of Child Labour\* (《禁止使用童工規定》) of the PRC. We prohibit all ranks of the management of all departments from squeezing our labour for their interest or forcing them to work by any form of threat or extortion, and ensure that there is no child labour or forced labour, discrimination by gender, race, religion, age or disability, as well as harassment or bullying in workplace within the Group.

All the employment contracts have set out the personal code of conducts for the employees, imposing strict supervision on the behaviours of all directors, senior executives and the employees of all levels. We encourage the employees to report any misconduct. In case of any non-compliance, we will promptly conduct investigation and submit the relevant investigation report to the management, in order to impose appropriate penalty on or dismiss the relevant employees. In more serious cases, we will obtain legal advices and take legal actions. In response to the non-compliance, the Group will also improve the labour system further.

During the Reporting Period, the Group had no significant safety incident, child labour or forced labour, nor had any case of discrimination relating to gender, race, religion, age, disability, etc.

### Supply Chain Management

The Group endeavours to maintain an appropriate supply chain management to promote sound practices in our supply chain. The Group's main suppliers are from the PRC as our production base is located in the PRC and we can reduce transportation costs by choosing the Chinese suppliers. However, we also stress the importance of integrity of our suppliers and business partners besides putting costs, product quality and track records into consideration. We only source from the suppliers and business partners with a proven business record and no serious law violation or violation of business ethics. We will not tolerate bribery and corruption and forbid our suppliers and business partners from securing procurement contracts or partnerships through any form of transfer of interest.

In addition, the Group will give the suppliers fair and reasonable terms and will not exploit the suppliers in any form when we receive the stocks from them. Our Procurement Department will select qualified suppliers through comparison of the suppliers' quality performance, after-sales service, shipping and delivery and price and fill out the "Supplier Assessment Records". For the supply of the important materials, the Procurement Department will select several qualified suppliers to choose from. We make assessment of our suppliers' products and examine if they have fulfilled the product responsibilities while promptly report the relevant information to ensure their products meet with our need.

As regards FSC certified products, we undertake to only use wood products from FSC certified suppliers. We will check the relevant FSC certification of the suppliers and verify their identities from FSC before entering into any transactions. We also perform annual check and verification on the FSC certification of the suppliers.

\* For identification purpose only





### Product Responsibility

Plywood is the Group's main product. Our plywood products can be used in different industries and categorised into (i) general plywood used in interior applications of buildings and manufacture of wooden furniture for home and office; (ii) packing plywood used as packaging material; (iii) structural panel used for construction; (iv) floor base used for flooring; and (v) other plywood products, e.g. the concrete panel used for external buildings.

The Group put product quality and corporate reputation in the first place, strive to ensure product and service quality through internal control and is committed to producing high quality plywood products which are in compliance with international industry standards. We improve our products from time to time and has obtained a range of safety approvals and certificates issued by different product testing and certification organisations which are accredited certification bodies or assessors of JAS, FSC and CE respectively. Therefore, we believe our products are safe and reliable and are capable of fulfilling the specific requirements from and offering quality assurance to our customers in various countries including those which demand high quality standards and have stringent safety requirements.

During the Reporting Period, we did not involve production patent technology and other sensitive information of intellectual property in our business process. However, we do not rule out the possibilities of our customers' trade secret or even personal information may come into contact in the future, therefore we will require our employees to carefully handle customer information to protect their privacy and intellectual property from unnecessary losses.

We communicate with customers by various channels to obtain their feedbacks and understand their needs. We will review the service process according to customers' feedbacks and promptly handle and investigate the clients' complaints to improve the customer service and product quality.

During the Reporting Period, the Group did not suffer any customer loss arising from leakage of customer privacy or other service problems, nor received any complaints and claims from customers due to inferior service quality.

### Anti-corruption

The Group has always upheld to our "good faith" philosophy when operating and is committed to creating an anti-corruption workplace. Directors and all employees are required to maintain integrity and be law-abiding in both physical business and capital market operation levels. The board of directors will not tolerate any corruption, bribery, extortion, money-laundering and other frauds.

We have formed an audit committee, while also have hired external lawyers and auditors for the compliance with the Stock Exchange's corporate governance requirements for listing companies. We will continue reviewing the efficiency of our internal monitoring system to prevent corruption.

We encourage employees to report misconduct. Adequate confidentiality measures will be taken to protect the identities of the whistle-blowers. Any acts of corruption, bribery, extortion, money-laundering or other frauds will be promptly investigated and reported to the management and the government authorities upon discovery.

During the Reporting Period, there was no case of corruption, bribery, extortion, fraud and money laundering lodged against the Group or our employees.

### Community Investment

As a corporate citizen, the Group places importance on giving back to the society, strives to promote the spirit of corporate social responsibility within the company and organises or participates in appropriate community activities. Moreover, we tend to employ local staff at the locations of our production facilities to promote local employment.

We hope to develop the sense of social responsibility of our employees while encourage them to make a greater contributions to the community during their work and in their private time. By giving back to the community through relevant activities, the community awareness of our employees will be enhanced, thereby motivating them to care about and help people in need, and establish the right value set. We increase our community investment as much as possible to create a more favourable environment for our community and business. The Group will also consider making donations to charities from time to time when the Group records profits after tax and has sufficient funds.