



中國海洋捕撈

CHINA OCEAN FISHING
HOLDINGS LIMITED

China Ocean Fishing Holdings Limited
中國海洋捕撈控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code : 8047)

2018-2019

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

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Scope and Reporting Period

This is the third Environmental, Social and Governance (ESG) Report of China Ocean Fishing Holdings Limited (the Company, and together with its subsidiaries referred as the Group), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 20 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group's overall performance in two subject areas, namely, Environmental and Social of the business operations (supply chain management and debt financing, which account for around 94% of the Group's revenue) in Hong Kong and Shenzhen offices from 1 April 2018 to 31 March 2019, unless otherwise stated. The ocean fishing business is excluded from the scope due to its relatively insignificant contribution to the Group's revenue.

Stakeholder Engagement and Materiality

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders have been involved in regular engagement sessions to discuss and to review areas of attention. Major shareholders are engaged during the annual meeting whose opinions will help the business meets its potential growth and be prepared for future challenges.

Stakeholders' Feedback

The Group welcomes stakeholders' feedback on our ESG approach and performance. Please give your suggestions or share your views with us via email at info@chinaoceanfishing.hk.

The Group's Commitment on ESG

The supply chain management and debt financing are the core business focuses of the Group during the reporting period. The Group offers middle-party service between suppliers and customers with extensive business networks and resources, assisting SMEs in various industries to minimise their overall operating costs. The Group's innovative industrial chain integrated platform is an enterprise combining intellectual capital, financial capital, resource capital and dynamic supply chain technology capital. Debt financing allows the Group and shareholders to obtain considerable profits and returns. In the face of aggressive competitors, the Group is proactively exploring business opportunities in undeveloped regions while managing to deploy resources in a more appropriate and effective manner.

Being a listed company, the Board of Directors is committed to achieving profit targets, to lead with actions by being socially responsible, making efficient use of resources, and helping to create a brighter future. In future, the Group will consider driving more ESG-related initiatives forward by integrating ESG strategies into daily operation.

The Group has maintained close attachment to the industry bodies and taken the role in relevant trade organization. As a member of Chinese Society for Oceanography, the Group is able to exchange ideas on marine science and technology, foster collaborations with other industry bodies and keep track of the marine environment.

A. Environmental

The supply chain business of the Group mainly involves the matching of suppliers and customers in aquatic product industry. As a non-manufacturing company, the Group and its daily operations generated minimal impact to the environment. Nevertheless, the Group integrated environmentally friendly practices in its daily operation, nourishing a responsible and green office environment.

The Group strictly abides by laws, rules and regulations enforced by Hong Kong and the PRC in relation to environmental protection and pollution control, including but not limited to the followings:

- Waste Disposal Ordinance, Chapter 354 of the Laws of Hong Kong;
- Water Pollution Control Ordinance, Chapter 358 of the Laws of Hong Kong; and
- Environmental Protection Law of the PRC.

During the reporting period, no material non-compliance with relevant laws and regulations relating to air and greenhouse gas emissions, discharge into water and land, and the generation of hazardous and non-hazardous waste was recorded.

A1. Emissions

A1.1 Air Emissions

During the reporting period, petrol and diesel were used as fuels for Group-owned passenger cars for business purposes. The combustions generated several air emissions including sulphur oxides (SO_x), nitrogen oxides (NO_x) and respiratory suspended particles (PM).

Mobile fuel source	Air emissions (non-GHG) from the vehicle		
	SO _x (kg)	NO _x (kg)	PM (kg)
Petrol and Diesel	0.26	1.72	0.21

A1.2 Greenhouse Gas (GHG) Emissions

Throughout the reporting period, the Group's business operation contributed to an emission of 186.84 tonnes of carbon dioxide equivalent (tCO₂eq) (mainly carbon dioxide, methane and nitrous oxide), with an emission intensity of 0.18 tCO₂eq/m² of total office area.

Emission Sources	GHG Emission (in tCO₂eq)	Total GHG Emission (in percentage)
Scope 1 Direct GHG emission		
Fuel combustion for mobile sources – Petrol	47.05	26%
Fuel combustion for mobile sources – Diesel	0.83	
Scope 2 Energy indirect GHG emission		
Purchased electricity	36.16	19%
Scope 3 Indirect GHG emission		
Paper waste disposed at landfills	0.15	55%
Freshwater and sewage processing	0.46	
Business air travel	102.19	
Total GHG	186.84	100%

Note: Emission factors were made reference to Appendix 20 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise.

