



Jintai Energy Holdings Limited 金泰能源控股有限公司

(Formerly known as Yuhua Energy Holdings Limited)

(Incorporated in the Cayman Islands with limited liability) (Stock Code: 2728)



2019

Environmental, Social & Governance Report

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Environmental, Social and Governance Report

ABOUT THIS REPORT

Jintai Energy Holdings 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 of significant issues affecting our operations, including environmental, social and governance (“ESG”) issues.

Preparation Basis and Scope

This Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” (“Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”), which discloses our practices and performance over the issue of sustainable development in a transparent and open manner, in order to increase our stakeholders’ confidence in and understanding of the Group.

This Report summarises the performance of the Group in the ESG aspects in a simplified manner. The information contained herein was derived from the official documents and statistics of the Group, and have been consolidated and summarized using the information on monitoring, management and operations provided by the members of the Group in accordance with the relevant policies of the Company. This Report was prepared in both Chinese and English and is available on the Group’s website www.jintaienergy.com. In the event of any conflict or inconsistency between the Chinese and English versions, the Chinese version shall prevail.

The Report focuses on the operation of the Group at its principal place of business, that is, the operations relating to energy trading business at our Head Office in the Shandong Province and office in Xiamen of Guangdong Province respectively, whereas other non-core businesses, such as the speaker units business, are not included¹. The Group’s oil tanker transportation business has also been excluded in this Report, since the Group has disposed of this business in December 2019 and it has ceased to be our business segment.

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 your feedback on this Report to help us improve our ESG performance and reporting. Please send us your valuable opinions on the contents and presentation of this Report by email at info@jintaienergy.com.

¹ This Report covers the ESG practices of the Company and its wholly-owned subsidiaries which are engaged in the energy trading business, namely NingXia Deru Energy Co., Ltd.* (寧夏德儒石油化工有限公司), NingXia Delihang Youqi Jishu Fuwu Co., Ltd.* (寧夏德力恒油氣技術服務有限公司), Shandong Tai Xue Energy Co., Ltd.* (山東泰學能源有限公司), Shandong Deru Energy Co., Ltd.* (山東德儒能源有限公司), Shandong Tai Xue Energy Co., Ltd.* (山東德學能源有限公司), Beijing Century Energy Co., Ltd.* (北京金寶世紀能源有限公司), Yuhua Energy Holdings Group (Fujian) Co., Ltd.* (裕華能源控股集團(福建)有限公司), Qianhai Yuhua Energy (Shenzhen) Co., Ltd.* (前海裕華能源(深圳)有限公司), Yuhua Tankers Corporation Limited (裕華船務有限公司) and Yuhua Energy (Xiamen) Co., Ltd.* (裕華能源(廈門)有限公司).

* For identification only

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INTRODUCTION

The Group is principally engaged in energy trading, including mainly trading of fuel oil and kerosene, and speaker manufacturing and trading business. The Group has operations mainly in Hong Kong and People's Republic of China ("PRC"). Sustainable development is an integral part of the Group's business strategy in order to achieve the expansion of the business of the Group. The Group is committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and fostering a positive impact on the society. The sustainability strategy of the Group is based on the compliance with the applicable legal requirements, principles of sustainability and opinions from stakeholders. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and to enhance our social responsibility in the community. Details of the management's approaches to sustainable development of different areas are illustrated in this Report.

STAKEHOLDERS COMMUNICATIONS

The Stock Exchange proposed four reporting principles in the Guide, including Materiality, Quantitative, Balance and Consistency, as the basis for the preparation of an ESG Report. As stated by the Stock Exchange, stakeholder engagement is a widely-employed method for assessing materiality. By communicating with the stakeholders, corporations are able to understand their wide ranging opinions, and identify crucial environmental and social issues.

For the Group, stakeholders refer to groups and individuals who have significant influence over the Group's business, or those who may be influenced by the Group's business. The Group's stakeholders include not only internal staff, management and directors, but also our shareholders and investors, external customers, business partners and suppliers, regulators and various community groups. In the past year, we communicated with key stakeholders in various ways. In the preparation of this Report, the Group conducted a substantive analysis by interviewing with the management to clarify important reporting issues and to determine the direction of the Group's sustainable development.

