



2018

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

GRAND PEACE GROUP HOLDINGS LIMITED

福澤集團控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code : 08108

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ABOUT THIS REPORT

This report is the Third Environmental, Social and Governance (the “**ESG**”) Report published by the Group, which highlights our practices and performance in sustainable development so as to increase our stakeholders’ confidence and understanding of the Group.

Climate change and rapid population growth become a global concern in recent years and the Group has undergone substantial changes in its operations to protect the environment. The Group believes that a well-developed environmental, social and governance structure is vital for the development of the Group. We therefore strive to reduce the adverse environmental impact of our business activities, and to improve the safety of our workplace, whilst delivering quality products and services.

This ESG Report has been prepared with reference to the guidelines laid down in Environmental Social and Governance Reporting Guide set out in Appendix 20 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (“**ESG Reporting Guide**”), published by the Hong Kong Exchanges and Clearing Limited (“**HKEX**”). This report is a review of the environmental, social and corporate governance performance of the Group for the period from 1 January 2018 to 31 December 2018.

The following entities of the Group have been chosen for inclusion in this ESG Report because of their significant contributions to the Group:

- Grand Peace Group Holdings Limited
- Merit Vision Holdings Limited
- Join Wealth Finance (Hong Kong) Limited

Businesses not covered in this report include low-percentage ownership companies, as well as small and start-up companies.

REPORTING STANDARDS AND METHODOLOGY

This Report covers the general disclosure and the key performance indicators that are list out in the ESG Reporting Guide.

The GHG Emission Calculation in this report is based on the guidelines laid down by the Environmental Protection Department (“**EPD**”) of the Hong Kong Special Administrative Region and the current best practices. The methodology chosen is based on the guidelines laid down by the following entities:

- “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” 2010 Edition, published by the EPD.
- Intergovernmental Panel on Climate Change (IPCC), an international body established by the United Nations Environmental Programme and the World Meteorological Organisation
- Greenhouse Gas Protocol, an NGO-business partnership between World Resources Institute and the World Business Council for Sustainable Development to develop standards, tools and online training that helps countries and cities track progress towards their climate goals
- ESG Reporting Guide by the HKEX

Note 1: The EPD's Guidelines specified value that has been taken as the standard for any unspecified factor.

Note 2: Due to its business nature, Grand Peace Group is not aware of any significant pollutant emissions or hazard waste disposal generated from its operation

Note 3: Due to its business nature, GHG (mainly derived from the use of electricity) is the main emissions of Grand Peace Group.

Note 4: The water supply of some premises is solely controlled by the building management, which is infeasible to record consumption for water withdrawal and discharge.

This report is designed to enable the shareholders, the investors and the public to have a more comprehensive understanding of the Group's governance and culture. The Group's continuous improvements rely on your valuable opinions on our performance and reporting methods. For any comments or suggestions, please kindly contact our Public Relations Department at www.grandpeace.com.hk.

This report is prepared in both Chinese and English and is available on the Group's website (www.grandpeace.com.hk) and that of the HKEX (www.hkgem.com). In the event of inconsistency, the English version shall prevail.

OUR PEOPLE

Employment

Employees are the key to our success. Listening to the voice of the employees and encouraging the employees to speak freely is very important to us. We always consider and treat the well-being of the employees as our top priority and strive to maintain a healthy personnel structure. We are committed to creating a culture that encourages the employees to be frank and be able to talk to us about their ideas and concerns.

It is important to understand the employees' perception of the Group. Such helps us to ensure that we can provide our employees with the right support to fully develop their potential so that they will provide our customers quality service. We collect opinions from our employees periodically and encourage them to speak up. While implementing a culture that encourages the employees to act with integrity, we encourage the employees to practice the Group values which is providing satisfactory services and products to fulfill the needs of the customers.

To truly achieve the desired results, we must create a multi-inclusive environment where everyone feels he/she can realize his/her potential. Our continued success depends on a team of employees who reflects the needs of our customers and the communities it serves. Our definition of diversity is broader than its inherent range of features to incorporate other differences that make individuals unique, such as cultural acquaintances, global experiences, and work styles. We encourage the employees to be more diversified in order to achieve our goals.

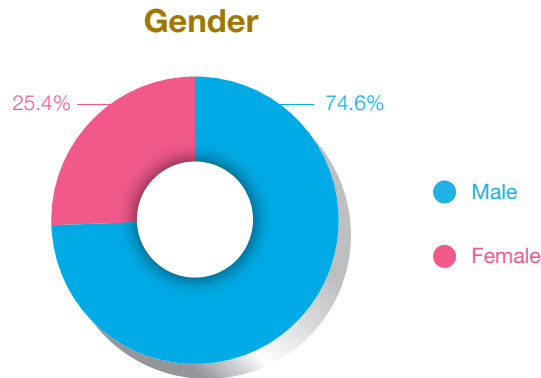
We care about the employees' work-life balance, and believe that it is important to help the employees to manage and discharge their family responsibilities.

