



Eco-Tek Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8169

2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Healthy Environment
Quality Living



Environmental, Social and Governance Report

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Environmental, Social and Governance Report

I ABOUT THIS REPORT

This Environmental, Social and Governance report (the “**ESG Report**”) summarized the efforts and achievements made by Eco-Tek Holdings Limited and its subsidiaries (collectively the “**Group**” or “**we**”) in corporate social responsibility and sustainable development. The ESG Report not only delivers the sustainability strategies, managements approaches and performance of the Group with the stakeholders but also strengthen the Group’s understanding towards its ongoing activities in sustainable development of the ecological environment and society.

The Group hopes to develop its business objectives and creates shareholder/investor value, while at the same time protects the ecological environment by fully utilizing resources and minimizing the emission of pollutants during operations. We, as a responsible and visionary corporate, have to balance the relationship between operations and environment by continuously optimizing operations management, business strategies and policies on environmental protection, training and development, and community investments and contribute towards the sustainable development of the globe, human being and our business.

Reporting Period and Scope

The ESG Report covers the Group’s main business in the environment-friendly products and water supply plant (together as the “**Main Business**”), and presents the Group’s strategic approach to sustainability and performance in the environmental and social aspects in the Main Business for the year ended 31 October 2020 (i.e. from 1 November 2019 to 31 October 2020) (the “**Year 19/20**” or “**Reporting Period**”) and the comparative figures for the year ended 31 October 2019 (i.e. from 1 November 2018 to 31 October 2019) (the “**Year 18/19**”). Summaries of the environmental performance data and social performance data are listed out at the section of “Environmental Performance Data Summary” and “Social Performance Data Summary” respectively.

The ESG Report has been prepared in accordance with the updated Environmental, Social and Governance Reporting Guide issued the Stock Exchange of Hong Kong Limited, as set out in the Appendix 20 of Rules Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited.

Stakeholders Engagement and Materiality Assessment

The Group believes in the need to prioritize environmental and social responsibilities and continues to seek ways to improve its environmental management system. In addition to achieving our business objectives, we recognize our responsibility to operate in a more responsible and sustainable manner by integrating ESG considerations into our day-to-day operations. We actively engage and maintain relationship with stakeholder through a range of communication channels such as Annual General Meetings, Annual, interim and Quarterly reports, company’s website, shareholders meeting, company activities, business meeting etc. to collect their views and feedbacks.

We have performed materially assessment to identify relevant ESG issues and evaluate their corresponding materiality. Our materiality assessment include (1) initial screening of related issues with reference to the ESG Guide and benchmarking suitable materials issues (2) collecting and reviewing the feedback from our stakeholders (3) validating and confirming the key material ESG issues, and how they link to the respective aspects and KPIs of the ESG Guide.

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II ENVIRONMENTAL PROTECTION

1. Management of emissions

The Group puts great effort in environmental management of our Main Business and we fully aware of the greenhouse gas and various wastes are generated during operation. Our emission of air pollutants, which include Nitrogen Oxides (“**NOx**”), Sulphur Oxides (“**SOx**”) and Respiratory Suspended Particles (“**Particles**”) are mainly generated by usage of motor vehicles for transportation and indirect emission from electricity consumption.

Management of greenhouse gas emission

The greenhouse gas emissions by the Group are mainly released from fossil fuel consumption and electricity consumption. We monitor the environmental performance of our operation in a regulated systematic manner and formulated a set of policies and procedures to monitor the emission of greenhouse gas and waste, and to ensure that all operations are in compliance with the national and local environmental standards. We also identify updates to the related environmental laws and regulations from time to time, and provide training to all the related staff to ensure their operation is in full compliance.

Management of sewage and solid waste

To counter sewage and sludge generated from our water supply plant’s operation, we have adopted several sewage and sludge reduction measures to monitor the wastewater and pollutants generated during our water supply plant’s operation and take appropriate measures, so as to comply with the environmental regulations and standards of the PRC. We have built our own waste and sludge sedimentation tanks to collect wastewater generated from during our water supply plant’s operation, in which the liquid supernatant from the sedimentation tank will be reused as raw water in the operation and sediment (sludge) will be air dried in the sludge drying bed then it would be disposed of in accordance with the instructions of the relevant environmental departments.

Our business operations only generate non-hazardous solid waste like sludge and recycle wastes. In order to lighten the load of landfills, we adopt a responsible waste management policy, including wastes avoidance, reducing waste from its sources and reuse, recycling and responsible disposal of waste. Our office posts memos and notices everywhere, encouraging the employees to reduce the production of waste and we have introduced waste separation measures from the start.

Compliance

During the Reporting Period, there were no confirmed non-compliance incidents in relation to environmental protection that have a significant impact on the Group.

