



金山能源集團有限公司
KING STONE ENERGY GROUP LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00663)

2019

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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ABOUT THIS REPORT

King Stone Energy Group Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present this Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management on significant issues affecting the operation, and the performance of the Group in terms of environmental and social aspects. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

Preparation Basis and Scope

This Report is prepared in accordance with Appendix 27 to the Rules (the “Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) – “Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its major operating activities of the Group, namely (i) mining and sale of silver in the People’s Republic of China (“PRC”); (ii) oil and gas exploration, production and sale in the United States of America (“USA”); (iii) the provision of finance leasing and factoring services in the PRC; (iv) trading of liquefied natural gas (“LNG”) in the PRC; and (v) the provision of tourism agency services in the PRC. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data, implement and monitor measures. This Report is published in both Chinese and English on the website of the Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

Reporting Period

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2019 to 31 December 2019.

Contact Information

The Group welcomes any feedback on this Report for our sustainability initiatives. Please contact us by email at enquiry@663hk.com.

INTRODUCTION

The Group is principally engaged in oil and gas exploration, production and sale in the USA, mining and sale of silver, provision of financing leasing factoring services, trading of LNG and provision of tourism agency services in the PRC. In response to the continuous below-par price and demand of our products, the Group strategically deferred and reduced the mining and exploration activities in the PRC and USA.

Looking forward, the Group will continue to lead the management team under such circumstances, review the business strategy in a timely manner, and achieve satisfactory returns to the shareholders. In the meantime, the Group also recognises the importance of operating in a responsible manner for the environment and community. We strive to achieve sustainable development for affordable capital and long-term competitiveness by integrating environmental and social factors into management considerations. Sustainability strategy is based on the compliance with the legal requirements in the area where we operate and the opinions from stakeholders. The Group has established and implemented various policies to manage and monitor the risks related to environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

STAKEHOLDERS ENGAGEMENT

The Group understands the success of the Group's business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group's activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group's roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders' insights, inquiries and continuous interest in the Group's business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group's key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Issues of concern	Engagement channels
Government and Market Regulators	<ul style="list-style-type: none"> - Compliance - Proper tax payment - Promote regional economic development and employment 	<ul style="list-style-type: none"> - On-site inspections and checks - Research and discussion through work conferences, work reports preparation and submission for approval

Stakeholders	Issues of concern	Engagement channels
Shareholders and Investors	<ul style="list-style-type: none"> - Return on investment - Information disclosure and transparency - Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> - Annual general meeting and other shareholder meetings - Annual report, announcements and website - Meeting with investors and analysts
Employees	<ul style="list-style-type: none"> - Safeguard the rights and interests of employees - Career development opportunities - Health and safety 	<ul style="list-style-type: none"> - Conferences - Trainings, seminars, briefing sessions - Cultural and sport activities - Intranet and emails
Customers	<ul style="list-style-type: none"> - Safe and high-quality products - Stable relationship - Information transparency - Business ethics 	<ul style="list-style-type: none"> - Website, brochures, annual reports - Email and customer service hotline - Feedback forms - Visits and meetings
Suppliers/Partners	<ul style="list-style-type: none"> - Long-term partnership - Honest cooperation - Fairness and openness - Risk reduction 	<ul style="list-style-type: none"> - Business meetings, supplier conferences, phone calls, interviews - Regular meeting - Review and assessment - Tendering process
Peer/Industry associations	<ul style="list-style-type: none"> - Experience sharing and cooperation - Fair competition 	<ul style="list-style-type: none"> - Industry conference - Site visit
Public and Communities	<ul style="list-style-type: none"> - Community involvement - Social responsibilities 	<ul style="list-style-type: none"> - Volunteering - Charity and social investment

Through communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 27 of the Listing Rules) and the GRI Guidelines.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of peers in the industry on local and international levels.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of the ESG Reporting Guide (Appendix 27 of the Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on the key ESG areas identified above to ensure all the key aspects to be covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group's management ensured all the key and material ESG areas, which were important to the business development, were reported in compliance with the ESG Reporting Guide.