A1.3 Hazardous Waste

The Group's business operation did not involve in generation of any significant hazardous waste, hence no information is presented in this report.

A1.4 Non-hazardous Waste

Non-hazardous wastes generated from the Group were mainly paper waste and general office waste. During the reporting period, a total of 2.10 tonnes of commercial non-hazardous waste had been generated. Since the amount of waste paper was minimal, waste paper was mostly kept at offices for recycling and other usage.

A1.5 Measures to Mitigate Emissions

The Group advocates the idea of green commuting and encourages employees to take low-carbon transport. Whenever select vehicles for business purpose, fuel efficiency and reliability are considered by means to minimize fuel consumption and the emissions of air pollutants.

A1.6 Wastes Handling and Reduction Initiatives

Non-hazardous wastes including office waste are disposed of at the building refuse collection point for further handling. Recycling bins with clear instructions are provided within the offices for centralized collection of waste paper. Employees are reminded to print paper on both sides and reuse recycled papers for draft works. Paper saving tips are also placed next to copier machines as reminders. With the Group's effort in promoting paper saving practices, a total of 0.10 tonnes of paper had been reused within the offices.

A2. Use of Resources

Although the Group have not established formal written policies on the efficient use of resources, it is committed to encouraging employees to observe resource conservation practices.

A2.1 Energy Consumption

The energy source consumed by the Group was mainly purchased electricity for the offices (61,829 kWh) and petrol and diesel for vehicles (17,770 Liter). A total energy consumption of 219,659 kWh was recorded as of 31 March 2019, with an intensity of 213.21 kWh/m² of total office area.

Energy Source	Consumption (in kWh)	Energy Intensity (in kWh/m ²)
Purchased Electricity	61,829	60.01
Petrol	154,680	150.14
Diesel	3,150	3.06
Total	219,659	213.21

A2.2 Water Consumption

Water supply and discharge in Hong Kong office were managed by the building management office, therefore respective data is not available. However, it is noteworthy that water consumption of its operation is insignificant.

The Group's water consumption in Shenzhen office was sourced from Shenzhen Water Authority. A total of 742 m³ of freshwater was consumed, with a water intensity of 0.72 m³/m² of total office area.

A2.3 Energy Use Efficiency Initiatives

The Group aims to maximise the use of daylight to reduce consumption from excessive lighting. Energy efficient electrical appliances with Grade 1 energy label under the Mandatory Energy Efficiency Labelling Scheme by the Electrical and Mechanical Services Department of Hong Kong, were prioritized during procurement. In Hong Kong office, central air-conditioning system is used and managed by the building management office. In Shenzhen office, the Group actively implements energy-saving initiatives including setting air conditioner temperature at 23 °C or above. Employees are reminded to switch off unnecessary electronic appliances and devices before leaving work.

A2.4 Water Use Efficiency Initiatives

Although the Group's business operation did not involve significant use of water, it treasures water resources and avoids water wastage by reusing water for plant watering.

A2.5 Packaging Materials

The Group's business operation did not involve use of packaging materials, hence no information is presented in the report.

