



廣南(集團)有限公司

GUANGNAN (HOLDINGS) LIMITED

Stock Code: 1203



2018

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT



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I. ABOUT THIS REPORT

The board of directors (the “Board”) of Guangnan (Holdings) Limited (the “Company”) is pleased to present this Environmental, Social and Governance Report (the “ESG Report”) of the Company and its subsidiaries (collectively as the “Group”). This ESG Report summarizes the policies, sustainability strategies, management approach, initiatives and performance made by the Group in the environmental, social and governance (hereinafter called “ESG”) aspects of its business.

The ESG Report covers information of ESG of the manufacturing and sales of tinplates and related products, distribution and sales of fresh and live foodstuffs and foodstuffs trading business of the Group for the year ended 31 December 2018. The Report discloses the required information under the “comply and explain” provisions of the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“HKEX”). A detailed HKEX ESG Guide is presented at the end of the Report. The Report does not cover the leasing of properties business as it only accounts for less than 0.77% of the Group’s revenue.

The Board is responsible for the Group’s ESG strategy and reporting, evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management measures and internal control systems are in place. In order to determine the ESG reporting scopes, the key management personnel has discussed and decided the stakeholders and identified the environmental, social and operating items, and assessed their importance to the stakeholders and the Group. The summary of material ESG items are listed out in this report.

II. STAKEHOLDERS' ENGAGEMENT

The Group is committed to maintaining the sustainable development of its business and the environmental protection of the communities in which it operates. The Group maintains a close tie with its stakeholders, including government/regulatory organizations, shareholders/investors, employees, customers, suppliers, community, etc. and strives to balance their opinions and interests through constructive communications in order to determine the directions of its sustainable development. The Group assesses and determines its environmental, social and governance risks, and ensures that the relevant risk management and internal control systems are operating effectively. The following table shows the management response to the stakeholders' expectations and concerns:

Stakeholders	Expectation and concern	Management response
Government/ regulatory organizations	<ul style="list-style-type: none"> • Compliance with laws and regulations • Fulfill tax obligation 	<ul style="list-style-type: none"> • Uphold integrity and compliance in operations • Pay tax on time, and in return contributing to the society • Establish comprehensive and effective internal control system
Shareholders/ investors	<ul style="list-style-type: none"> • Return on investment • Information transparency • Corporate governance system 	<ul style="list-style-type: none"> • Management possesses relevant experience and professional knowledge in business sustainability • Ensure transparency and efficient communications published in websites of HKEX and the Company • Continuous improvement to internal control and focus on risk management

II. STAKEHOLDERS' ENGAGEMENT (CONTINUED)

Stakeholders	Expectation and concern	Management response
Employees	<ul style="list-style-type: none"> • Labour rights • Career development • Compensation and welfare • Health and workplace safety 	<ul style="list-style-type: none"> • Set up contractual obligations to protect labor rights • Encourage employees to participate in continuous education and professional training • Establish a fair, reasonable and competitive remuneration scheme • Improve occupational health and safety level
Customers	<ul style="list-style-type: none"> • High-quality products and services • Timely delivery • Reasonable price 	<ul style="list-style-type: none"> • Improve the quality of products and services continuously in order to maintain customer satisfaction • Establish an effective, efficient and green supply chain system • Formulate comprehensive quality assurance process and recall procedures • Ensure proper contractual obligations are in place
Suppliers	<ul style="list-style-type: none"> • Stable demand • Good relationship with the Company • Corporate reputation 	<ul style="list-style-type: none"> • Ensure proper contractual obligations are in place • Establish policy and procedures in supply chain management • Establish and maintain strong and long-term relationship with suppliers • Select suppliers with due care

II. STAKEHOLDERS' ENGAGEMENT (CONTINUED)

Stakeholders	Expectation and concern	Management response
Community	<ul style="list-style-type: none">• Environmental protection• Community contribution• Economic development	<ul style="list-style-type: none">• Pay attention to the problem of climate change• Encourage employees to actively participate in charitable activities and voluntary services• Maintain good and stable financial performance and business growth



III. MATERIALITY MATRIX

During the reporting period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development direction are in line with the stakeholders' expectations and requirements. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:

Materiality Matrix				
Importance to Stakeholders	High	<ul style="list-style-type: none">◆ Anti-discrimination measures◆ Protecting labour rights	<ul style="list-style-type: none">◆ Talent management◆ Staff training and promotion opportunity◆ Staff compensation and welfare	<ul style="list-style-type: none">➤ Customers' satisfaction➤ Product quality and safety➤ Suppliers management◆ Occupational health and workplace safety◇ Application of clean production and green products
	Medium	<ul style="list-style-type: none">➤ Community contribution	<ul style="list-style-type: none">➤ Anti-corruption measures◇ Greenhouse gas emissions◇ Use of resources	<ul style="list-style-type: none">➤ Operational compliance➤ Customers' privacy measures and protection◇ Exhaust air emission◇ Wastewater discharge
	Low	<ul style="list-style-type: none">◆ Preventive measures for child and forced labor	<ul style="list-style-type: none">◇ Water resources utilization◇ Generation of non-hazardous wastes	<ul style="list-style-type: none">◇ Use of raw materials◇ Generation of hazardous wastes
		Low	Medium	High
		Importance to the Group		
		◇ Environmental	◆ Employee	➤ Operation

IV. ENVIRONMENTAL PROTECTION

1. Management of Emissions

Tinplating Business

The Group's tinplating business mainly operates in Zhongshan and Qinhuangdao of Mainland China. The Group adhered to the principle of "going clean and environmentally friendly to win the trust from the community" and achieved the goal of "energy conservation, consumption reduction, pollution mitigation and efficiency enhancement". In compliance with the "Environmental Protection Law of the People's Republic of China" and the applicable environmental protection administration of the Provincial Environmental Protection Department, each production plant has set up their environmental protection management system. The tinplate plants hold wastewater permit issued by the Environmental Protection Department and regularly disclose environmental data to the Environmental Protection Department.

The Group has established the Environmental Protection Management Committee (the "Committee") and the general manager of each company assigns appropriate management personnel as committee members. The committee is mainly responsible for organizing, supervising and making decisions on environmental protection work. The Committee also pay attention to the updates in the national environmental protection laws and regulations and the change of development direction; and to set up or update the related internal policies and procedures; to strictly implement all applicable procedures and to assess the level of compliance. Besides, the Group has set up environmental monitoring station at each production plant to monitor the wastewater, waste air, solid wastes and noise of each production plant and discharge port. The purpose of which is to enable digitalized management; to collect data and set up environmental protection record for data analysis and staff training. The Group distributes the environmental protection work to all levels within the Group, and implements the emission reduction from source policy and promotes the working direction of "Protecting the environment is everyone's responsibility"; so as to actively control, reduce, prevent and eliminate the production of pollutants.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Tinplating Business (Continued)

In compliance with the “Administrative Measures for the Environmental Incidents Emergency Plan of the Enterprise” and the applicable laws and regulations, the Group has formulated the “Tinplating business – Environmental Incidents Emergency Plan” and “Company’s Potential Safety Hazards Investigation and Management Policy for Emergency Incident” for risk management purpose. Examples and measures (include alerts, handling procedures, investigation and remediation) are illustrated for the environmental incidents that may occur during different phases of the production process. The Group strictly implemented the applicable policies to ensure that the production process complies with the national and local environmental protection standards; and the emergency incidents are to be handled responsively and effectively, to reduce losses to the Group and its stakeholders, and to enhance the environmental management system as a whole.