Methods of Communications with the Stakeholders during the Reporting Period

Internal stakeholders

- Directors of the Company
- The Management
- Executive officers
- General staff

External stakeholders

- Shareholders and investors
- Banks
- Government and regulatory authorities
- Customers
- Suppliers
- Public and communities

Methods of communications:

Meetings, emails, teleconferences, interviews, website, site visit, trainings, annual and extraordinary general meetings and annual reports

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The operations of the Group are affecting different stakeholders, while stakeholders in turn have various expectations towards the Group. Looking ahead, for a more refined substantive analysis, the Group will continuously strengthen its communications with its stakeholders, and extensively collect their opinions in numerous ways. In the meantime, the Group will also enhance the reporting in terms of materiality, quantity, balance and consistency, in order to define the contents in the Report and the presentation of information in a way that is more likely to meet stakeholders' expectations.

ENVIRONMENTAL ASPECTS

Emissions and Efficient Use of Resources

The Group conducts its energy trading business mainly in the PRC, and this business has contributed significantly to the Group's revenue. However, given the possibility that regulators will impose resource tax and consumption tax on fossil fuels or adopt other regulatory measures to reduce and eventually ban the use of fossil fuels, the Group's operation may have to face the threat of increasing cost. In light of this, the Group is gradually switching to a low-carbon business model and exploring other sustainable investment opportunities.

In addition to adjusting its business development strategy, the Group places equal emphasis on applying green office practices in our daily operations. One of the resource consumptions that is most relevant to the operations in the Head Office is the use of electricity. Under the "Office Management Regulations of the Group", energy conservation is set as one of the disciplinary requirements that employees are expressly required to turn off idling lights, computers, air conditioners and other electrical appliances to reduce energy consumption.

Description of resource consumption/emissions	Unit	Total amount in 2019	Total amount in 2018	Changes	Unit	Total amount in 2019	Total amount in 2018	Changes
Electricity	KWh	4,907	8,412	Decrease by 3,505	Per employee/KWh	71	561	Decrease by 490

Another resource heavily consumed by the Group in office operations is paper. The Group encourages employees to curb paper consumption by establishing the "Office Management Regulations of the Group on Reducing Paper Consumption" and by posting reminders in the offices. The Regulations specify the methods used to reduce office paper consumption, including double-sided printing, network file transmission whenever possible, and font and page margin resizing so as to encourage employees to develop a habit of using less papers in their daily routines. In addition to cutting down waste at source, the Group requires that recycled paper be used for printing name cards or envelopes whenever possible. We also place recycling bins in the office to recycle paper that is fit for re-use. To ensure that the Regulations are properly observed, the Group has designated employees in charge of the management of paper use so as to avoid wasting resources.

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Emissions and Efficient Use of Resources (Continued)

Description of resource consumption/ emissions	Unit	Total amount in 2019	Total amount in 2018	Changes	Unit	Total amount in 2019	Total amount in 2018	Changes
Paper	kilogram	317	250	Increase by 67	Per employee/ kilogram	5	16.7	Decrease by 11.7

The efficient use of water resources is one of the Group's initiatives to promote resource conservation, in addition to the saving of electricity and paper. The Group's water consumption is relatively insignificant and mainly involves the use of tap water in our office environment. The Group did not have any issue in sourcing water that is fit for purpose. With the implementation of our "Pantries Management Regulations" and the posting of reminders, employees are encouraged to conserve water. The Group's daily operations do not involve a large amount of pollutants such as exhaust gas emissions and wastewater discharge. The Group's operations do not involve the production of hazardous wastes. During the Reporting Period, no non-compliance cases with the relevant laws and regulations that have a significant impact on the Company relating to air and greenhouse gas emissions ("GHG emissions"), discharges into water and land, and generation of hazardous and non-hazardous wastes was found.