A3. The Environment and Natural Resources

A3.1 Significant Impacts of Activities on the Environment

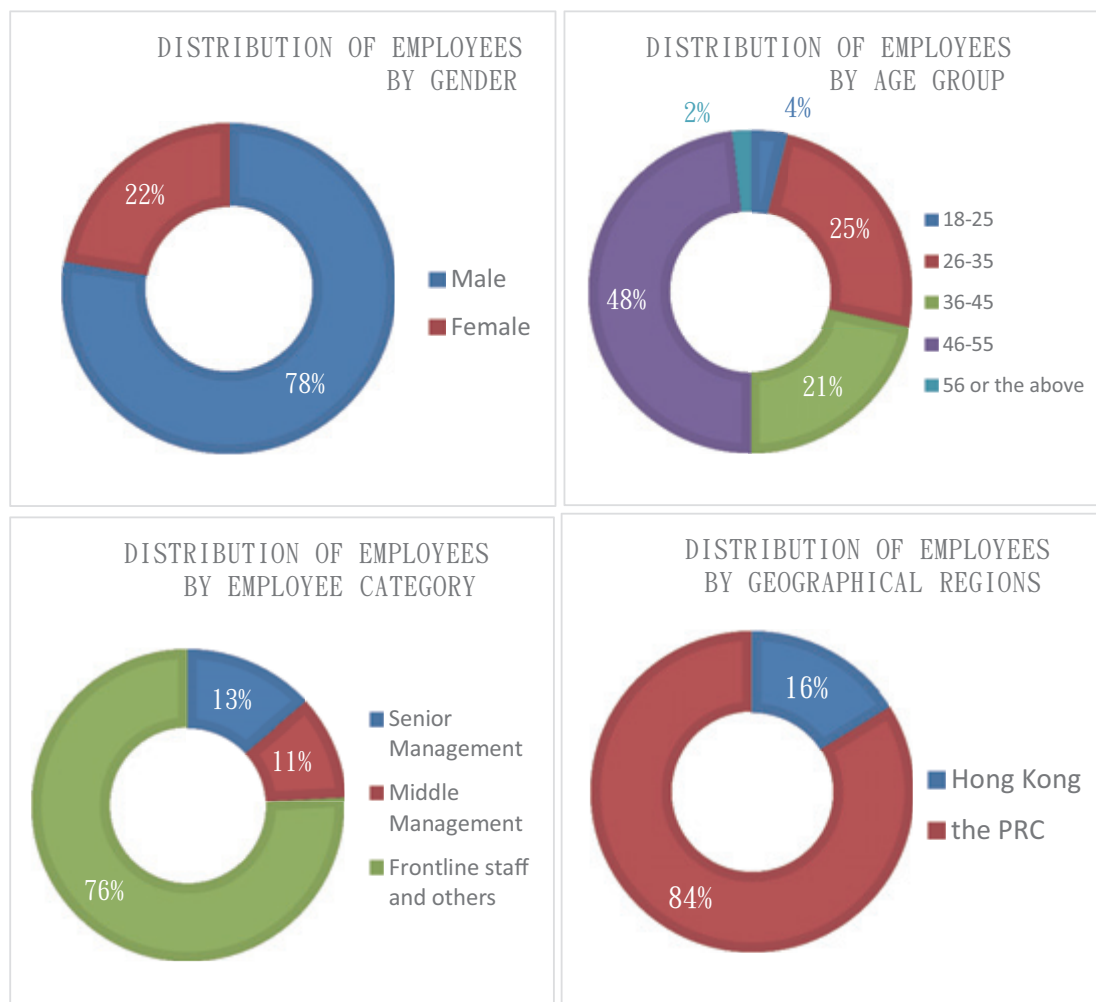
Overall the environmental impact of the business operation is not significant. Nevertheless, the Group pays great attention to the impacts caused by climate changes. Although the Group has no written policy on managing the environment and natural resources, with a supply chain business model, the Group strives to operate in a manner consistent with environmental protection. The Group will continue to act responsibly to attain business growth while making every effort to minimize the use of resources and related impacts posed to the natural environment, as well as complying with relevant laws and regulations.

B. Social

1. Employment and Labour Practices

B1. Employment

The Group had a total number of 112 employees as of 31 March 2019, in which all employees were full-time employees. The total workforce sorted by gender, age group, employee categories and geographical regions are shown below.



The Group stringently complies with national and local laws and regulations in relation to employment and labour practices, including but not limited to the followings:

- Employment Ordinance, Chapter 57 of the Laws of Hong Kong;
- Labour Law of the PRC;
- Labour Contract Law of the PRC; and
- Social insurance Law of the PRC.

The Group ensures that all employees are fully aware of terms and conditions of employment and shall comply with the Laws of Hong Kong and the PRC as far as they may be applicable in conjunction with the personal policies. No material non-compliance with relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare of the Group was recorded during the reporting period.

The Group's Staff Handbook details comprehensive information regarding hours of work, rest days, probation, termination, salary administration, various types of leave and applications, fringe benefits (medical scheme, MPF, compensation insurance, reimbursement on expenses incurred on behalf of the Group). Birthday parties are arranged for employees which develop a sense of belongingness in workplace.