Fresh and Live Foodstuffs Business

The fresh and live foodstuffs business does not involve any production and rearing activities and did not produce emissions that have significant impact on the environment. Having said that, the Group has followed the management requirements of Hong Kong Food and Environmental Hygiene Department and the slaughterhouse and closely monitor all emissions from handling fresh and live foodstuffs. All emissions produced from the business are handled by the slaughterhouses (collaborative companies) and the Government for recycling, discharge and landfilling. Illegal handling or disposal of the emissions is prohibited to safeguard public health.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Wastewater

The wastewater generated by the Group in its operations mainly includes domestic wastewater from the offices, electroplating and wastewater containing chromium, acid-base and oily wastewater from tinplate production; and wastewater from cleaning livestock in slaughterhouse and wastewater from cleaning grease trap at the fresh meat stalls for the fresh and live foodstuffs business. Domestic sewage from offices is discharged to local sewage treatment plant through the main pipelines in office buildings or plants. The wastewater from cleaning live pigs does not contain any heavy metals or hazardous substances, and hence all wastewater is discharged to the sewers of each cleaning field, collected, purified and recycled by the slaughterhouse in accordance with its management procedures. Grease traps are set up at most of the fresh meat stalls. Employees are required to use environmental-friendly detergent when cleaning the grease traps to reduce pollution. The wastewater management of the tinplating business is described in detail in the following paragraphs.

In compliance with the “Law of the People’s Republic of China on Water Pollution Prevention and Control”, the Group has strictly implemented the internal policies and procedures, and set up treatment facilities in accordance with various national emission standards such as “Electroplating Pollutant Emission Standards”, “Steel Industry Water Pollutant Emission Standards” and other applicable standards to manage wastewater discharge. All wastewater must be treated in different adjustment tanks inside the sewage treatment station, processes like dosing neutralization, hydrolysis and acidification, physical and chemical precipitation, filtration and sterilization, etc. are carried out before being discharged to local sewage treatment plants. The abnormal wastewater (such as concentrated oily wastewater, waste emulsion, waste thinner, etc.) that cannot be discharged to the local sewage treatment plants, must be partially treated through the sewage treatment station and/or the production department of the plant to reduce the negative impact to the environment, stored centrally and declared on the government emission information management platform before entrusted to and recycled by the qualified recycler.



IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Wastewater (Continued)

The Group has disclosed the sewage discharge data of each sewage outlet of the plants to the provincial and city's Ecological and Environmental Department, and has prepared relevant emergency plans for environmental pollution incidents that may occur in each sewage outlet such as "Emergency Plan for Passivation Liquid Leakage", "Emergency Plan for Chromium Liquid Leakage" and "Emergency Plan for Hydrochlorine Liquid Leakage", etc., to prevent major environmental pollution caused by leakage. Besides, the Group has strictly implemented the "Environmental Protection Suspension Operation Manual" for each production plant and water station in order to prevent environmental pollution incidents caused by excessive disposal of wastewater due to operational errors or unexpected events.

The Group pays attention to the operation of water station and various sewage treatment facilities, and has set up reward and penalty scheme. The Group rewards employees who properly plan and operate the water station facilities, and propose effective improvement plans. On the other hand, the Group penalizes and holds the negligent workers accountable so as to encourage all employees to act in due care to prevent the circumstances that may lead to environmental pollution.

The Group's tinsplate plant tests the chemical oxygen demand and pH value of the wastewater on a weekly basis and entrusts local testing companies with environmental protection accreditation to conduct testing on wastewater quarterly. The test includes pH value, chemical oxygen demand, ammonia nitrogen, total phosphorus, total nitrogen, total chromium, etc., and the test results have met the national emission standards and being disclosed in the Group's websites. Apart from online monitoring of the wastewater data, the local environmental protection department also inspects the sewage discharge of the plant annually on an irregular basis.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Wastewater (Continued)

In recent years, various environmental protection policies are tightened in the Mainland China and emissions are closely monitored within the country. As a result, the recyclers become more and more conservative and reduced receiving and disposal of solid and water wastes; and imposed pressure to the wastes disposal points and ultimately affected the tinplating business. In order to protect the Group, the society and the environment from the harm of unscrupulous traders, the Group continue to store the hazardous wastes and waste liquids inside the plants before permission to transfer the wastes to recycler is granted by the government department. Disposal of wastes through unqualified recyclers is prohibited in order to eliminate the adverse effect to the environment and the society through illegal dumping. As of 31 December 2018, due to changes in national environmental protection policies and saturation of waste disposal sites, the hazardous waste liquids stored in the plant of the tinplating business were approximately 182.84 tonnes.

The non-hazardous wastewater generated by the tinplating business must be treated at the water station in the plants to make sure that the national standard is met prior to discharge to the local sewage treatment plant. As such, no non-hazardous wastewater is stored in the plants. Besides, the Zhongshan's tinplate plant has replaced some of the wastewater treatment facilities, and the sludge treatment technology has been improved in Qinhuangdao tinplate plant during the reporting period. The enhancement made has effectively reduced the water content in the sludge but increased the volume of wastewater being treated at the water station. The discharge of non-hazardous wastewater has increased by approximately 47,981.20 tonnes or 11.89% when compared to last year.



IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Wastewater (Continued)

The Group's hazardous and non-hazardous wastewater emissions of the tinplating business during the reporting period are as follows:

	2018 (Tonnes)	2017 (Tonnes)
Hazardous wastewater:		
Total	434.69	432.49
Intensity ¹	1.36	1.63
<hr/>		
Non-Hazardous wastewater:		
Total	451,504.00	403,522.80
Intensity ¹	1,410.10	1,524.19

Notes:

- 1 Intensity of tinplating business is based on every thousand tonnes of production volume.
- 2 The fresh and live foodstuffs business did not produce any hazardous wastewater. Non-hazardous wastewater was mainly generated from cleaning livestock and the wastewater collection is the responsibility of slaughterhouse. Since slaughterhouse was sub-leased to other companies at the same time, it is not possible for the slaughterhouse to provide the wastewater data solely related to the Group, and thus no disclosure is made in this report.
- 3 Part of the previous year's comparative figures have been restated to conform with the current year's presentation.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Air and Greenhouse Gases Emission

The exhaust air and greenhouse gas generated by the Group's business are mainly come from daily use of vehicles and tinplate production. The Group encourages its employees to use public transport as much as possible and adopts good practice such as use of unleaded petrol vehicle to reduce emissions of waste air and greenhouse gas. For the waste air generated by the tinplating business, the Group strictly manages the emission of waste air and greenhouse gas through internal management systems, staff training, environmental protection facilities, and cooperation among various departments. The details are described in the following paragraphs.

