



Asia Cassava Resources Holdings Limited
亞洲木薯資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 841)

Environmental, Social and Governance Report | 2017

Environmental, Social and Governance Report

About the Group

Asia Cassava Resources Holdings Limited (the “Company”) and its subsidiaries (collectively the “Group” or “we”) are principally engaged in the procurement of dried cassava chips in Southeast Asian countries and the sale of dried cassava chips in Mainland China and Thailand and hotel operation in Mainland China.

About this Report

The Environmental, Social and Governance (“ESG”) report describes various activities in support of the principle of sustainable development of the Group and its performance in governance for the year ended 31 March 2017.

All the information contained herein reflects the performance of the Group on environmental protection and social care from the year from April 2016 to March 2017.

Reporting standards

This report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). It summarizes our performance on ESG in a simplified manner. The information contained herein has been sourced from official documents and statistics of the Group, and was consolidated and compiled with the information on control, management and operations information as provided by the companies under the Group in accordance with the Group’s relevant policies.

This report is prepared in both Chinese and English and is available on the Group’s website at www.asiacassava.com and the Stock Exchange’s website at www.hkexnews.hk. In case of contradictions or inconsistencies between the Chinese and the English versions, the Chinese version shall prevail.

Feedback

Our continuous improvement relies on your valuable opinions on our performance and reporting method. If you are in doubt or have any recommendations concerning this report, you are welcome to send us your advice via email at sec@artwellgroup.com.hk for the continuous improvement of our performance.

Communication with Stakeholders

To the Group, stakeholders refer to the groups or individuals who have significant impact to or are impacted by the business of the Group. The stakeholders of the Group include the management, the employees, as well as the customers, suppliers, business partners, investors, regulators and various community groups. In the past year, the Group maintained communication with key stakeholders through different channels. Through communication with stakeholders, the Group is able to understand the views of the stakeholders to identify the important ESG issues.

Care for Employees Quality of workplace

Employees are our most precious asset. The Group adopts non-discriminatory employment practices and provides a safe and healthy workplace. This year, the Group is committed to cultivating excellent employees and rewarding them based on their respective performance and productivity. The Group has a dedicated team of employees to help the Group fully grasp the opportunities for growth. The Group will review staff’s remuneration packages every year to ensure that employees’ pay returns are fair and competitive. The Group purchases comprehensive medical insurance for employees and provides the Mandatory Provident Fund and related retirement plans.

Working conditions

A safe, efficient and comfortable working environment is very important for companies to achieve sustainable development. In addition to complying with international labor standards and the laws of the region where the business is located, the Group’s operating companies have their own internal guidelines and systems to ensure the health and safety of employees, and also provide employees with appropriate training to facilitate their duties.

We are committed to providing a work environment free from any form of discrimination on the basis of ethnicity, gender, religion, age, disability or sexual orientation. We provide equal opportunities for all personnel in respect of hiring, pay rates, training and development, promotion and other terms of employment. The concept of diversified personnel will help to strengthen the Group, bringing different talents and skills.

The Group seeks to attract and retain talented employees through providing a work environment that promotes values such as fair play, respect and integrity. Compensation packages are competitive, and the promotion and rewards of employees are based on merits and the contributions that they can bring to the Group.

In order to improve the physical and mental health of the staff, the Group has organized various activities to encourage employees to actively participate in the balance of work and life activities. It aims to provide a platform for the employees of the Group to show their artistic talents and to build up the morale.

As at 31 March 2017, the Group had approximately 250 employees. Staff costs during the year ended 31 March 2017, including directors' and chief executive's emoluments, amounted to approximately HK\$26,276,000.

Health and safety

The Group provides a healthy and safe workplace for all employees, in line with established internal guidelines and systems.

We adopt international best practices in occupational health and safety and also comply with the relevant standards in China. In addition, various activities and training courses were organised to elevate our employees' awareness about occupational health and safety.

Development and training

The Group focuses on personal and professional development of its employees and provides opportunities for development and promotion for employees who are dedicated to their work while expanding business. We emphasise on the career development of our employees, which translates into extensive trainings for them. Comprehensive and structured programmes are organised for new employees to familiarize them with our industry. In addition, ongoing training programmes are offered to existing employees from front line staff up to top management for the purpose of refreshing and developing their knowledge and skills. Professional training includes various lectures and seminars to explore leadership, corporate governance and the latest legal development issues to update and expand their knowledge and skills. The Group believes that investing in employees is of paramount importance to the company's future development.

In addition, we had organised annual performance accreditation to give compliments to outstanding employees, so that these outstanding employees can become the role models and thereby creates a value for excellence among the employees of the Group.

Labour standards

We fully understand that the exploitation of child and forced labour is universally condemned, and therefore take the responsibilities against child and forced labour very seriously. We strictly comply with all laws and regulations against forced and child labour. Internal policies are also in place to ensure that no person who is underage or under coercion is hired and, if any such case is identified during the recruitment process, it is reported to the relevant authorities.

Environmental Management

The Group is committed to minimising the impact of business activities on the environment, and supporting environmental protection programmes. In particular, a number of initiatives designed to conserve resources were introduced to promote employee awareness of the need to achieve efficient utilisation of resources.

We fully understand the importance of environmental protection and environmental friendly production. We take up social responsibilities, and cooperate with our stakeholders including suppliers and customers to make contributions to the conservation of the environment. We implement stringent controls on all operating processes. Accordingly, our operating processes comply with international standards on environmental management.