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2. Management of Resources Utilization

For the purpose of effectively managing the use of resources, we promote green practices to boost the environmental awareness among employee. We have introduced energy efficient equipment at our offices to raise energy efficiency. The level of energy consumption is reviewed and assessed regularly, and the corresponding measures will be taken in the case of excessive consumption or wastage.

Conservation of Energy

The Group emphasizes on saving electricity. We strictly select energy-efficient equipment and electrical appliances for use in operation and office areas. Electrical equipment, including lightning, air conditioners and electric fans, etc. are turned on according to need during office hours, and staff are encouraged to have monitor electricity consumption. On office floors, LED lighting and natural light are deployed in large extent. The Group controls the use of energy and improves resource usage efficiency through daily management and monitoring of energy consumption.

During the Year 19/20, the Group's Main business consumed approximately 2,287,684 kilowatt hours (Year 18/19: 2,025,007 kilowatt hours) of electricity, approximately 9,448 liter (Year 18/19: 8,463 liter) of diesels, 33,833 liter (Year 18/19: 31,758 liter) of gasoline. With reference to the guidelines of the Greenhouse Gas Protocol and the regional emission factors, greenhouse gas emissions are calculated from the above-mentioned data. For total carbon dioxide emission during the Year 19/20, Scope 1 emission and Scope 2 emission were approximately 105 tonnes (Year 18/19: 97 tonnes) and 1,449 tonnes (Year 18/19: 1,285 tonnes) respectively.

Conservation of Water and Non-hazardous Wastes

We hope every staff can make the best use of water resources and reduce wastage. We have checked regularly the water facilities, pipes and taps to prevent wasting water, especially for our water supply plant business. We also enhance our staff's awareness in water conservation. Once damaged pipes or valves or water leakage is found, the staff shall inform relevant department to repair them in a timely manner. Effective water-saving production methods and instruments are adopted. During the Year 19/20, the Group's main business consumed approximately 271,700 tonnes (Year 18/19: 71,937 tonnes) of water and there was approximately 5,428 tonnes (Year 18/19: 1,522 tonnes) non-hazardous wastes. The increase of consumption of water and non-hazardous wastes in the Year 19/20 was mainly due to the construction and commissioning of the phase two water supply facilities.

Conservation of Packaging Material

We promote saving packaging material and avoid wastage. We encourage reuse packaging materials including paper and wooden boxes, especially for our environment-friendly products business. During the Year 19/20, the Group's Main Business consumed approximately 15,185 kg (Year 18/19: 11,600 kg) of packaging materials.

Compliance

During the Reporting Period, the Group did not identify any matters in respect of material breaches of relevant laws and regulations that have a material impact to the Group.

3. The Environment and Natural Resources

The Group believes that corporate development should not come at the expense of the environment. We care for and protect the nature and hope that every staff take part in it and build a beautiful world together. We continue to adopt various policies, measures, and actions in reducing carbon footprint, and to minimize the impact to the environment from daily lives and business activities to let our staff know the importance of our environmental impact. Growing business without depleting natural resources can only be sustained when all stakeholders including employee, suppliers and customers work hand in hand to alleviate climate change together.

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III EMPLOYMENT AND LABOR PRACTICES

Employee is an important asset of the Company, we care about their well-being, respect their personal traits, make sure that all employees are subject to legislative protection and have equal opportunity in their career path, also, we strive to increase their sense of belonging.

1. **Recruitments**

During staff recruitments, knowledge, ability, morality, physical fitness and job requirements are used as the selection standards, and they are not discriminated against because of their age, sex, sexual orientation, race, disability, marital status, pregnancy, religion and political factions, so as to maintain employment equality. We provide equal opportunities to employees in providing benefits, promotion, performance appraisal, training and career development.

2. **Labor Standards**

The Group strictly prohibits any unethical hiring practices, including child labor and forced labor in the workplace. Policies and procedures are established to comply with the relevant labor laws and regulation. During the recruitment process, we review the identity documents of the applicants and never hire any applicant below the legal working age.

3. **Remuneration and Welfare**

We have established a clear remuneration and welfare policy based on the principles of equal opportunity and anti-discrimination that complies with statutory requirements in the PRC and Hong Kong. The Group regularly examines staff salary levels to ensure it is up to standard. The Group collects up-to-date remuneration data within their industry and strives to establish a fair, reasonable and competitive remuneration scheme. Staff salaries are set according to their knowledge, skills, experiences and educational background against their corresponding work requirements. We protect their rights of rest days and holidays.

4. **Training and Development**

The Group adopts structured training and development approaches to ensure employees receiving continuous training and skills required at work. To align the staff career development with the long-term corporate business plan, we establish a comprehensive staff training programme aiming at building an excellent, professional, well-trained and responsible corporate team. This can raise our employee quality and ability, and can also enhance their team cohesion, thereby increasing the work efficiency. The Group conducts performance evaluation every year, and provided appropriate training to staffs based on the assessment result.