The waste air and greenhouse gas emissions of the tinplating business are mainly acid-alkaline waste air, oil mist, dust, volatile organic compounds and fuel waste air. In compliance with the "Law of the People's Republic of China on Air Pollution Prevention and Control", the Group has formulated and strictly implemented internal environmental protection management systems following the national "Environmental Air Quality Standards", "Emission Standards for Air Pollutants in Rolling Steel Industry" and other applicable laws and regulations. The Group set up green production plant and environmental monitoring stations to oversee various types of waste air emissions and installed waste air treatment facilities at the outlets. The equipment maintenance department and the production teams are responsible for the maintenance and repair of all production equipment and environmental protection facilities to ensure that they operate simultaneously to ensure stable waste air emissions and able to meet the national emission standards.

All new hires are required to complete the "3-Level safety training" and obtain the relevant training certificate prior to putting into work. Employees have to follow the "Operation Manual for Waste Air Treatment Equipment" to operate the waste air facilities to prevent leakage or excessive emission due to operational errors. The Group set up collection hood in the production plant to collect waste air such as organic waste air, oil mist exhaust air, chromic acid mist, etc. and then treated with alkali liquid spray absorption, high-pressure net electricity purification or high-temperature combustion; and emitted at national standard discharge height at 15 to 20 meters. The production of tinplate requires the use of hydrogen and nitrogen. The gases will not be burned directly and thus no waste air or greenhouse gas is produced. Equipment is set up to recycle hydrogen in the annealing process to increase the resources utilization rate. The Group also recycles the acid and alkali liquid, and water used in the waste gas treatment process to reduce waste water generation and water consumption.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Air and Greenhouse Gases Emission (Continued)

The Group has actively implemented the emission reduction at source policy. On top of establishing management policies and setting up waste air treatment facilities, the Group also provides environmental protection training to its employees, so as to strengthen their knowledge in this area; and also let them realize that one's conduct is able to impact the environment and actively strike for carbon emissions reduction.

Management of Disposal of Solid Wastes

In compliance with the "Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes" and the applicable laws and regulations, the Group has established its internal policies and procedures, such as the "Management Measures for Hazardous Wastes" to manage and monitor the process of solid waste disposal. Wastes produced from the production of tinplate can be classified into hazardous wastes (such as oily sludge, sludge containing chromium, waste paint, waste oil slag; packaging materials, containers or labor supplies contaminated by hazardous substances, etc.), non-recyclable wastes (such as household garbage, dust, etc.) and recyclable wastes (such as waste paper, scrap raw materials, scrap iron, tin mud, scrap packaging materials, etc.). The Group strictly regulate the disposal of all types of hazardous and non-hazardous solid wastes; and must be categorized, stored centrally and pending for disposal following the requirement of the "Waste Classification List".

In compliance with the national "Management Measures for Hazardous Waste Transfer", the Group real-time discloses the movement of hazardous wastes to the related government department, establishes relevant information management records, and entrusts recyclers with "Operation License for Handling Hazardous Wastes" to prevent disposal through abnormal route. The Chinese government has tightened its policy on waste disposal and the qualified recyclers reduced the capacity of collecting and recycling wastes and led to the drop of hazardous wastes disposed from the tinplating business by approximately 21.68% from the previous year. During the reporting period, hazardous solid wastes produced from the tinplating business was approximately 1,189.33 tonnes, representing an increase of approximately 213.54 tonnes or 21.88% from the previous year. Such increase was mainly due to increase in production volume of approximately 20.94%.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Disposal of Solid Wastes (Continued)

The non-recyclable wastes of the Group were handled by the local environmental and sanitation department by landfilling or incineration. The Group sells recyclable wastes to the recyclers with professional recycling technology. Although the Chinese Government has tightened the waste disposal policy and led to the number of waste recyclers decreased, the Group strictly regulate and store the wastes until qualified recyclers are solicited to handle those wastes, and illegal handling or disposal is prohibited to prevent environmental pollution. As of 31 December 2018, due to changes in national environmental protection policies and saturation of waste disposal sites, the non-hazardous solid wastes stored in the tinplate production plants were approximately 1,449.20 tonnes. During the reporting period, the amount of non-hazardous solid wastes produced were approximately 14,881.75 tonnes, representing an increase of about 345.28 tonnes or 2.44% compared to last year. However, the rise in wastes generated is less than the increase in the goods production volume as the Qinhuangdao plant has introduced sludge low-temperature drying equipment. This device can reduce the water content in the sludge from 80% to 30%, and effectively reduced the generation of non-hazardous sludge and increased the recycling and reuse rate of water resources.

The solid wastes generated by the Group's fresh and live foodstuffs business are mainly the organic wastes from slaughter of livestock in slaughterhouse. Since the wastes do not contain any hazardous substances, the organic wastes and waste packaging materials are collected by the local government cleaning department and being sent to the landfill or sold to recyclers. Besides, if livestock is found dead, employees must immediately notify the Hong Kong Food and Environmental Hygiene Department for destroy and are required to take photograph and keep record of the incidents to prevent epidemic spread.



IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Disposal of Solid Wastes (Continued)

The Group's hazardous and non-hazardous solid wastes generation data from various businesses during the reporting period are as follows:

	2018 (Tonnes)	2017 (Tonnes)
Hazardous Solid Wastes ¹ :		
Tinplating Business:		
Total	1,189.33	975.79
Intensity ²	3.71	3.69
Total Group's emission	1,189.33	975.79
<hr/>		
Non-Hazardous Solid Wastes:		
Tinplating Business:		
Total	14,881.75	14,527.47
Intensity ²	46.48	54.87
Fresh and Live Foodstuffs Business:		
Total	738.27	744.42
Intensity ²	9.75	10.21
Total Group's emission	15,620.02	15,271.89

Notes:

- 1 The fresh and live foodstuffs business does not produce any solid waste that is harmful to the environment.
- 2 Intensity of tinplating, and fresh and live foodstuffs business are based on every thousand tonnes of production volume and every thousand tonnes of sales volume respectively.
- 3 Part of the previous year's comparative figures are restated to conform with the current year's presentation.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

1. Management of Emissions (Continued)

Management of Noise

The Group strictly abides by the “Law of the People’s Republic of China on the Prevention and Control of Environmental Noise Pollution” and the applicable laws and emission standards. The noise mainly comes from the sound when operating the tinplate production equipment and its auxiliary facilities. The tinplate production plants are in semi-closed style and installed with sound insulation doors and windows. The Group has taken various measures to eliminate or reduce noise according to the characteristics of noise from the production equipment. Employees are required to follow the guideline to operate all production equipment; unauthorized start up and shut down of the production equipment is prohibited; regularly repair and maintain the production equipment; and to choose environmentally friendly low-noise models when purchasing new equipment to reduce noise pollution during operation. Employees must wear earplugs when operating production equipment to protect them from occupational hazards. During the reporting period, the tinplate production plants have been managed noise in accordance with the “Environmental Noise Emission Standards for Industrial Enterprises”, and entrusted companies with environmental protection accreditation to perform test on the noise level within the plant area and the surrounding environment periodically, and the test results indicated that the national emission standards are met. The noise of the fresh and live foodstuffs business mainly comes from slaughtering livestock in the slaughterhouse. All employees working in the slaughterhouse are required to wear earplugs to protect them from occupational hazards.