As a result of this process carried out in 2019, those important ESG areas to the Group were discussed in this Report.

ENVIRONMENTAL ASPECTS

EMISSIONS

Operations of mining, oil and gas projects can affect the physical environment, including the land, air, water and other important resources. The Group recognises the importance of environmental protection and is committed to operating its business responsibly and in compliance with all environmental regulations.

The Group's objectives on environmental protection are to reduce the emissions of air pollutants, greenhouse gas, wastes and wastewater. In pursuit of these objectives, the Group has established "Environmental Facilities Operation and Management System", "Environmental Policy" and implemented corresponding mitigation measures. The Group monitors the environmental performance of its operations regularly to ensure the emissions levels meet the relevant national standards. All operations have emissions control plans in accordance with local laws, regulations and permit requirements. We believe in supporting voluntary initiatives pro-actively to innovate and advance emissions control rather than waiting for regulatory requirements to drive our actions. Our contractors are also required to follow the Group's environmental practices in performing their work.

During the reporting period, the Group was in strict compliance with the local relevant environmental laws and regulations, including the Environmental Protection Law of the PRC and the Texas Administrative Code Title 16 in the USA. No material non-compliance regarding environmental issues was noted.

Air Pollutants Emission

Fuel combustion activities in mining, oil and gas projects result in air pollutants emission, including nitrogen oxides and sulphur dioxide. To reduce and limit the emission of pollutants to the air, the Group selects and uses equipment which is in compliance with the national emission standards and switches off equipment when it does not run for a long time so as to reduce exhaust gas emission. We also suppress dust emission from roads, crushers and conveyor belt systems through the application of water to roads and mist sprays at point sources.

During the year 2018, the Group switched to use a smaller compressor in its oil and gas project in the USA. The benefit brought to the Group started from June 2017. Less natural gas was used to power the compressor and the air pollutants emission reduced correspondingly. For mining project in the PRC, there was no production activity during the reporting period, the air pollutants are mainly generated from the use of vehicles. The decrease in amount of air pollutants emission in 2019 was mainly attributable to the decrease in the Group's revenue generated by oil and gas exploration, production and sale in the USA and mining and sale of silver in the PRC during the year.

The air pollutants emission during the reporting period is as follows:

Air Pollutants	Unit	PRC	USA	HK	2019 Total	2018 Total
Nitrogen oxides (NO_x)	kg	38.21	17,250.32	-	17,288.53	17,465.56
- Stationary combustion	kg	-	17,250.32	-	17,250.32	17,203.06
- Mobile combustion	kg	38.21	-	-	38.21	262.50
Sulfur dioxide (SO₂)	kg	1.14	4.47	-	5.61	11.94
- Stationary combustion	kg	-	4.47	-	4.47	4.46
- Mobile combustion	kg	1.14	-	-	1.14	7.48
Particulate matter (PM)	kg	2.00	72.19	-	74.19	87.02
- Stationary combustion	kg	-	72.19	-	72.19	72.00
- Mobile combustion	kg	2.00	-	-	2.00	15.02

Greenhouse Gas ("GHG") Emission

Communities around the world are gradually becoming more and more concerned with climate change. The Group recognises that climate change may pose a risk to its business and the Group committed to mitigating the effects of climate change. GHG is considered as one of the major contributors of the climate change. As the majority of the GHG emission of the Group comes from energy consumption, the Group manages its carbon footprint by minimising the energy consumption in its business operation. Policies and procedures adopted on energy saving in order to reduce GHG emission are mentioned in the section "Use of Resources" below. The decrease in GHG emission in 2019 was mainly attributable to the decrease in the Groups' revenue generated by oil and gas exploration, production and sale in the USA and mining and sale of silver in the PRC during the year.