5. **Health and Safety**

The Group consistently implements the principle of safe production and occupational health. We have established various policies and procedures to strengthen our management to make sure a safe, joyful and healthful working environment for our employees and to comply with the relevant laws and regulations. We also provide frequent trainings to our staff for their awareness, knowledge and techniques of safety. Employees are provided with necessary protective supplies in accordance with the national requirements so that they can work under safe and hygienic conditions and to reduce the risk of accidents.

To ensure equipment and facilities are kept in good condition and to control risks and prevent safety incidents from happening, we inspect production equipment and facilities, and facilities on a regular basis, report abnormalities for immediate repair arrangement and keep proper regular inspection and repair and maintenance record. We give a lot of attention to safety in our plant and offices as well as established guidelines in this area.

Compliance

During the Reporting Period, the Group did not identify any matters in respect of material breaches of relevant laws and regulations that have a material impact to the Group.

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IV OPERATING PRACTICES

1. Supply Chain Management

The Group believes that sustainable supply chain can benefit all stakeholders. We are dedicated to developing and maintaining long-term relationships with our suppliers, looking forward to forming long-term partnerships with them. We will take a fair and open principle on procurement of materials and services. We will only cooperate with the suppliers that share common moral values and standards with us. We also encourage our suppliers to promote efficient use of resources and environmental protection and fulfill corporate social responsibilities. The Group advocates the principle of fair and open competition, and based on mutual trust. We review our suppliers, assess them based on price, quality, suitability and demands, only those being rated as qualified are our approved suppliers, we only purchase from the approved suppliers. We support and encourage our suppliers to improve their environmental products and services.

2. Product Responsibility

The Group is committed to ensuring its products safety in compliance with regulation in relation to the health and safety standards, and regulatory requirements. Under our water supply plant business, we maintain high water quality standard, through various quality inspection and test during operations as well as comprehensive periodic review by on-site inspection and sampling. Concerning our environment-friendly products business, majority of our suppliers implement effective quality management systems to enhance quality management through maintaining and continuously monitoring their products' quality.

Compliance

During the Reporting Period, the Group did not identify any matters in respect of material breaches of relevant laws and regulations that have a material impact to the Group.

3. Anticorruption policy

The Group is committed to maintaining the highest standard of corporate governance, morality and integrity in all aspect. We have established a sound internal controls system in order to prevent fraud and corruption from occurring, comply with the code of business conduct under the laws in Hong Kong and other regions and countries, such as the "Prevention of Bribery Ordinance" in Hong Kong and the relevant anti-corruption laws of the PRC, and prohibit any senior officers employees and suppliers of the Group from giving or offering to give benefits or anything of value to government officials parties or organizations.

Compliance

During the Reporting Period, the Group did not identify any matters in respect of material breaches of relevant laws and regulations that have a material impact to the Group.

4. Protection Data Privacy

The Group collects information from customers for different purposes and takes appropriate procedures to ensure that the information collected are solely for lawful and relevant purposes. It also strictly complies with the relevant laws and regulations in relation to the handling of sensitive information.

Compliance

During the Reporting Period, the Group did not identify any matters in respect of material breaches of relevant laws and regulations that have a material impact to the Group.

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V COMMUNITY INVESTMENT

We are a responsible taxpayer and offer job opportunities to ease the local employment pressure. We have maintained good operations, actively promoting environmental protection and to achieve good development order, and to some certain extent, we have contributed to social stability and building a harmonious community. We show active concerns for the society and community, and also encourage our stakeholders including the staffs to actively participate in different volunteer activities to care the underprivileged, with the aim of contributing to the society and community.

VI ENVIRONMENTAL PERFORMANCE DATA SUMMARY

The following table presents the Group's environmental performance data during the Reporting Period

| Aspect | Unit | Year 19/20 | Year 18/19 |
|--------------------------|-----------------------|--------------------|--------------------|
| A. Environment | | | |
| A1 Emission | | | |
| Greenhouse gas: | | | |
| Scope 1: | | | |
| Total | Tonnes | 105 | 97 |
| Intensity | Tonnes (per HKD'000*) | <0.01 [#] | <0.01 [#] |
| Scope 2: | | | |
| Total | Tonnes | 1,449 | 1,285 |
| Intensity | Tonnes (per HKD'000*) | 0.02 | 0.01 |
| Air emissions: | | | |
| Nitrogen oxides | Tonnes | 0.04 | 0.04 |
| Sulphur oxides | Tonnes | <0.01 [#] | <0.01 [#] |
| Particulates | Tonnes | <0.01 [#] | <0.01 [#] |
| Non-hazardous wastes: | | | |
| Total | Tonnes | 5,428 | 1,522 |
| Intensity | Tonnes (per HKD'000*) | 0.059 | 0.016 |
| Packaging materials used | | | |
| Total | kg | 15,185 | 11,600 |
| Intensity | kg (per HKD'000*) | 0.16 | 0.12 |