Compliance

During the reporting period, the Group’s tinplating, and fresh and live foodstuffs business strictly complied with the environmental laws and regulations of the Chinese Government and the Government of the Hong Kong Special Administrative Region, and there was no violation or non-compliance incidence relating to emissions that have significant impact on the Group.



IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization

In compliance with the “Energy Conservation Law of the People’s Republic of China”, applicable laws and policies and to promote the resources conservation ideas and corporate culture, the Group has form an energy management team to establish and monitor the implementation of the policies and procedures, and to coordinate and manage the energy conservation works.

Conservation of Energy

The Group mainly used electricity to operate the electrical equipment in offices and plants. The Group set up electricity and energy conservation policies for each business region in accordance with the national laws and regulations on energy conservation. On top of getting the GB/T 23331-2012 idt ISO 50001:2011 RB/T 103-2013 Energy Management System certification, the Group assigned annual budget and invested in innovating tinplate production technology, to transform production equipment for better product quality and to enhance its environmental performance and to bring positive impact on energy conservation and emission reduction. The Group chooses more energy-efficient equipment or equipment with energy efficiency label (such as LED lights) when sourcing new equipment. The equipment maintenance department regularly repairs and maintains production and electrical equipment to reduce electricity wastage due to improper operation of equipment.

The Group actively promotes the energy conservation policy of “Energy Saving and Consumption Reduction” and implements a series of energy saving measures in office to educate employees about the relationship between energy use and global sustainability so that they can cultivate a good energy usage habit. The air conditioners in office are adjusted according to seasonal changes, temperature is kept at not lower than 26 °C. Lighting, air conditioners, computers and other electrical equipment not in use or after work must be switched off. Employees are encouraged to use natural light for daily work. Electrical appliances (such as air conditioners and shredders) are cleaned and maintained regularly to ensure that they operate properly and to maintain high energy efficiency.

During the reporting period, the production volume of the tinplating business has increased by approximately 20.94%. Due to the active support and participation of employees and various departments in energy conservation and follows strictly the energy consumption mitigation measures, and the production department has carefully planned the production schedule, the level of increase in the electricity and steam consumption during the year is less than the rise in production volume.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Energy (Continued)

The Group's indirect use of energy and Scope 2 greenhouse gas emissions for each business during the reporting period are as follows:

	2018		2017	
	Consumption	CO ₂ equivalent emissions (Tonnes)	Consumption	CO ₂ equivalent emissions (Tonnes)
Tinplating Business:				
Electricity	90,077.66 MWh	80,734.77	84,870.51 MWh	75,679.99
Steam	71,132.00 Tonnes	N/A ³	60,051.00 Tonnes	N/A ³
Total business's emission		80,734.77 ³		75,679.99 ³
Business emission intensity¹		252.15 ³		285.85 ³
Fresh and Live Foodstuffs Business:				
Electricity	101.82 MWh	76.71	99.41 MWh	75.15
Total business's emission		76.71		75.15
Business emission intensity²		1.01		1.03

Notes:

- Intensity of tinplating business is calculated based on every thousand tonnes of production volume. It does not include waste air and greenhouse gas from the use of steam (Please refer to Note 3 for details).
- Intensity of fresh and live foodstuffs business is calculated based on every thousand tonnes of sales volume.
- The steam used in the tinplating business is supplied by suppliers and the use of steam does not produce any waste air and greenhouse gas. Steam is produced from combustion of biomass fuel (such as wood, plants, or other environmentally friendly fuels) by suppliers' in boiler. Combustion of biomass fuel produces waste air (such as sulfur dioxide, nitrogen oxides, dust, etc.) and greenhouse gas. However, as there is no reliable emission factor data for calculating its waste air and greenhouse gas, the Group did not disclose the related waste air and greenhouse gas emission data in this report.
- Part of previous year's comparative figures are restated to conform with the current year's presentation.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Other Energy

Other energy used by the Group include gasoline, diesel, ethanol fuel and natural gas. Gasoline, diesel and ethanol fuel are mainly used in tinplate production, vehicle, forklifts and canteens operation. Natural gas is mainly used in tinplate production.

The Group is committed to maintain a “Low Carbon and Low Consumption” operating environment. The Group has set up guidelines and policies to monitor energy used other than electricity. The procurement department is responsible for the centralized purchasing of gasoline and diesel and the warehouse department is responsible for storage and requisition in order to prevent ineffective purchase or use. Drivers are required to plan the driving routes in advance and use the shortest driving distance. Driver fleet repairs and maintains vehicles regularly to raise energy efficiency. For the use of natural gas, the equipment maintenance department regularly inspects and repairs the pipelines to prevent unnecessary wastage, safety and environmental problems caused by gas leakage. The production technology department is responsible for steam supply management. The steam use department is responsible for inspecting and maintaining the steam pipelines and measuring meters, reasonably using the steam within budget and using the residue heat energy as the secondary energy source. The condensed water is recycled for cleaning purposes. Ethanol based fuels is used only in canteens. This is one of the clean energy sources that is actively promoted by the government as it produces less pollutants than diesel or natural gas.

The tinplating business introduced an environmentally friendly furnace treatment device for the iron printing production process. The organic hot waste air generated in the iron printing and drying processes is collected and combusted with natural gas through a circulating fan to fully utilize its heat energy. This device does not affect the drying process efficiency and product quality, and can also effectively reduce the use of natural gas and greenhouse gas emissions. Natural gas and ethanol fuel are environmentally friendly energy which only generate carbon dioxide and tiny amount of waste air (nitrogen oxides, sulfides and suspended particulates) during combustion. The source of the Group’s waste air is mainly come from gasoline and diesel consumed in production and use of vehicles for the tinplating business. During the reporting period, the gasoline and diesel used was 26.64 tonnes¹ (2017: 27.36 tonnes¹) and 74.52 tonnes (2017: 73.26 tonnes) respectively, representing a decrease of 2.63% and an increase of 1.71% when compared to previous year. The Group’s emissions of nitrogen oxides, sulfides and suspended particulates generated from direct energy use were 16.11 tonnes, 2.18 tonnes and 5.19 tonnes respectively, which were 9.80%, 8.78% and 8.46% lower than previous year.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Other Energy (Continued)

The Group's direct use of energy and the Scope 1 greenhouse gas emissions generated by each business during the reporting period are as follows:

	2018		2017	
	Consumption	CO ₂ equivalent emissions (Tonnes)	Consumption	CO ₂ equivalent emissions (Tonnes)
Tinplating Business:				
Gasoline ¹	41.53 Tonnes	82.70	56.04 Tonnes	93.60
Diesel	74.52 Tonnes	237.61	73.26 Tonnes	257.46
Ethanol fuel	6.66 Tonnes	12.40	5.49 Tonnes	10.22
Natural gas	4,523,113.00 m ³	8,283.90	4,558,859.00 m ³	8,349.37
Total business's emission		8,616.61		8,710.65
Business emission intensity²		26.91		32.90
Fresh and Live Foodstuffs Business:				
Gasoline	0.64 Tonnes	1.97	0.87 Tonnes	2.98
Total business's emission		1.97		2.98
Business emission intensity²		0.03		0.04
Total Group's emission		8,618.58		8,713.63