Employee Performance Appraisal

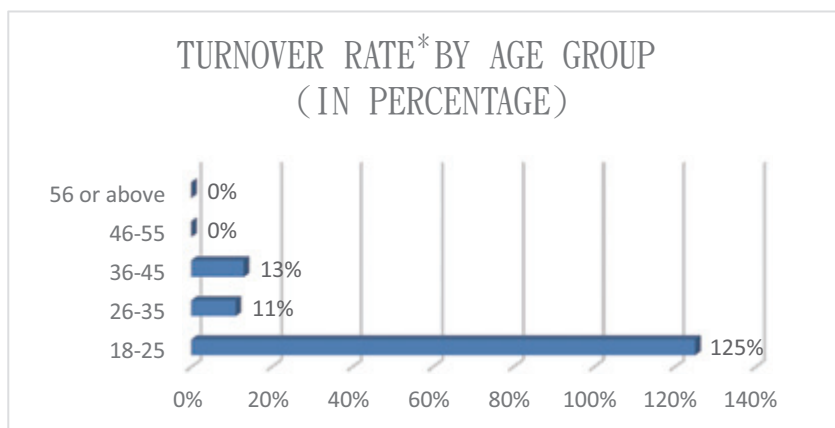
Annual performance appraisal is conducted with employees to evaluate their performance and identify areas of improvement which helps them in achieving with potentials and tackling areas. It is the Group's policy to offer internal promotion to employees, whenever possible, depending on availability of vacancy and their appraisal results.

Equal Opportunity

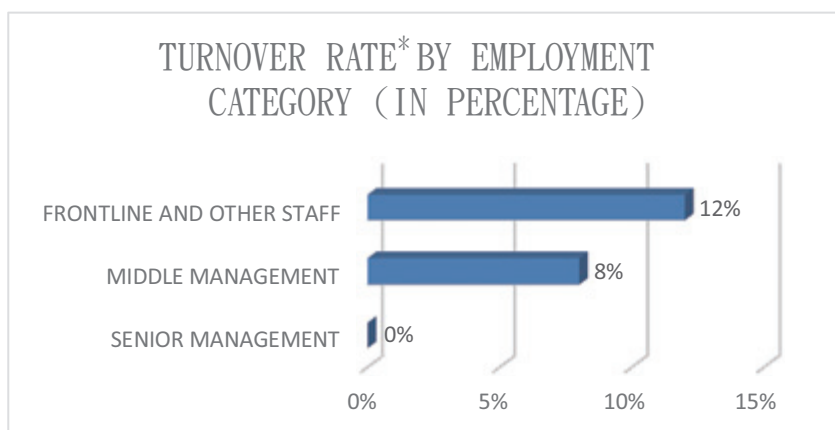
The Group ensures that employees are not discriminated on the basis of gender, age, marital status, ethnic background, religion, nationality and disability, and they shall have equal opportunity in terms of employment and recruitment decisions.

Turnover

A total of 11 employees has left the Group during the reporting period, with an overall turnover rate of 10%. The Group offers equitable and market-competitive remuneration packages to attract and retain talents.



$$*Turnover\ rate\ (\%) = \frac{Number\ of\ employees\ resigned\ during\ the\ reporting\ period}{Number\ of\ employees\ as\ at\ the\ end\ of\ the\ reporting\ period} \times 100\%$$



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B2. Employee Health and Safety

The Group dedicates to maintaining a safe, hygienic and productive workplace by minimising the potential risks of work-related accidents and injuries as well as promoting work-life balance. To tie in with the Group's Occupational Health and Safety Policy, the Group is committed to providing a safe working environment and to complying with relevant laws and regulations. Safety measures are reviewed and improved regularly and internal safety training is provided to all employees. In return, employees are required to take reasonable care for the health and safety of themselves and of others, and they shall report to department head if any unsafe conditions occur.

To promote health and wellbeing, the Group organizes recreational activities for employees in Shenzhen office on a half-yearly base. Air purifiers are installed to keep dust, dirt and impurities out of offices; air conditioning filters are cleaned quarterly and replaced whenever needed.

Fire safety is also ensured through regular fire drills and maintenance of electrical and fire equipment. Fire extinguishers and fire escape route are clearly placed at the workplace. Fire drills are performed from time to time arranged by the building management office to strengthen employees' fire safety knowledge.

No work injury cases or material non-compliance with relevant laws and regulations in relation to occupational health and safety of the Group was recorded during the reporting period.