* calculated on the basis of the revenue of the Group for the year ended 31 October 2020 which amounted to HKD92,637,000 (2019: HKD96,477,000)

[#] figures are less than 0.01

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| Aspect | Unit | Year 19/20 | Year 18/19 |
|-----------------------------|-----------------------|------------|------------|
| A2. Use of Resources | | | |
| Electricity: | | | |
| Total | KWh | 2,287,684 | 2,025,007 |
| Intensity | KWh(per HKD'000*) | 24.69 | 20.99 |
| Gasoline | | | |
| Total | Liter | 33,833 | 31,758 |
| Intensity | Liter(per HKD'000*) | 0.37 | 0.33 |
| Diesel | | | |
| Total | Liter | 9,448 | 8,463 |
| Intensity | Liter (per HKD'000*) | 0.10 | 0.09 |
| Water | | | |
| Total | Tonnes | 271,700 | 71,937 |
| Intensity | Tonnes (per HKD'000*) | 2.93 | 0.75 |

* calculated on the basis of the revenue of the Group for the year ended 31 October 2020 which amounted to HKD92,638,000 (2019: HKD96,477,000)

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VII SOCIAL PERFORMANCE DATA SUMMARY

The following table presents the Group's social performance data during the reporting period:

| Employee Profile | Unit | Year 19/20 |
|--|-----------------|------------|
| Total workforce | No. of people | 70 |
| Total workforce by gender | | |
| Female | No. of people | 16 |
| Male | No. of people | 54 |
| Total workforce by age group | | |
| Under 30 | No. of people | 6 |
| 30–50 | No. of people | 46 |
| Above 50 | No. of people | 18 |
| Total workforce by employment type | | |
| Full-time | No. of people | 70 |
| Part-time | No. of people | 0 |
| Development and Training | Unit | Year 19/20 |
| Average training hours per employees by employee category | | |
| Senior management | Hours/employees | 18 |
| Middle management | Hours/employees | 19 |
| General Staff | Hours/employees | 27 |
| Employees trained by gender | | |
| Female | Hours/employees | 19 |
| Male | Hours/employees | 21 |

During the reporting period, there was no material number of employees resigned and therefore no relevant employee turnover indicator.

| Supply Chain management | Unit | Year 19/20 |
|---|------|------------|
| Number of key suppliers by geographic location | | |
| Asia | No. | 5 |
| Europe | No. | 3 |

The definition of “Key suppliers” refer to suppliers of products/services to the Group exceeded HKD500,000.

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VIII ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE INDEX

| Key Performance Indicators ("KPIs") | Reporting Guideline | Page |
|-------------------------------------|--|------|
| A Environmental | | |
| Aspect A1 | Emissions | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouses gas emissions discharges into water and land, and greenhouse hazardous and on hazardous waste. | 3-4 |
| KPI A1.1 | The types of emissions and respective emissions data | 4 |
| KPI A1.2 | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity | 7 |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity | N/A |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity | 7 |
| KPI A1.5 | Description of measures to mitigate emissions and results | 3-4 |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved | 3 |
| Aspect A2 | Use of Resources | |
| General Disclosure | Policies on the efficient use of resources, including energy water and other raw materials | 4 |
| KPI A2.1 | Direct and/or indirect energy consumption by type including energy , water and other raw materials and intensity | 8 |
| KPI A2.2 | Water consumption in total and intensity | 4 |
| KPI A2.3 | Description of energy use efficiency initiatives and results achieved | 4 |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved. | 4 |
| KPI A2.5 | Total packaging material used for finished products | 4 |
| Aspect A3 | The Environmental and Natural Resources | |
| General Disclosure | Policies on minimizing the issuer's significant impact on the environment and natural resources | 4 |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them | 4 |

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| Key Performance Indicators ("KPIs") | Reporting Guideline | Page |
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| B Social | | |
| Aspect B1 General Disclosure | Employment and Labor Practices Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare | 5 |
| Aspect B2 General Disclosure | Health and Safety Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards | 5 |
| Aspect B3 | Development and Training Policies on improving employee's knowledge and skills for discharging duties at work Description of training activities | 5 |
| Aspect B4 General Disclosure | Labor Standards Information on: (a) the policies, and (b) compliance with relevant laws and regulations that have a significant impact on the issuer a significant impact on the issuer relating to preventing child and forced labor | 5 |
| Aspect B5 General Disclosure | Supply Chain Management Policies on managing environmental and social risks of the supply chain | 6 |
| Aspect B6 | Product Responsibility Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress | 6 |
| Aspect B7 General Disclosure | Anti-corruption Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 6 |
| Aspect B8 General Disclosure | Community Investment Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities interests. | 6 |