The GHG emission during the reporting period is as follows:

GHG Emission ¹	Unit	PRC	USA	HK	2019 Total	2018 Total
Scope 1²	tonnes of CO₂-e	5.08	895.04	–	900.12	932.23
– Stationary combustion	tonnes of CO ₂ -e	–	895.04	–	895.04	892.59
– Mobile combustion	tonnes of CO ₂ -e	5.08	–	–	5.08	39.64
Scope 2³	tonnes of CO₂-e	15.97	–	14.36	30.33	95.64
Total GHG emission	tonnes of CO₂-e	21.05	895.04	14.36	930.45	1,027.87
GHG emission intensity	PRC: tonnes of CO ₂ -e/m ²	0.03				PRC: 0.60
	USA: tonnes of CO ₂ -e/tonnes of production		0.20			USA: 0.15
	HK: tonnes of CO ₂ -e/m ²			0.01		HK:-

Waste Management

Wastes generated in our operations are required to be handled with comprehensive procedures to mitigate the impact on the environment. The Group has a classification system for different types of wastes. Each type of waste has specific storage location and collection procedures. We are committed to minimising the production of wastes and other discharges and handling them in a responsible manner. The use of recyclable and renewable materials is also promoted in our daily operation.

For oil and gas project in the USA, there is no generation of hazardous waste. The major type of non-hazardous waste produced is wastewater from the production well. The water coming out of the wellbore directly goes to the storage tanks. It is stored in the tanks until a tanker truck picks up the water and takes it to a disposal well. The Group has outsourced the waste handling to a professional wastewater disposal company. The water is either treated and then returned to the environment, re-injected back into the well or disposed of through injection into the ground. During the reporting period, there was a total of 8,003.72 tonnes (2018: 11,328.04 tonnes) of wastewater (with the intensity of 1.77 tonnes/tonnes of production (2018: 1.85 tonnes/tonnes of production)) produced in the oil and gas projects in the USA. The decrease in wastewater produced in 2019 was mainly attributable to the decrease in amount of oil and natural gas production in the USA during the year. For commercial waste generated from the office in the USA, it is considered as immaterial to the Group's operation because of the small number of employees working in the office.

¹ The calculation of the GHG emission is based on the "Corporate Accounting and Reporting Standard" from GHG Protocol.

² Scope 1: Direct emission from sources that are owned or controlled by the Group.

³ Scope 2: Indirect emissions from the purchased electricity consumed by the Group.

For silver mining project and LNG trading business in the PRC, there was no production activity during the reporting period and thus no hazardous waste was generated. In addition, the provision of finance leasing and factoring services in the PRC is mainly office operation. The major type of non-hazardous waste produced in the PRC operation is the commercial waste in the office. It is considered as immaterial to the Group's operation because of the small number of employees working in the office. Meanwhile, the Group has taken initiatives to minimise the wastes produced. For example, employees are encouraged to sort wastes for recycling and use double-sided printing to reduce paper waste. We also donate waste electrical and electronic equipment, such as computers and printers to charity organisations or send them to recyclers for processing.

USE OF RESOURCES

The Group has adopted policies, such as "Energy Resources Control Procedure", to improve the efficient use of energy, water and other materials.

Energy

Fuel and electricity are the major resources consumptions in our daily operation. With the aim to promote energy saving, the Group has implemented different energy saving measures. For example, the Group used a smaller compressor in its oil and gas project in the USA during the reporting period. Smaller compressor leads to less natural gas to power the compressor and natural gas consumption decreased accordingly. This benefit brought to the Group started from June 2017. We foresee that the natural gas consumption will further reduce in coming years.

In office operation, the Group strives to minimise energy wastage. We encourage our employees to turn off idle electric equipment. Energy conservation reminders are placed in order to increase employees' awareness of energy saving. Internal security staff also patrol the offices after employees finish their duties to ensure there is no wastage of power. The Group will consistently seek ways to increase energy efficiency and reduce energy consumption in the future. The decrease in purchased electricity, diesel and petrol consumption in 2019 was mainly attributable to the decrease in the Groups' revenue generated by oil and gas exploration, production and sale in the USA and mining and sale of silver in the PRC during the year.