Occupational Health and Safety Data in 2018/19

Work-related fatality	0
Work injury cases >3 days	0
Work injury cases ≤3 days	0
Lost days due to work injury	0

B3. Development and Training

The Group provides career training and development opportunities to employees in accordance with their growth potential and job interest. To equip employees with knowledge and skills as required from their job duties, to meet business growth and expectation and to adapt to the newest market trend, the Group provides training opportunities for every level of employees, internally and with external organizations.

In Shenzhen office, new employees will receive induction trainings on corporate culture, job requirements, assessments, as well as relevant training for employees entitled to special duties, ensuring they are equipped with necessary knowledge, competence and qualifications.

The Group actively promotes effective corporate governance by arranging the senior management and supervisors to attend various seminars conducted by regulators and other professional organizations, on topics such as best practice and advices on corporate governance, sensitive information related to stock price, risk management and latest listing regulations.

During the reporting period, all employees received trainings, the total training hours and the average training hours per employee were 150 hours and 1.34 hours per employee respectively.

Training and Development Data in 2018/19

Gender	Percentage of employees trained	Average training hours per employee
Male	100%	1.38
Female	100%	1.20

Employment category	Percentage of employees trained	Average training hours per employee
Senior management	100%	1.00
Middle management	100%	0.83
Frontline and other employees	100%	1.47

B4. Labour Standards

The Group has strict recruitment procedures to prevent child or forced labour. Human Resources of the Group is responsible for implementing and reviewing all matters related to recruitment, remuneration standard, training and development, and other benefits, making sure the Group complies with applicable national and local labour laws and regulations including the Employment Ordinance, Chapter 57 of the Laws of Hong Kong and the Labour Law of the PRC.

All employees are required to submit certificates and personal information before the commencement of employment. Background checks are performed to review the identities, qualifications and employment background of candidates in the recruitment process to prevent from recruiting child labour.

2. Operating Practices

B5. Supply Chain Management

As of 31 March 2019, the Group had engaged 8 suppliers, in which 6 were from the PRC and others were from Hong Kong and Mozambique. They sourced and supplied a range of seafood products to the seafood trading business unit of the Group.

Environmental and social performance have been integrated in key criteria when choosing quality and stable supply chain buyers. Standardized procedure has been established on fixed pricing and order flow, creating a sophisticated business relation between demand side and suppliers. Suppliers are selected through tendering process to achieve the best quotation and maintain the highest standard for products and services.

B6. Product Responsibility

The Group dedicates to delivering quality products that meet customers' satisfaction. It requires suppliers to recall defective products through contract agreements. No material non-compliance with relevant laws and regulations in relation to health and safety, advertising, labelling and privacy matters associated with the Group's products and services was recorded during the reporting period.

All employees shall declare advantages and gifts offered from suppliers or customers. The Group highly respects property right (including intellectual property) and privacy. Employees shall comply with laws and regulations applicable to locations where business operates on the collection, holding, processing, disclosure and the use of personal data.

The money lending subsidiary has obtained licenses as money lenders enforced by the Money Lenders Ordinance, Chapter 163 of the Laws of Hong Kong. Specified money lending policy and procedures have formulated and executed in its daily operation. Customer due diligence is performed to verify identities of customers and the associated risks.

B7. Anti-corruption

The Group has set out rules, ethics and discipline to fight against corruption. Employees may not solicit or accept, without the approval of the Company, for their personal benefit or advantage, in money or anything from customers, contractors, suppliers or any other persons having business relations with the Group as in inducement to or reward for doing or not doing an act in relation to the business of the Group. If the employee is found guilty of misconduct such as theft, fraud, dishonesty, serious neglect of duty, habitually late for duty or any conduct considered prejudicial to the Group, the employee will be summarily dismissed or will be warned of the offence committed either verbally or in writing prior to any disciplinary action.

The Group complies with all applicable laws and regulations of Hong Kong and the PRC on prohibiting bribery and corruption, including Prevention of Bribery Ordinance, Chapter 201 of the Laws of Hong Kong. There was no material non-compliance with relevant laws and regulations in relation to bribery, extortion, fraud and money laundering recorded, and no concluded legal cases regarding corrupt practices brought against the Group or employees during the reporting period. The Group will continuously assess and monitor the Group's management towards bribery and corruption to ensure that appropriate procedures and measures are in place.

B8. Community Investment

The Group has not participated in any community investment in the reporting period. The Group will consider potential focus areas and resources for community contribution in the next reporting period.