We want to create an inclusive environment that supports the needs of the employees both inside and outside the workplace. We also recognize that the needs of the employees may change at different stages of their careers due to reasons other than family responsibilities.

Learning is one of the keys to success of the Group. We help our employees to learn by training them to do their jobs well to enable them make great achievement in the future. Training can also help the employees to implement the Company's policies, provide quality services to customers, and to follow Grand Peace's corporate culture.

As at 31 December 2018, the Group had 63 employees in total. The Group had a male/female composition ratio of 47:16.

The Group's employee profile by gender is illustrated as below:



Health and Safety

The Group believes that our employees are the most important asset and resource. The health and safety of the employees are the top priority consideration in our decision.

The Group strives to prevent and eliminate any occupational hazards in the workplace and to provide our employees with a safe and comfortable work environment. We are committed to provide a hygienic and healthy work environment for all staff, such as providing staff with personal protective equipment and conduct regular cleaning with sterilized liquid in the workplace. The Group also conduct regular training programmes in workplace safety to enhance the employees' safety awareness to reduce preventable accidents in the workplace.

Through regular inspections during the year, the Group has supervised and troubleshooted safety risks in a timely manner in order to gradually strengthen our safety production standard. The Group also held regular training sessions to strengthen the employees' safety awareness for avoiding accidents in the workplace during the year.

Meanwhile, the Group provides health-benefits for suitable employees. During the year, the Group made every effort to improve the work environment, and endeavor to provide a safe and comfortable workplace for all employees.

Development and Training

The Group recognizes the importance of developing the talents of its employees and striving for the mutual growth between the Group and its employees. We provide the new employees induction trainings on the Group's culture, policies, occupational safety and other necessary skills to enable them to discharge their duties at work.

The Group will evaluate the training effects subsequently, so as to enhance the effectiveness of the trainings, which will further improve the technical skills and professional literacy of the Group's employees.

To enhance the technical skills and professional literacy of the employees, the Group provides its employees with service/induction training on the Group's culture, policies, occupational safety and other necessary skills. We also encourage our staff to attend on-job training, job relevant courses, seminars and conferences etc. The Group evaluates the efficiency of those trainings and the effectiveness of training programmes periodically, so as to enhance the quality of the training programmes.

To establish a good relationship and to provide a harmonious work environment, the Group encourages communication between the employees and the management, to help the latter to address the employees' concerns and protect their interests. Employees' representatives may communicate with the Group through our internal communication system e.g. email or whatsapp. Such communication systems enable the Group to collect the employees' opinions and suggestions and helps the Group to deliver corporate news to all staff promptly.

Labour Standards

The Group's recruitment policies are implemented in strict compliance with both Hong Kong and PRC legislations and regulations to prohibit any form of child and/or forced labour. In case of discovery of non-compliance, the Group will cooperate with the relevant labor authorities and take remedial action.

The laws and regulations prohibiting child labor and forced labor governing the Group mainly include:

- Employment Ordinance of the Hong Kong SAR
- Labor Law of the PRC
- Law of the PRC on Protection of Minors
- Regulations on Prohibiting Use of Child Labor (State Council Order No. 364)

In 2018, the Group is not aware of any violation of the abovementioned laws and regulations.

THE VALUE-CHAIN

Supply Chain Management

As supply chain management is one of the key links in the Group's quality control system, the Group always keeps a close eye on the quality and safety of its products, services and the workplace.

To ensure the quality of its products and services, the Group encourages communication between the suppliers and the Group in order to build a good and long term relationship. We communicate with the suppliers regularly to understand the difficulties in the supply chain and provide possible suggestions to avoid potential problems and unexpected issues.

Product Responsibility

The Group strives to provide its customers with quality and safe products to establish good reputation and credibility. We aim to achieve the highest standard with all the products and services offered throughout our operations.

To ensure the quality of the products, the Group has formulated a quality inspection management system in strict compliance with the relevant laws and regulations. Each department is tasked with achieving their own quality based targets in consideration of both the industry and market standards.

We place a high value on the advice and feedback from our customers, thereby getting rid of unfavorable factors, improving the quality of our products and services and establishing good relationships with our customers.

Anti-corruption

The Group has complied with both the Hong Kong and the PRC legislation, such as the Prevention of Bribery Ordinance of Hong Kong and relevant legislation on anti-corruption of mainland China in 2018.

The Group strives to maintain a healthy and rational environment for its development. To effectively strengthen the Group integrity, we continue to improve the internal supervision and anti-corruption management. The Group also requires the employees to follow the code of conducts to eliminate corruption, bribery or any form of dishonesty behavior in any circumstance. Any suspected criminal offence will be promptly reported to the relevant authorities.

During the reporting period, there is no reported case on dishonest behavior.

THE COMMUNITY

The Group believes that public welfare is important to the development of the Group. Continuous efforts have been spent in public welfare in 2018. We will continue to participate in more activities and focus on public welfare in the future.