Emission and waste management

With the target of minimising greenhouse gas (CO₂) emission, all of our key equipment are driven by electricity instead of being fueled by diesel. Greenhouse gas (CO₂) is mainly generated from transportation activities and certain ancillary equipment. As one of our emission reduction initiatives, we have a policy of phasing out those ancillary equipment fueled by fossil energy and replace them with new equipment driven by electricity or natural gas. With a view to reducing the frequency of transportation, relevant employees are required to plan the delivery logistics of dried cassava chips in a more efficient manner. As a result, our emission was maintained at a low level.

We understand hotel operation involves significant material consumption and contributes waste. Thus, we strive to enhance our ability to minimise waste generation by changing our business practices and working with our guests.

With a view to minimising the use of materials that generate hazardous wastes, we maintain close dialogue with customers and suppliers with a view to always exploring the possibility of using alternate materials in the manufacturing processes. Procurements of materials that generate hazardous wastes are closely monitored and approved by higher level of management for the purpose of minimizing unnecessary purchases and reducing the generation of hazardous wastes.

Food from our catering service contributes major type of waste in our hotel operation. To reduce the amount of food waste, we have implemented several initiatives. Minimising food waste at its source, our hotels order ingredients from suppliers with reference to the number of guests and meal reservations to minimise over-purchasing.

Use of resources

Since electricity is the major energy source in our operating processes, energy use efficiency has become one of the most important selection criteria in the procurement of equipment.

Our hotel operation relies on the use of water, from catering and cleaning to consumption by guests. As a result, proper water management is essential for us to fulfil our environmental responsibility. Apart from monitoring, several measures have been implemented to reduce our water use. For instance, we wash our guests' linen every second day of their stay, unless requested otherwise. This reduces our overall water consumption for laundry and minimises environmental pollution.

We are compliant with the local laws and regulations governing the use of water and wastewater discharge standards.

Operating Practices **Supply chain management**

The Group has the greatest respect for the laws and regulations that govern the way we go about our business. The Group always adheres to international best practices and conducts fair and unbiased processes when dealing with suppliers.

We adhere to the principle of transparency and implement the values of honesty, integrity and fairness in our supply chain management. Our procurement procedures provide directions and guidelines on evaluation and engagement when dealing with suppliers of goods and services to ensure business is conducted with legally, financially and technically-sound entities. In addition, approval procedures are in place to ensure that supplier engagements are monitored and approved by the appropriate level of management. When selecting suppliers, the Group takes into account factors such as quality of services and products, past performance, financial standing and market share assessment. Procurement teams are trained to take into account each and every aspect of such policies when assessing suppliers and tendering procedures are carefully and thoroughly communicated to vendors.

Product responsibility

A high priority for the Group is to ensure customer satisfaction in terms of our products and services. Strenuous efforts are made to ensure compliance with the laws and regulations relating to product health and safety, advertising, labelling and privacy matters of the jurisdictions in which we operate. We require our people to comply with applicable governmental and regulatory laws, rules, codes and regulations. To ensure product quality and safety, the Group meet regularly. Policies about product quality and safety and compliance with laws and regulations are posted internally and are clearly communicated to our employees. Orientation training is conducted for new employees, while refreshment training is provided for all employees on a regular basis.

The Group adopts international best practices in the area of product quality management. During the year, the Group continued to implement improvement activities which require the participation of all employees from front line staff to senior management to identify, analyse and implement areas of improvement in our operating processes. We are committed to product quality and safety, and therefore we have received numerous accolades from many reputable customers for the quality and reliability of our products and services for years.

Anti-corruption

The Group has established a sound internal control structure and strict policy, and implement thoroughly to prevent corruption and fraud. The audit team and the management never tolerate corruption and fraud. The values of honesty, impartiality, transparency and accountability are reflected in the Group's policies and operating procedures. At the same time, the Group expresses its firm stance on anti-corruption and fraud to its employees.

In addition, any event or suspicion will be immediately reviewed by the relevant department, and will be reported to the management, if necessary, and investigated by the internal audit department. The Group also provides anonymous channels of inquiry, investigating suspicious or actual violations, and fully cooperating with any law enforcement agencies.

The Group remains fully alert against constant changes in corruption and fraud, and continues to seek and implement more effective preventive measures. The Group will understand the causes, processes and solutions of the irregularities by analyzing trends and events, and organize regular internal seminar for exchange of relevant knowledge, skills and experience.

In conclusion, the Group's firm stance on anti-corruption and fraud is an important part of the overall corporate governance and is prepared to use sufficient resources to protect the assets and interests of the shareholders. The Group and its employees strictly abide by the relevant legal and ethical standards. In this year, there is no material violations against the relevant standard, rules and regulations. In addition, in this year there was no litigation in relation to the corruption involved in the Group or its employees.

Community Involvement

The Group emphasizes building a harmonious and cohesive relationship with the community where it is located, and understanding the community needs through active participation in the activities of the community and taking practical action to ensure that the Group's business activities have taken into account the interests of the community. We are proud of the work we do for the community. As part of the community, the Group is committed to fulfilling corporate social responsibility and seeking well-being for the region.

Serving the community

The healthy lifestyle is important to the Group's employees and the development of the community. Over the years, we have been active in corporate social responsibility and have been involved in various social welfare activities, participating in activities or encouraging communities to actively improve the quality of their personal health.

In addition to participating in various community services, the Group also encourages fellow to contribute to the community through its influence in the industry. As a corporate member of The Thai Tapioca Association, the Group supports for contribution to the development of the industry.