Notes:

- 1 The gasoline used in tinplating business for cleaning purpose is 14.89 tonnes (2017: 28.68 tonnes). As no combustion is involved for use of gasoline, no waste air and greenhouse gas is produced, and hence its consumption is not used in calculating greenhouse gases emission.
- 2 Intensity of tinplating and fresh and live foodstuffs business are calculated based on every thousand tonnes of production volume and every thousand tonnes of sales volume respectively.
- 3 Part of previous year's comparative figure are restated to conform with the current year's presentation.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Water

The water resource used by the Group is supplied by the local government and is mainly used in the production of tinplate, cleaning livestock and daily life. In addition to tap water, the tinplating business uses tower water, pure water and soft water, etc. in the electroplating production process. Use of water is critical in production and daily needs. During the reporting period, although the Group did not encounter any problems in sourcing water resources, the Group pays attention to effectively use of water resources and established different policies to regulate the water consumption in different business lines; actively adopted different measures; and to educate its employees on the importance of water conservation so that they can fully utilize water resources and reduce unnecessary wastage. As the production of tinplate and other steel products is water-intensive industry, the Group implements water conservation measures and sets up wastewater recycling facilities at different locations and drainage outlets. The water station employees monitor the water consumption at the factories, collect and analyze the data monthly by departments and production teams; and to review their performance in water use. The Group implements specific remediation plans according to the results so as to eliminate unnecessary water consumption. The scientific research department is responsible for transforming water equipment, optimizing the production process and rectifying wastewater recycling technology in order to improve the wastewater reuse rate. In addition, the equipment maintenance department regularly inspects and repairs water facilities, pipelines and water taps to prevent water leakage and unnecessary water consumption.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Water (Continued)

The water resources used in the electroplating production process are pure water and soft water converting from raw water after water-reproducing process. Water losses during such process are approximately 30.00%. During the reporting period, such water losses from the tinplating business were approximately 140,729.10 cubic meters, which were reduced by about 50.51% compared with previous year. Zhongshan plant has replaced its old ultrafiltration membranes of the water supply system which further increased water resources utilization rate and reduce losses during the water-reproducing process, and hence its water losses during the reporting period decreased by approximately 167,765.00 cubic meters or 67.87% compared with previous year. In addition, the Group's wastewater recycling systems are installed in each production plant according to their production capacities, product types and technology. These devices can reuse wastewater that has not been discharged (such as concentrated water generated from the water-reproducing process or wastewater containing chromium generated during the tinplate production process, etc.) after various treatment processes such as filtration, drug treatment and nanofiltration, and hence the water resources utilization rate can further be enhanced. Qinhuangdao plant is planning to set up similar reuse system with reference to the treatment technology in Zhongshan plant, and hoping to further reduce the Group's demand on water resources and the adverse impact on the environment. After the water consumption policies and the remediation plan being implemented, water consumed in the tinplating business was reduced by approximately 25,033.00 cubic meters or 2.74%.

The Group requires its employees to use water card (i.e. stored value cards) in the fresh and live foodstuffs business to manage water consumption and to ensure tap water is used reasonably. Employees have to take out the water card immediately after work in order to prevent tap water wastage. During the reporting period, the demand and supply for fresh and live foodstuffs has increased and led to a rise in the water used in livestock cleaning in slaughterhouse. Besides, in order to reduce the number of defect live pigs, employees increase the flushing time of live pigs for cooling down and it leads to a rise in the water consumption in slaughterhouse. Furthermore, in order to lower the outbreak risk of epidemic, water consumption has been increased as the employees enhance the disinfection and sterilization in the field since the third quarter of 2018. As a result, the water consumption of fresh and live foodstuffs business has increased by about 924.66 cubic meters or 10.83%.



IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Water (Continued)

The water consumption of each business of the Group during the reporting period is as follows:

	2018 (Cubic meters)	2017 (Cubic meters)
Tinplating Business:		
Total	887,436.00	912,469.00
Intensity ¹	2,771.56	3,446.58
Fresh and Live Foodstuffs Business:		
Total	9,460.67	8,536.01
Intensity ¹	124.95	117.05
Total Group's consumption	896,896.67	921,005.01

Notes:

- 1 Intensity of the tinplating and fresh and live foodstuffs business are calculated based on every thousand tonnes of production volume and every thousand tonnes of sales volume respectively.
- 2 Part of previous year's comparative figures are restated to conform with the current year's presentation.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

2. Management of Resources Utilization (Continued)

Conservation of Paper

The Group promotes the concept of paperless office and encourages its employees to distribute documents electronically so as to reduce paper used for photocopying, faxing or printing. In order to make good use of paper, the Group encourages its employees to use double-sided printing and set the printer to duplex printing as default setting, recycle used envelopes and packaging materials, use the booklet printing mode (i.e. four pages are printed on a piece of paper) or reduce the font size to fit more text on a page so as to reduce paper consumption. In addition, the Group selects green suppliers to supply environmentally friendly paper and lighter paper. The Group will continue to actively promote the aforesaid measures and provide employees with different environmental protection training in order to reduce the global resources consumption.

The paper consumption of each business of the Group during the reporting period is as follows:

	2018 (Tonnes)	2017 (Tonnes)
Tinplating Business:		
Total	3.63	3.54
Intensity ¹	0.01	0.01
Fresh and Live Foodstuffs Business:		
Total	2.90	2.25
Intensity ¹	0.04	0.03
Total Group's consumption	6.53	5.80

Notes:

- 1 Intensity of tinplating and fresh and live foodstuffs business are calculated based on every thousand tonnes of production volume and every thousand tonnes of sales volume respectively.
- 2 Part of previous year's comparative figures are restated to conform with the current year's presentation.

IV. ENVIRONMENTAL PROTECTION (CONTINUED)

3. The Environment and Natural Resources

In view of the increasingly stringent environmental protection policies and requirements in the Mainland China, especially for the change of the policies on corporate carbon emissions reporting requirement and various emission standards, the Group has been optimizing its internal management systems and to enhance the environmental protection equipment, and carried out various environment improvement projects. In compliance with the national standards, Zhongshan's tinplate production plant establishes and updates the "Operating Manual for Environment Credit Evaluation" which provides clearer control measures and evaluation criteria. The Zhongshan's tinplate production plant was awarded the "Environmental Integrity Enterprise" and "National Green Factory" by the government. Such awards are granted to corporates who strictly complied with the national environmental protection standards, scored full marks on assessments and actively fulfilled the environmental protection and social responsibilities. The honors bring positive affirmative to the Group's environmental data management and emissions control measures being implemented.

The Zhongshan tinplate plant was elected as the "2018 Emission Control Enterprise" by the provincial ecological and environmental department. The Group pays attention to environmental protection for gaining trust from the community; and focus on managing, collecting and recording environmental protection and emissions data and to disclose the impacts on the environment during operation. Therefore, the Group believes that its Zhongshan tinplate plant will continue to enhance their work on environment protection.