During the reporting period, the energy consumptions are as follows:

Energy consumption	Unit	PRC	USA	HK	2019 Total	2018 Total
Purchased electricity	MWh	20.11	N/A ⁴	17.71	37.82	121.29
Natural gas	MWh	–	4,991.80	–	4,991.80	4,978.12
Diesel	MWh	19.38	–	–	19.38	122.15
Petrol	MWh	–	–	–	–	31.00
Total energy consumption	MWh	39.49	4,991.80	17.71	5,049.00	5,252.56
Energy consumption intensity	PRC: MWh/m ²	0.05				PRC: 1.23
	USA: MWh/tonnes of production		1.10			USA: 0.81
	HK: MWh/m ²			0.01		HK:-

⁴ Electricity consumption in the USA is not available as the electricity supply is provided by the building management company.

Water

Water is another resource used in our daily operation. The Group actively seeks ways to conserve water. We raise the employees' awareness of water saving through different channels. For example, employees are reminded to turn off the tap after usage. Water pipes and taps are checked regularly to detect any risks of leakage. The decrease in water consumption in 2019 was mainly attributable to the efficient water saving strategies implemented by the Group during the year. There was no issue in sourcing water that is fit for purpose during the reporting period.

The water consumption during the reporting period is as follows:

Water	Unit	PRC	USA	HK	2019 Total	2018 Total
Water consumption	m ³	116.60	N/A ⁵	–	116.60	437.00
Water consumption intensity	m ³ /m ²	0.15	N/A ⁵	–		PRC: 1.95

THE ENVIRONMENT AND NATURAL RESOURCES

The Group understands that the operations of mining, oil and gas projects could have significant environmental impacts. As a responsible operator, the Group considers the environmental impact of all its activities. We strive to operate in a safe manner to avoid spills, leak and accidental discharges of polluting materials.

The Group has implemented "Environmental Facilities Operation and Management System" to clearly outline the emergency procedures for any possible incident that will cause pollution to the environment. The Group and its subsidiaries have clarified the management responsibilities of each post. All environmental related incidents are reported to the local authorities. Thorough investigation and analysis are conducted to prevent the recurrence of similar kinds of incidents.

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

The Group believes that our employees are important assets and are crucial to the business success of the Group. We are committed to providing a good and safe working environment where our employees can thrive. A set of human resources management policies and procedures are in place which set out standards for compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare. During the reporting period, the Group complied with relevant local employment laws and regulations, including the Labour Law of the PRC and the Fair Labour Standard Act in the USA. No non-compliance regarding employment was noted during the year.

⁵ Water consumption and intensity in the USA is not available as the water supply is provided by the building management company.

The Group provides equal opportunities to all employees and applicants for employment without regard to race, colour, religion, gender, nationality, age, disability and other factors. Employees are offered a competitive remuneration, which is in line with the market trends, according to their performance and experience to retain and motivate them.

The Group recognises that a proper balance between work and rest can help employees to realise their full potential. We provide different activities for employees to relax and improve their physical and mental health. We also strictly comply with the standard working hours and statutory holidays. Personal leave, sick leave, marriage leave, etc. are provided to employees to balance their work life and personal life.

HEALTH AND SAFETY

The Group believes that workplace safety is fundamental to the success of the business. The Group's business nature – mining, oil and gas drilling activities, can be dangerous. Operation of different types of equipment, exposure to chemicals and working in confined spaces can all potentially contribute to workplace injuries. Therefore, we attach great importance to occupational health and safety of our employees. All accidents and injuries are unacceptable and we strive to eliminate all such occurrences.

The Group has implemented different policies and procedures, including "Safety, Health and Environment Policy Statement" and "Commitment to Health, Safety, and Environment" in order to create a safe working environment for employees. Based on the policies, safety and occupational health evaluation, planning and design are required to be integrated into the Group's business development strategies. Each employee must be dedicated to conducting all activities with the utmost care and prudence for safety and health.

To strive for zero incident in workplace, the Group has implemented different health and safety training programmes, performance measurement and recognition programmes for safety achievement to increase the employees' awareness on safety issues. Regular corporate assurance reviews at operations can help identify the safety and occupational health hazards. Effective control and monitoring are in place for continuous improvement. If any deficiency is identified, we will investigate the root causes so that effective corrective actions can be implemented to prevent incidents from happening.