Description of resource consumption/ emissions	Unit	Total amount in 2019	Total amount in 2018	Changes	Unit	Total amount in 2019	Total amount in 2018	Changes
Water	cubic meter	464	568	Decrease by 104	Per employee/ cubic meter	6.7	37.9	Decrease by 31.2
Non-hazardous waste — sewage and solid waste in offices	mt	860	289	Increase by 571	Per employee/mt	12.5	19.3	Decrease by 6.8

Description of GHG emissions	Unit	Total amount in 2019	Total amount in 2018	Changes
Range 1 — direct emissions	mt	580	298	Increase by 282
Range 2 — indirect emissions (electricity)	mt	3	7	Decrease by 4
Range 3 — Other indirect emissions (employees taking business trips by planes)	mt	1	0	Increase by 1
Total emissions	mt	584	305	Increase by 279
Total emissions density — by area	Per square meter/mt	0.08	0.04	Increase by 0.04
Total emissions density — by employee	Per employee/mt	8.5	20.3	Decrease by 11.8
Indirect emissions density — by area	Per square meter/mt	0.0004	0.001	Decrease by 0.0006
Indirect emissions density — by employee	Per employee/mt	0.04	0.5	Decrease by 0.46

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Emissions and Efficient Use of Resources (Continued)

The Group's core business, i.e. energy trading business, is closely related to the environment and natural resources. The Group will continue to incorporate environmental and social considerations into its products and services to explore business opportunities for sustainable development.

SOCIAL ASPECTS

Comprehensive Employment System

Staff are the most valuable asset of the Group and the cornerstone of the growth of a business. The remunerations and benefits provided by the Group are in compliance with the relevant laws and regulations in China, and are no less than the statutory minimum wages and compensation under any circumstances. With a commitment to the philosophy of "maintaining balance between employee benefits and shareholder interests", the Group provides competitive overall remunerations for its employees. After one year of service with the Group, employees will be assessed in terms of their capabilities and performances, and provided with opportunities for salary raise or promotion if appropriate as an incentive to attract and retain outstanding and competent staff to boost the sustainable development of the Company. With respect to employee benefits, the Group treats every employee equally, regardless of their ranks. So far, the Group has not developed any internal policies relating to equal opportunities or anti-discrimination. However, the Group will consider optimizing its systems gradually in the near future to provide a more equitable work environment for its employees.

The Group is committed to creating an environment where our staff can strike a work-life balance. In addition to strictly abiding by the national requirements for employees' working hours and providing employees with statutory holidays, the Group also grants extra holidays to employees to meet the needs of their personal life. For example, employees who have served the Group for over two years are entitled to paid maternity leave. No non-compliance cases with the relevant laws and regulations that have a significant impact on the Company relating to employment and labor practices were found during the Reporting Period.

Summary of Employment Performance Indicators

Gender	Aged under 30		Aged 30-50		Aged over 50		Total number of employees		Male to female ratio		Changes
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
Male	17	2	24	4	5	4	46	10			Increase by 36
Female	4	1	19	4	0	0	23	5	2:1	2:1	increase by 18

Ratio of Average Remuneration between Male against Female

2019	2018
1.12:1.00	2.16:1.00

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Summary of Employment Performance Indicators (Continued)

Resigned Employees	Aged under 30		Aged 30-50		Aged over 50		Total number of resigned employees		Percentage of resigned employees to total number of employees	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Male	0	0	1	4	0	1	1	5		
Female	0	2	1	4	0	1	1	7	3%	44%

There are no positions at the Head Office and Xiamen Office of the Group which may expose our staff to high risks of occupational hazards. Nevertheless, the Group prescribes rules on safety management in the "Employee Manual", aiming at creating a safe and comfortable work environment for our employees. Fire extinguishers are also placed in the office, which are checked regularly on a monthly basis. Employees are provided with training on how to use fire extinguishers so as to raise their safety awareness and their capabilities to handle emergency during evacuation. No non-compliance with the relevant laws and regulations that have a significant impact on the Company relating to providing a safe working environment and protecting employees from occupational hazards were found during the Reporting Period.