The Group will continue to strive to protect the natural environment and to optimize the abovementioned measures continuously (Please refer to title headed "Management of Emissions" and "Management of Resources Utilization" for details). The Group strictly comply with and implement applicable laws and regulations, to optimize the production methods and equipment continuously, to enhance the utilization rate of various resources, and to eliminate all potential hazards that adversely affect the environment, the Group and stakeholders. The Group helps its employees to build good habits of resources conservation through various policies and training activities, and try to influence all stakeholders to pay attention to environment protection so as to create an operational environment for better natural resources conservation, and bring positive impact on the sustainable development of the globe and climate change.

V. EMPLOYMENT AND LABOR PRACTICES

The Group believes employees are the most important partners and established a comprehensive talent management mechanism. This is critical for the Group's sustainable development, ability to recruit and retain talents. The Group sets up its human resources policies and strive to create a harmonious and comfortable working environment with pragmatic, conscientious, united and progressive attitudes. The Group established an equal and competitive mechanism to provide guideline in the employee promotion process, and to provide regular training activities to fully develop its employees' personal and professional potentials and to lay the foundation for their future career development. Besides, the Group promotes work-life balance to enrich the lives of employees and to enhance team cohesiveness by organizing leisure-time recreational activities. The Group also strives to create a safe workplace and to retain talents for sustainable development.

1. Talent Selection

The Group is a fair opportunity employer and respects personal privacy; and has established and implemented fair treatment policy. The appropriate candidates would be selected based on their morality, knowledge, abilities and job requirements, and regardless of their ethnic group, gender, age, nationality or religious affiliation. The policy applies to all phases of the employment relationship, including but not limited to, hiring, promotion, performance appraisal, training, personal development and termination.

V. EMPLOYMENT AND LABOR PRACTICES (CONTINUED)

2. Labor Standards

The Group cherishes human rights and protects labor rights. In accordance with applicable laws and regulations, we prohibit any unethical hiring practices, including child and forced labor by conducting background and reference checks in hiring process. Employees' consent for working overtime is required to avoid forced overtime work, and the employees are compensated as appropriate in accordance with the applicable laws and regulations. During the reporting period, the Group did not hire any applicant under the legal working age in order to comply with the labor laws and regulations in respect of child and forced labour.

V. EMPLOYMENT AND LABOR PRACTICES (CONTINUED)

3. Compensation and Welfare

The Group attracts and retains outstanding talents with competitive remuneration packages and regularly examines their salary levels to ensure it is up to standard. The Group benchmark the up-to-date remuneration data in the industry and strive to establish a fair, reasonable and competitive remuneration scheme. Employees' salaries level is determined based on knowledge and skills, experience and education background and job requirements. The basic employee benefits include fixed salary, variable salary, overtime allowances, working meals, paid holidays, etc. Other benefits include providing body medical check, medical insurance protection, gifts (such as mooncake, fruit, grain and oil, daily necessities, etc.). To comply with the local labour and social security laws and regulations, the Group provides social security benefits for all employees; and also protects their rights of rest days and holidays. The Group handles dismissal and compensation in accordance with the applicable laws and regulations.

The Group pays attention to its employees' health and to promote work-life balance by organizing various recreational activities like billiard, table tennis, basketball, tug of war, chess, mobile game competition. In addition, the Group also organized different kinds of activities for the purpose of enhancing team coordination, work efficiency and cohesiveness, like "International Women's Day" for female employees, "Quality, Innovation, Development" speech competition, competition on product quality and knowledge and team building activities, etc.



*Theme parks visit on "International Women's Day"
and product quality and knowledge competition*

V. EMPLOYMENT AND LABOR PRACTICES (CONTINUED)

4. Development and Training

In order to align the staff career development with the long-term corporate business plan, the Group formulated training management policies and procedures. Based on the departmental human resources needs, the human resources department established a comprehensive training program for staff in order to create an excellent, well-trained and responsible corporate team. This not only enhances the staff's knowledge and management skills, but also improves their ability to perform their duties, performance and efficiency, and raises their enthusiasm and building team spirit. New hires must participate in pre-employment training and pass the assessment. The training topics include corporate culture, business, work-related rules and regulations, organizational structure, welfare, environmental protection and work safety, etc. (please refer to the section headed "Health and Safety" below for details of work safety). During the reporting period, on top of providing the new hires with pre-employment training, the Group also organized training programs in different areas, include training topics like 6S management, procurement management, procurement negotiation skills and supply chain management, quality and environmental management system, Six Sigma Black Belts, customer CTQ (Critical to Quality), trade safety, supply chain safety and emergency, individual income tax, comprehensive risk management, operating procedures, etc. The Group also designed specific training (such as technical operation and job safety) for technical staff or site management staff in accordance with the local labor regulations to enhance their professional knowledge and skills. The technical staff have to pass the assessment and get the required license for work.



*Outreach training for the
Qinhuangdao tinplate plant*

V. EMPLOYMENT AND LABOR PRACTICES (CONTINUED)

5. Health and Safety

The Group always put health and safety of its employees as priority. In order to prevent occupational hazards and safety production incidents, and to comply with the relevant national laws and regulations on safety production, the Group has established a sound safety management system for providing safety work guidelines to its employees including policies and procedures such as “Fire Safety Management Regulations”, “General Procedures for Safety Production”, “Safety Inspection and Hazard Management Regulations”, “Safety Regulations for Lifting, Transporting and Storage of Heavy Objects”. Besides, the Group has established “Safety Production Responsibility System” and set up its safety management organizational structure. Supervisors and employees at all levels must clearly understand their own safety responsibilities and sign the safety responsibility statement and strictly perform in accordance with the requirements as stated on the statement.

Training is important in ensuring safe work environment and occupational health. The Group provides production safety training to all employees. New hires are required to attend and get pass in trainings include corporate policies and procedures and the 3-level safety training (that is, company level, department level and team level) before they are allowed to work. All staff must attend the environmental, occupational health and safety training on a regular basis to help them understand the corporate environmental approach and raise their awareness in environmental protection, occupational health and safety continuously. During the reporting period, the Group organized a number of safety training program; topics include hydrogen combustion and explosion emergency drill, FSSC 22000 food safety management system training and drills on fire and explosion relating to dangerous chemicals. Specialists like electricians, stoves workers, welders, etc., must possess valid license recognized by the Nation before they are allowed to work. Besides, the safety management team inspects the production plant daily and sampled check the staff safety training profiles to ensure workplace safety. Any latent safety threats must be reported to the management immediately for appropriate action.

In compliance with the “Law of the People’s Republic of China on Prevention and Control of Occupational Diseases”, the Group has set up an occupational health management system to protect its workers’ health, rights, and interests. Protective equipment (such as earplugs, uniforms, protective shoes, etc.) that meets the national standards, together with the guideline for use, are provided to its employees. We supervise and educate employees to wear and use the protective equipment according to the regulations. Stringent safety work and fire prevention guidelines are also established. The Group pays attention to employee health and occupational safety and required its employees to perform medical checkup every year; and passing the medical assessment is a pre-requisite for continuous employment.