During the reporting period, the Group fully complied with the applicable laws and regulations relating to health and safety, including Mine Safety Law of the PRC, Law of the PRC on Prevention and Control of Occupational Diseases and Occupational Safety and Health Act in the USA. No material non-compliance relating health and safety issues was noted during the year.

DEVELOPMENT AND TRAINING

The Group values continuous development and training of employees because the employees' skill and the Group's competitiveness can be both enhanced for sustainable growth of the business as a result. The Group has established "Training System" and other related internal policies with the aim to promote a learning culture for improvement. Every employee has equal opportunities for training. The Group provides diversified training programmes to employees, in particular safety training, which is our top priority to establish a corporate safety culture.

Generally, there are both internal and external trainings for employees. Orientation training is provided to new employees to allow them to be familiarised with the corporate culture and background of the Group. The Group also offers on-the-job training to existing employees based on the operation needs and their job positions. Continuous assessment is conducted to keep track of the performance of the employees. External training mainly includes certification training for specialists, such as safety management personnel. It covers a wide variety of topics, from safety management system to global energy market trends. The Group invites institutions to deliver training to ensure employees can perform duties with relevant qualifications. Subsidies and supports are given to employees to encourage them to participate in the training.

The Group believes that the professional and personal development of employees are crucial to its sustainable development. We will continue to enhance the training system in order to improve the development of employees.

LABOUR STANDARDS

The Group upholds human rights and is committed to preventing child and forced labour in its business operations. The Group has implemented policies, including “Prohibition of Child Labour Recruitment and Remedies Procedures” and “Employee Policies” to strictly prohibit the recruitment of child labour and the use of forced labour. Our recruitment guideline also clearly states that person under 16 is not allowed to work in the Group and we have zero tolerance to such practice. If any case of child labour is discovered, the following measures are implemented to protect the person and prevent the reoccurrence of such practice:

1. Prohibit the child employee from working for the Group immediately.
2. Report to the local labour authority and provide medical check for him/her. If any disease is discovered, medical treatment should be arranged and the expense is covered by the Group.
3. Contact the parents or guardian of the employee immediately and bring him/her back to his/her family. Travel expense is covered by the Group.
4. An investigation will be carried out to identify the parties who refer the child employee to the Group.

Our commitment to human rights extends to supply chain management. Suppliers are expected to follow the same standard of labour practices when working with us. The Group is in strict compliance with the Labour Law of PRC, the Provisions on the Prohibition of Using Child Labour, the Fair Labour Standards Act in the USA and other relevant laws and regulations. During the reporting period, no material non-compliance regarding child and forced labour was noted.

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group recognises suppliers, vendors and contractors as valuable stakeholders within the supply chain management as their responsible business behaviours are important in contributing to operational effectiveness and good reputation of the Group. Our supply chain partners are expected to follow the same principles as the Group and we strive to conduct businesses only with those suppliers who share the same principles with us.

The Group has formulated “Suppliers/Distributors Social Responsibilities Control Procedure” to monitor a wide range of aspects of the suppliers, from product and service quality to business ethical standards. We strive to cooperate with local suppliers whenever possible to promote local economy and strengthen the control of environmental risks related to supply chain management. The procurement department is responsible for monitoring and evaluating the performance of suppliers. Suppliers are required to sign a social responsibility agreement to undertake to comply with all local laws and regulations before working with us. If any serious cases of non-compliance are covered, we will terminate our cooperation promptly. Long-term and stable relationship with our supply chain partners is maintained based on the result of supplier assessment.

PRODUCT RESPONSIBILITY

The Group attaches great importance to product quality and safety. The Group has implemented related policies and procedures to manage the quality and safety of the products and services provided. During the reporting period, the Group was in strict compliance with all the applicable laws and regulations relating to products responsibility issues, including Product Quality Law of the PRC and Law of the PRC on the Protection of Consumer Rights and Interests. No material non-compliance relating to product responsibility was noted during the year.