Summary of Health and Safety Performance Indicators of Employees

Gender	Number of work injury cases	Rate of work injuries (per thousand employees)	Number of working days lost due to work injuries	Number of working days	Percentage of working days lost due to work injuries	Total hours of absence	Total working hours	Total absence rate
2019								
Male	0		0	5,720		62	44,305	
Female	0	0	0	3,696	0%	390	28,790	0.6%
2018								
Male	0		0	2,338		48	18,654	
Female	0	0	0	1,722	0%	378	13,398	1%

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Summary of Health and Safety Performance Indicators of Employees *(Continued)*

Outstanding and competent employees are the most valuable key to our success. We treat them as our important assets. It is the Group's belief that the cultivation and retention of outstanding and competent employees is the key to ensuring our development and strengthening our competitiveness. The Group considers the staff as its strategic partners, and provides staff training and development plans in a systematic way. Each of our employees caters for the actual needs of different departments and roles, but to enable them to be capable of working in all aspects, the Group provides training programmes for recruits in many areas, including induction training, corporate culture and system learning, introduction to product knowledge and purposes of all product lines, anti-corruption and anti-commercial bribery management, office management and safety, so as to enable employees to keep improving in all areas, including job skills and professional capabilities.

Our Training Programmes During 2019

Training Programmes/Content	Trainees	Form of Training	Time
New employee training	New employees	Internal training	As needed
Operation procedures and financial policies	All personnel	Internal training	September 2019
Safety production laws and regulations	All personnel	Internal training	September to December 2019
Safety management of hazardous chemicals	All personnel	Internal training	October 2019
Safety warning and signs	All personnel	Internal training	October 2019
Fire and explosion protection knowledge	All personnel	Internal training	November 2019
Hazard source identification training	All personnel	Internal training	November 2019
Basic knowledge of fire extinguishing	All personnel	Internal training	November 2019
Fire escape skills	All personnel	Internal training and drill	November 2019

Our Training Programmes During 2018

Training Programmes/Content	Trainees	Form of Training	Time
New employee training	New employees	Internal training	As needed
Safety production laws and regulations	All personnel	Internal training	January to March 2018
Safety management of hazardous chemicals	All personnel	Internal training	April 2018
Safety warnings and signs	All personnel	Internal training	May 2018
Training on Regulations on Anti-Corruption and Anti-Commercial Bribery Management	All personnel	Internal training	June 2018
Popularization of Laws into Enterprises Series Talks in Haicang District	All personnel	Talks	July 2018
Fire and Explosion Protection Knowledge	All personnel	Internal training	August 2018
Hazard Source Identification Training	All personnel	Internal training	September 2018
Basic Knowledge of Fire Extinguishing	All personnel	Internal training	October 2018
Fire Escape Skills	All personnel	Internal training and drill	November to December 2018

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The Group recognizes that employing child labor and forced labor is a violation of basic human rights and international labor conventions, and poses threats to the sustainable development of the society and economy. Because of this, the Group abides by the Labor Law of the People's Republic of China strictly. It will only enforce the requirements in a standard labor contracts instead of setting restrictions unfairly on the employment relations between any employee and the Company in any way. The use of child labor is prohibited as well. Subject to the relevant laws and regulations, employees have the right to terminate labor contracts at liberty. No non-compliance cases involving the prevention of child labor and forced labor were found during the Reporting Period.

OPERATING PRACTICES

Strict Monitoring of Supply Chain

In a globalized economy, business outsourcing is a common practice of companies. However, outsourcing does not mean that a company can escape its responsibilities or risks arising from poor ESG performance. The Group realizes that we should play a role in every stage of the entire life cycle of its products and services, and that proper management of the supply chain is critical for the Group to maintain its reputation, ensure business sustainability, and manage operating costs.