V. EMPLOYMENT AND LABOR PRACTICES (CONTINUED)

5. Health and Safety (Continued)

The equipment maintenance department performs regular inspection, repair and maintenance of all environmental protection facilities, production equipment, water supply system and fire prevention facilities, etc. to ensure that they are kept in good condition and to reduce the risk of safety incidents from happening. In case of equipment and facilities malfunction is noticed, the responsible personnel should report and request for immediate repair arrangement to ensure work place safety. During the reporting period, the Zhongshan plant had finished the river embankment reconstruction project, and prevent water from flooding the plant at times of heavy rains, and avoid safety incidents and property loss as the Zhongshan plant was built along the river. In terms of environmental protection, such enhancement can also reduce the risk of pollution caused by sewage overflow from the sewage treatment tank for environmental protection purpose.



*Regular fire equipment training
and fire evacuation drills*

*Meeting relating to typhoon prevention &
emergency plan and completion
of Zhongshan plant riverside
embankment reconstruction project*

6. Compliance

During the reporting period, the Group did not involve in any non-compliance incidents relating to employment, health and safety and labour standards that have significant impact on the Group.

VI. OPERATING PRACTICES

1. Supply Chain Management

The Group is dedicated to maintaining long-term, stable and strategic cooperative relationships with leading suppliers, and is committed to a strategic procurement-led approach, achieving co-development with its suppliers on the basis of equality and win-win situation. The Group establishes a supply chain management system with strict procedures and provided channels to employees, suppliers, customers and other business parties to report any violations of laws or regulations. During the reporting period, the Group did not have significant issues relating to violations in this respect.

The Group's tinplating business has established stringent procedures in procurement management system to control the verification of suppliers and the products purchased, evaluating and controlling the and selection of new suppliers; annual assessment and renewal of existing suppliers; and preparing an "approved suppliers list" and database. The Group believes that strict control in raw material procurement is crucial to producing good quality products. There is proper segregation of duties from signing of contracts with suppliers to inspection and acceptance of raw materials; so as to ensure that the suppliers possess the required qualifications and professional skills/quality, adopt good internal management system, stable quality, on-time delivery, and compliance with laws and regulations etc. This is to ensure that the Group's suppliers are competitive and provide good quality products and services.

Besides, the Group has also established a procurement management system for the fresh and live foodstuffs business. Suppliers selection is strictly assessed and controlled. The Group uses qualified suppliers in Mainland China to ensure that the fresh and live foodstuffs are safe, up to standard and able to satisfy its customers' need.

2. Product Responsibility

The Group is dedicated to provide its customers of the tinplating business with good quality and safe products for satisfying the customer requirement. With technological advancement and improved living standards, customers are increasingly demanding for product quality. Therefore, the Group keeps on improving product quality and implements an effective quality control system, including investment in research and development of new technologies and products; strict control and monitor product quality; and established a sound customer service system in order to satisfy customer requirements. The Group was accredited ISO 9001:2015 Quality Management System Certification and FSSC 22000 Food Safety System Certification. If the customers find product quality problem or the products cannot meet their need, the issues can be solved via the after-sales services mechanism.

VI. OPERATING PRACTICES (CONTINUED)

2. Product Responsibility (Continued)

The Group also has strict tally and quality control over the fresh and live foodstuffs business so as to ensure the foodstuffs supplied to customers are of good quality, safe and complied with the hygiene standards. The Group's fresh meat processing staffs must follow the internal procedures and policies; and the Group has appointed qualified hygiene supervisors following the requirement of the Hong Kong Food and Environmental Hygiene Department; and the hygiene supervisors and designated managers are required to strictly carry out their job duties with due care. The Group's staff also coordinate with the on-site quality controllers from the business partner to monitor the entire process to ensure good quality fresh meat is supplied. When customers' complaints is received, the responsible personnel has to communicate internally to understand the cause and details of the incidents, and to provide a response to the customers within 24 hours, and take appropriate actions to prevent the same or similar situation from happening again. The Group keep record of the complaints received for management purpose.

Confidentiality is one of the Group's core values. Customers' information is always handled diligently and confidentially by our employees. For any confidential information obtained through business relationships, all employees are strictly prohibited to disclose any information to third parties without proper authority unless there is a legal or professional right or duty to do so.

During the reporting period, there is no violation or non-compliance incident relating to product responsibility that had significant impact on the Group.

3. Anti-corruption

The Group requires its directors, management and general staff to conduct business with high integrity and follow the requirements in business ethics and culture in order to avoid any bribery. We set up disciplinary monitoring system to cover the production and operations. The Group has established whistle-blowing channel to make sure that the informer can report incidences through mailbox or hotline such as suspected use of one's position for personal gains, briberies, blackmailing, fraud and money laundering confidentially. The Group is dedicated to anti-corruption and is willing to contribute to the building of an honest and upright society. Employees are required to attend training in business ethics before report duties. Employees who are in breach of the Group's code of conduct are disciplined or dismissed.

During the reporting period, there is no litigation of corruption involving the Group or its employees.

VII. COMMUNITY INVESTMENT

The Group advocates accountability in its corporate culture. Everyone is accountable to oneself, their family, their employer, and the society. As a responsible corporate citizen, the Group pays close attention to its corporate image and continue to contribute to the society. The Group donated monies to the “Charity Miles” campaign in Zhongshan City for a number of years; and encourages its staff to help people in need by making donation or participating in volunteer services, like arranging volunteer team to visit the elderly centers.

The Group is a responsible taxpayer and offers job opportunities to local people; and assisted its employees to prepare for their retirement. The Group has also maintained good operation practices, actively promoting environmental protection and to achieve good development order for contributing to social stability and building a harmonious community.



VIII. HONORS AND CERTIFICATIONS

The Group has obtained the following major awards and certifications in 2018:

Zhongshan Zhongyue Tinplate Industrial Company Limited

- ISO 14001:2015 Environmental Management System Certification
- GB/T 23331-2012 idt ISO 50001:2011 RB/T 103-2013 Energy Management System Certification
- ISO 9001:2015 Quality Management System Certification
- FSSC 22000 Food Safety System Certification
- OHSAS 18001:2007 Occupational Health and Safety Management System Certification
- Contract Honoring and Creditworthy Enterprise in Guangdong Province (“廣東省守合同重信用企業”)
- The Most Socially Responsible Enterprise in Guangdong Province 2018 (“2018廣東省最具社會責任感企業”)
- Environmental Integrity Enterprise (“環保誠信企業”)
- National Green Factory (“國家綠色工廠”)

Zhongyue Posco (Qinhuangdao) Tinplate Industrial Co., Ltd

- ISO 14001:2015 Environmental Management System Certification
- ISO 9001:2015 Quality Management System Certification
- ISO 22000:2005 Food Safety System Certification
- GB/T 23331-2012/ISO 50001:2011 Energy Management System Certification
- OHSAS 18001:2007 Occupational Health and Safety Management System Certification
- Red Flag Non-Party Organization (“紅旗非公黨組織”)
- Grade A Harmonious Labor Relations Enterprise (“A級勞動關係和諧企業”)
- Skillful Craftsman (“能工巧匠”)
- Worker Pioneer (“工人先鋒號”)
- Advanced Family for Workers (“先進職工之家”)
- Ankang Cup Competition Winning Team in Hubei Province (“河北省安康杯競賽優勝班組”)

IX. VISION OUTLOOK

As a good corporate citizen, the Group strives to strike a balance between achieving the corporate missions and business objectives, and fulfilling social responsibility. The Group will continue to pay close attention to environmental protection, employee care, product quality and community contribution so as to create niche for sustainable development.