The Group has actively assisted Non-Governmental Organizations (NGOs) and charities in charitable activities, caring for needy, elderly and disabled people and other activities related to public welfare. The group plans forward to organize seminars to promote our funeral assistance service.

In addition, our employees have participated in a charity walk and in voluntary services last year. They have also prepared the useful materials to help the people in need.

Finally, with a vision to progress and prosper with our community, we are committed to giving back by contributing to a stronger and more inclusive society. We will continue to encourage and facilitate our employees to participate in volunteer services and charitable activities.

THE ENVIRONMENT

Environmental sustainability is a key part of the Group's social responsibility effort. Guided by our Corporate Social Responsibility Policy, we work to manage our direct and indirect adverse impacts on the environment by mitigating our own footprint and advocating green finance. The company operates funeral business of the Group has achieved the ISO14001:2015 which is a family of standards related to environmental management that exists to help organizations to minimize the adverse effect to the environment caused by their operations and to comply with applicable laws, regulations, and other environmentally oriented requirements.

The Group advocates a green office concept which integrates low-carbon principles into our operation, with the aim to develop towards paperless, energy-saving and low carbon offices, and to minimize the consumption of energy, water, electricity and other resources. We strive to improve the energy efficiency and to reduce the emission of greenhouse gases in all phases of our operation, aiming to realize a low-carbon society.

Emissions

Given the business nature of our Group, no direct pollutant emission is produced from our business activities. However, the Group will constantly reviews pollutant emission, if any, with an aim to safeguard the ecosystem.

During the reporting period, the Group has strictly complied with PRC national laws and regulations in its operations in PRC, including but not limited to:

- Environment Protection Law of the People's Republic of China
《中華人民共和國環境保護法》
- Regulations on the Administration of Construction Project Environmental Protection
《建設項目環境保護管理條例》
- Energy Conservation Law of the People's Republic of China
《中華人民共和國節約能源法》

Greenhouse Gases Emission

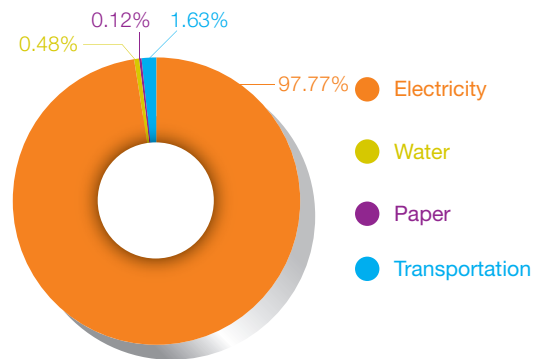
The Group aims to develop a low-carbon operation environment. The total carbon dioxide (“CO₂”) emission for the Group is approximately 1,144.602 tonnes in 2018. CO₂ emission decreased by 6.10% when compared to the corresponding period in 2017 due to our effort in reducing CO₂ emission. Since the largest source of CO₂ emission (which is about 97% of our total carbon emissions) is derived from the indirect emission of electricity from the Group’s business activities energy saving will remain our main part of the operation principle in future.

The Group strives to improve the energy efficiency and reduce emission of greenhouse gases in all phases of our operation, aiming to realize a low-carbon society.

We continuously devote efforts to reduce the CO₂ emission by lowering energy consumption, as well as powering off lighting, air conditioning and electrical appliances when they are not in use. In 2018, our group equipped with LED light source and energy-saving equipment gradually.

We hope these activities can further improve the energy-saving operations, and ultimately achieve the purpose of energy conservation, consumption reduction. In FY2019, we will keep working on energy usage reduction by further improving energy-saving operations

Distribution of CO₂ Emissions



Use of Resources

It is always an important responsibility of the Group to decrease waste production. We strive to promote “Reduce, Reuse and Recycle” for all the resources in order to reduce the waste.

The Group is moving towards a more sustainable rate of using resource. We are working actively to reduce the amount of waste. In addition, to reducing waste we hope to achieve sustainable development through effective and responsible use of resources.

The following chart shows the Company’s resources consumption during Reporting Period:

2018	Electricity	Water	Paper	Mobile
Consumption	1,598,637 kWh	29,124 m ³	287.5 kg	6724.23 L
Carbon Intensity (in tonnes of CO ₂ -equivalent)	1,119.046	5.534	1.38	18.642

The Environment and Natural Resources

The Group advocates the principles of conservation, recycling and reuse. We are working on various sustainable development activities to ensure that the resources are used effectively and to safeguard the ecosystems of Hong Kong and the PRC.

The Group will continue to promote the green concept of low carbon operation. We encourage more usage of electronic communications, use of recycle paper for printing and copying, set up recycle bins or any other recycle activities, which aim to utilize resource effectively so as to reduce waste disposal.

The Group also set up various training and education sessions, which it expected to promote our environmental principles and raise the awareness of the employees regarding protection of the environment. In the meantime, we have initiated tree planting activities around our factory, which aimed to build an eco-friendly work environment in order to safeguard the ecosystems of local communities.

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* For identification purpose only