The Group has established a supply chain management mechanism, which takes quality, capability, service, environmental protection and work safety as prerequisites for the selection of suppliers. Before engaging new suppliers, staff members of relevant departments are required to examine their qualifications and complete a "Supplier Examination Form". Factors such as whether the supplier is subject to any complaint, punishment or legal dispute are all taken into consideration. Only entities that meet all our requirements upon examination can be selected by the Group as its qualified service providers.

The Group maintains a long-term cooperative relationship with key suppliers at strategic level, establishes supplier profiles and assesses the performance of each supplier. In its day-to-day operations, the Group meets with the suppliers on a regular basis to acquire a better understanding of their operations and share industry updates and market information, in order to ensure a smooth exchange of information for timely management. In the future, the Group will consider incorporating environmental and social factors into its supply chain management, requiring our business partners to pay more attention to their performance in sustainable development.

Amid fierce competition in the current market environment, our customers have become increasingly demanding on products and services. Moreover, the Group realizes that our customers are very concerned about the quality of energy products provided by the Group. As an energy trader, the Group ensures that the quality of all of the products it purchases and sells comply with all applicable international and Chinese laws and regulations, for the Group and its customers to achieve a win-win situation.

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Product Responsibility

The quality and transportation of all oil products purchased and sold by Jintai Energy comply with all applicable international and domestic laws and regulations, including environmental protection related regulations. Jintai Energy provides a commodity inspection report issued by SGS to ensure the quality of the oil products. As oil products are dangerous goods under statutory regulations, the Group is particularly concerned about safe operations in processes as loading, transporting and warehousing during trading. Pursuant to the “Regulations on the Safe Management of Hazardous Chemicals”, oil products are properly stored in dedicated warehouses, premises or storage rooms equipped with fire-extinguishing facilities as well as communication and alarm devices in accordance with fire control regulations to prevent accidents. Furthermore, our “Training for Personnel-in-charge and Safety Managers on Hazardous Chemicals” are organized annually, and examinations and tests are conducted after these training programmes to ensure that employees have a good grip of the procedures and practices for handling dangerous goods, so that they can react instantly in case of an accident. No non-compliance cases with the relevant laws and regulations that have a significant impact on the Company involving product liability were found during the Reporting Period.

COMMUNITY INVESTMENT

The Group has in place a Corporate Social Responsibility Policy, which is regarded as an important part of the enterprise management strategy. It internalizes the value into the culture of the enterprise, where the Group actively plays the role of corporate citizen, strictly enforces corporate governance, implements employee care, practises environmental protection and social welfare, maintains a sound corporate physique, promotes brand value and sustains the development of the enterprise.

Along with escalating market concerns about corporate behavior and the “Social License to Operate”, the pursuit of short-term and maximum financial performance to reward shareholders is no longer the only goal of business management. The Group cherishes its harmonious and inclusive relationship with the communities where it has a presence. It offers support to a variety of programs in the communities, including academic research and education, community environmental protection and construction as well as cultural exchange. It also encourages its employees to participate in volunteer services to show their care for the society through actions.

As a proactive corporation, the Group has a profound understanding in the importance of meeting different stakeholders expectations as well as the expectations of the communities where the Group operates. In terms of the long-term development, the Group, therefore, places emphasis on striking a balance between the interests of shareholders and the interests of all other stakeholders, and tries to find out what these communities need so as to contribute to the sustainable development of these communities.

ANTI-CORRUPTION

The Group is committed to upholding high standards of business ethics and integrity. The Group believes that operation in good faith is not only a foundation for corporate social responsibility, but also a cornerstone of corporate competitive advantage and on-going operations. In addition to the compliance with the Company Law, the Criminal Law and the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》), the Group has also developed the “Anti-Corruption and Anti-commercial Bribery Management System of Jintai Energy” which lays down clearly defined duties and code of conduct for the management, procurement personnel, sales personnel, accountants and cashiers respectively. The Group conveys its firm stance against corruption and fraud to its employees. The Group has a whistle-blowing mechanism in place to ensure that reported cases are submitted to the head of responsible departments, who shall keep the information confidential and earnestly handle any alleged cases. There were no cases of non-compliance with the said legislations involving the Group and our employees during the Reporting Period.