In terms of environmental protection, the Group will endeavor to comply with the stringent laws and regulations of environmental protection, allocate resources and undertake various environmental improvement projects, including improving exhaust air, wastewater and waste treatment facilities. In terms of employee care, the Group will also put employee satisfaction and production safety as its top priority. The Group aims at attracting more skilled and managed talents through ensuring occupational safety and a competitive remuneration scheme. As for product and service quality, the Group will continue to provide customers with high quality products and to conform with the environmental protection requirements in order to improve customer satisfaction. In terms of community contribution, the Group is committed to fulfilling its social responsibility by participating in charitable activities and promoting the community's sustainable development.

The Group aspires to become a respectable enterprise. Going forward, the Group serves to enhance its business performance through the implementation of sustainable development strategies and generate more meaningful long-term value for its stakeholders.



X. ENVIRONMENTAL PERFORMANCE DATA SUMMARY

		Unit	Tinplating Business		Fresh and Live Foodstuffs Business		Total	
			2018	2017	2018	2017	2018	2017
Greenhouse gas ("GHG") emission:								
Scope 1 ¹ :								
Total	Tonnes	8,616.61	8,710.65	1.97	2.98	8,618.58	8,713.63	
Intensity	Note 3	26.91	32.90	0.03	0.04	N/A	N/A	
Scope 2 ² :								
Total	Tonnes	80,734.77	75,679.99	76.71	75.15	80,811.48	75,755.14	
Intensity	Note 3	252.15	285.85	1.01	1.03	N/A	N/A	
Air emissions:								
Nitrogen oxides	Tonnes	15.94	17.61	0.17	0.25	16.11	17.86	
Sulfur oxides	Tonnes	2.17	2.37	0.01	0.02	2.18	2.39	
Particles	Tonnes	5.17	5.64	0.02	0.03	5.19	5.67	
Hazardous wastes:								
Solid wastes generated:								
Total	Tonnes	1,189.33	975.79	–	–	1,189.33	975.79	
Intensity	Note 3	3.71	3.69	–	–	3.71	3.69	
Wastewater discharged:								
Total	Tonnes	434.69	432.49	–	–	434.69	432.49	
Intensity	Note 3	1.36	1.63	–	–	1.36	1.63	
Non-hazardous wastes:								
Solid wastes generated:								
Total	Tonnes	14,881.75	14,527.47	738.27	744.42	15,620.02	15,271.89	
Intensity	Note 3	46.48	54.87	9.75	10.21	N/A	N/A	
Wastewater discharged:								
Total	Tonnes	451,504.00	403,522.80	N/A ⁴	N/A ⁴	451,504.00	403,522.80	
Intensity	Note 3	1,410.10	1,524.19	N/A ⁴	N/A ⁴	N/A	N/A	
Packaging materials used for finished goods:								
Total	Tonnes	4,213.92	3,501.12	78.69	59.86	4,292.61	3,560.98	
Intensity	Note 3	13.16	13.22	1.04	0.82	N/A	N/A	

X. ENVIRONMENTAL PERFORMANCE DATA SUMMARY (CONTINUED)

	Unit	Tinplating Business		Fresh and Live Foodstuffs Business		Total	
		2018	2017	2018	2017	2018	2017
Energy and water consumption:							
Electricity:							
Total	Megawatt hours	90,077.66	84,870.51	101.82	99.41	90,179.48	84,969.92
Intensity	Note 3	281.32	320.57	1.34	1.36	N/A	N/A
Diesel:							
Total	Tonnes	74.52	73.26	–	–	74.52	73.26
Intensity	Note 3	0.23	0.28	–	–	0.23	0.28
Gasoline:							
Total	Tonnes	41.53	56.04	0.64	0.87	42.17	56.91
Intensity	Note 3	0.13	0.21	0.01	0.01	N/A	N/A
Water:							
Total	Cubic meters	887,436.00	912,469.00	9,460.67	8,536.01	896,896.67	921,005.01
Intensity	Note 3	2,771.56	3,446.58	124.95	117.05	N/A	N/A
Natural gas:							
Total	Cubic meters	4,523,113.00	4,558,859.00	–	–	4,523,113.00	4,558,859.00
Intensity	Note 3	14,126.19	17,219.75	–	–	14,126.19	17,219.75
Steam:							
Total	Tonnes	71,132.00	60,051.00	–	–	71,132.00	60,051.00
Intensity	Note 3	222.15	226.82	–	–	222.15	226.82
Ethanol fuel:							
Total	Tonnes	6.66	5.49	–	–	6.66	5.49
Intensity	Note 3	0.02	0.02	–	–	0.02	0.02

Notes:

- Scope 1 refers to the Group's business direct GHG emission, including combustion of gasoline, diesel, ethanol fuel and natural gas.
- Scope 2 refers to the Group's business indirect GHG emissions, including consumption of purchased electricity.
- Intensity of tinplating and fresh and live foodstuffs business are calculated based on every thousand tonnes of production volume and every thousand tonnes of sales volume respectively.
- Non-hazardous wastewater data of live foodstuff business is not disclosed here. Please refer to "Management of wastewater" for details.
- Part of previous year's comparative figures are restated to conform with the current year's presentation.

XI. “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED

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 greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7 – 17
KPI A1.1	The types of emissions and respective emissions data.	38
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	19, 21, 38
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12, 16, 38
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	12, 16, 38
KPI A1.5	Description of measures to mitigate emissions and results achieved.	7 – 17
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	7 – 17

XI. “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED (CONTINUED)

Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	18 – 25
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (MWh) and intensity (e.g. per unit of production volume, per facility)	19, 21, 39
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	22 – 24, 39
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	18 – 21
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	22 – 24
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	38
Aspect A3	The Environment and Natural Resources	
General Disclosure	Policies on minimizing the issuer’s significant impact on the environment and natural resources	26
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	26

XI. "ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE" BY THE STOCK EXCHANGE OF HONG KONG LIMITED (CONTINUED)

Key Performance Indicators ("KPIs")	Reporting Guideline	Page
B. Social¹		
Aspect B1	Employment and Labor Practices	
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 compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	27 – 29
Aspect B2	Health and Safety	
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 providing a safe working environment and protecting employees from occupational hazards.	31 – 32
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	30
Aspect B4	Labor Standards	
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 preventing child and forced labor.	28
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	33

XI. “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED (CONTINUED)

Key Performance Indicators (“KPIs”)	Reporting Guideline	Page
Aspect B6	Product Responsibility	
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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	33 – 34
Aspect B7	Anti-corruption	
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 bribery, extortion, fraud and money laundering.	34
Aspect B8	Community Investment	
General Disclosure	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.	35

Note:

- 1 Pursuant to Appendix 27 of the “Main Board Listing Rules”, the KPIs under “Area B. Social” are recommended disclosures only. Therefore, the Group choose not to disclose those KPIs in this report.



廣南(集團)有限公司

GUANGNAN (HOLDINGS) LIMITED