Quality Control

In order to strengthen quality control and stabilise product quality, the Group has established a comprehensive quality management system to monitor the production process. The Group closely monitors every process in the production to ensure the quality of products meets the standards by customers. All products sold to customers by the Group is subject to quality inspection upon taking initial samples from blasting, during processing, and before loading materials for transportation. The quality of products is recorded and analysed to ensure the quality meets the required target.

Customer Information Protection

The Group takes privacy issues very seriously and protects the privacy of its customers, business partners and staff to the utmost. “Confidentiality Regulation” of the Group is in place to ensure compliance with applicable data protection regulations. The Group has implemented corresponding technical measures to protect personal data against unauthorised use or access. Employees are prohibited from disclosing commercial information, such as the data of customers and business partners, to third parties. Documents containing confidential information are required to be stored securely with access restricted only to authorised personnel.

ANTI-CORRUPTION

The Group is committed to conducting business in an ethical and honest manner. Our commitment to preventing any forms of corruption is stipulated in the “Anti-Bribery and Anti-Corruption Policy”. We have zero tolerance to bribery and corrupt activities. We are committed to acting professionally, fairly, and with integrity in all business dealings and relationships. Our business partners, such as suppliers and customers, are required to comply with the standards and procedures in our anti-corruption policy. The Group has assigned a specific department to handle and manage all the issues related to bribery and corruption. Acceptance of any payments or kickbacks is strictly prohibited, and employees are required to declare any conflicts of interest. Besides, we open up communication channels for employees to report suspected cases by phone. All reported cases are promptly investigated and all information is kept confidential. The Group has the right to terminate contractual relationship with any party who breaches our anti-corruption policies. All these practical measures not only win the trust of our suppliers and customers, but also enhance the sense of belonging and fair play among our employees.

The Group constantly upholds all applicable laws relating to anti-bribery and anti-corruption in all jurisdictions in which we operate, including Anti-Money Laundering Law of the PRC and Foreign Corrupt Practices Act in the USA. During the reporting period, no non-compliance regarding corrupt practices was brought against the Group or its employees.

COMMUNITY

COMMUNITY INVESTMENT

As a socially responsible company, the Group is committed to understanding the needs of the communities by implementing related policies and measures. When we undertake new projects, we work to understand the environmental and cultural considerations of the surrounding areas and communities. We take time to speak with stakeholders and identify risks and opportunities from our development that may not be readily apparent. We implement balanced plans that couple new energy development with innovative technologies that are tailored to protect the communities where we operate. Throughout all stages of exploration and development, we work to ensure regulatory compliance and protection of our local communities. The Group focuses on four areas including living standard of community, culture, education and development, and labour cooperation for contribution.

1. Living Standard of Community

We serve the underprivileged locals to improve their living standard. For instance, we provide them with development opportunities, health care and sport activities.

2. Culture

The Group recognises that culture is a key part of our heritage and history. We support high quality cultural projects, which can enhance the living standards of the members in the communities and encourage creativity.

3. Education and Development

The Group believes that education can help equip future leaders with skills and knowledge for sustainable development. We support all the training opportunities and skills development related to the Group's business.

4. Labour Cooperation

The Group respects the freedom of labour union and the right of collective bargaining of employees. We encourage communication between the management and employees through establishing effective communication channels.

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B5: Supply Chain Management

General Disclosure

"Supply Chain Management"

11-12

KPI B5.1 Number of suppliers by geographical region

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KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored

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**Subject areas, aspects, general disclosures and
Key Performance Indicators (KPIs)**

		Section	Page
B6: Product Responsibility			
General Disclosure		"Product Responsibility"	12
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	–	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with	–	–
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	–	–
KPI B6.4	Description of quality assurance process and recall procedures	"Product Responsibility – Quality Control"	12
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility – Customer Information Protection"	12
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	12
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case	No concluded legal case was brought against the Group.	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	12-13
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	13
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	–	–
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	–	–