



世紀陽光集團控股有限公司  
Century Sunshine Group Holdings Limited  
Stock Code : 00509.HK

Create a  
**Better Living**



2020

ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

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## INTRODUCTION

Century Sunshine Group Holdings Limited and together with its subsidiaries (“Century Sunshine” or the “Group”) have been pursuing the concept of green agricultural and sustainable development, carrying out scientific fertilisation and increasing crop yields, maintaining the ecological balance of environment, and fulfilling the environmental protection and corporate social responsibility.

The Group prepares this report based on the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. This report confirms and discloses the environmental, social and governance (“ESG”) matters that have significant environmental and social impact and are relevant to the business of the Group during the Reporting Period.

When preparing the report, the Group has discussed with our business partners, employees and other stakeholders in various circumstances to consider and reflect their responses and opinions.

The report sets out the ESG measures of the Group from 1 January 2020 to 31 December 2020 (the “Reporting Period”).


The operating practices and key performance indicators of the ESG subject areas are explained based on the following aspects.

## A. ENVIRONMENTAL

### A1: Emissions

The Group is committed to the production of ecological fertilisers and promotes the balanced development of agro-ecology. During the Reporting Period, the Group has complied with all relevant local environmental laws in the nation where it operates. The Company’s nitrogen oxides (NO<sub>x</sub>) and sulfur dioxide (SO<sub>2</sub>) emissions are lower than the national standard of 400 mg/cubic meter; the particulate matter is lower than the national standard of 20 mg/cubic meter. The combined discharge of atmospheric pollutants complied with the GB 16297–1996 national standard and any local standards if applicable. During the Reporting Period, the Group did not have any significant non-compliance in regard to environmental issues.

#### Greenhouse Gas Emissions

Greenhouse Gases		tonnes
 Carbon dioxide (CO <sub>2</sub> )		7,852.0

The Group is committed to increasing the investment in emission reduction equipment, upgrading the compound exhaust gas and the three-waste boilers tail gas treatment facilities, and adopting advanced environmental protection facilities and treatment processes to improve the efficiency of dust removal and desulfurisation.

Measures to reduce greenhouse gas emissions and the results achieved are as follows:

I. The Group fully utilises residue heat and minimises greenhouse gas emissions.


- The sulfuric acid system takes into account the comprehensive utilisation of residue heat. The sulfuric acid residue heat boiler produces 60 tonnes of medium-pressured steam per hour, all of which is used for power generation. It reduces energy consumption by more than 10,000 tonnes of standard coal per year, equivalent to the reduction of greenhouse gas emissions of approximately 40,000 tonnes per year.
- Recycling and energy-saving transformation of low-heat energy of sulfuric acid.


The low-temperature residue heat of the dry-suction section of the 400,000 tonnes/year sulfuric acid production facilities is utilised to produce low-pressured steam. The upgrading of this project allows the Group to reduce its greenhouse gas emissions by more than 5,000 tonnes per year.

II. The Group purchases high-quality coal with low ash content, high volatile matter, low sulfur content and high calorific value, to improve coal combustion efficiency and stabilise the combustion environment, thus ensuring low emission level of nitrogen oxides.

### Type of Pollutants

The Group generates hazardous wastes including used ink drums, used printing plates, and waste engine oil during its production. Non-hazardous wastes mainly include solid wastes and domestic wastes. Hazardous and non-hazardous wastes discharges and treatment methods during 2020 are as follows:

 <b>Types of Hazardous Waste</b>	Discharge: tonnes	Treatment Methods
Used ink drums	0.146	Engage qualified party for disposal
Used printing plates	0.033	Engage qualified party for disposal
Waste engine oil	0.296	Recycle and reuse

 <b>Types of Non-hazardous Waste</b>	Discharge: tonnes	Treatment Methods
Solid wastes	98,321.5	Comprehensive utilisation
Domestic wastes	176.7	Disposal by the environmental and hygiene department

### Hazardous Wastes Disposal, Measures to Reduce Discharge, and Achievements

During production, we employ stringent management to reduce hazardous wastes such as used ink drums and used printing plates. We manage hazardous wastes strictly in accordance to the national requirements of “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (2020 Revision)”, and set up standardised hazardous wastes storage facilities for the centralised management.

### ***Non-hazardous Wastes Disposal, Measures to Reduce Discharge, and Achievements***






- I. Comprehensive utilisation of general solid wastes to reduce discharge.
  - Various procedures produce raw materials for one another to minimise consumption. The Company's three-waste boilers use the slag and dust coal as fuel to produce medium-pressured steam, so as to eliminate solid wastes from the slag so produced.
  - The Company employs the comprehensive utilisation method to reduce discharge, in order to eliminate solid wastes produced during the production of fertilisers, including the comprehensive use of wastes produced during production of the calcined gypsum plaster.
- II. The treatment of general domestic solid wastes.
  - Separate wastes for storage and reuse when possible.
  - Strengthen the management of production process where domestic wastes are produced, so as to reduce wastes.

During the Reporting Period, the Group has no significant non-compliance in regard to discharge treatment.


### ***A2: Use of Resources***

The Group's operation and production mainly employs resources such as electricity, diesel, natural gas, coal and water. The Group is committed to improving energy efficiency and promoting comprehensive utilisation, while gradually reducing energy consumption.

The Group's energy and packaging material consumption in 2020 are as follows:

<b>Resources</b>	<b>Unit</b>	<b>Discharge</b>	<b>Density (based on 528,189 tonnes of fertilisers produced in 2020)</b>
 Electricity	kWh	19,506,125.0	36.930 kWh/tonne
 Diesel	liter	194,470.9	0.368 liter/tonne
 Natural gas	m <sup>3</sup>	4,954,399.0	9.380 m <sup>3</sup> /tonne
 Coal	tonne	12,679.5	0.024 tonne/tonne
 Water	m <sup>3</sup>	17,825.4	0.034 m <sup>3</sup> /tonne

<b>Packaging materials for finished goods</b>	<b>Unit</b>	<b>Discharge</b>
 Woven bags	tonne	1,251.8

### **The Energy Efficiency Program and Achievements**

- I. Utilise residue heat in the system for the comprehensive utilisation
  - The sulfuric acid system takes into account the comprehensive utilisation of residue heat. The sulfuric acid residue heat boiler produces 60 tonnes per hour of medium-pressured steam, all of which is used for power generation. It reduces energy consumption by more than 10,000 tonnes of standard coal per year.
  - Recycling and energy-saving transformation of low-heat energy of sulfuric acid. The low-temperature residue heat of the dry-suction section of the 400,000 tonnes per year sulfuric acid production facilities is utilised to produce low-pressured steam, and reduces the Company's energy consumption by more than 1,500 tonnes per year.
- II. All wastewater produced during production is reused in other production processes internally. Sulfhydryl is mainly reused in the phosphoric acid production process, whereas chloro is mainly reused for tail gas washing, and can be optimised and deployed through the pipeline throughout the plant. A small amount of recycled water is used for the greenery and dust reduction in the plant area, so as to achieve zero wastewater discharge.
- III. The Group abolishes outdated motors, installs new energy-saving motors, employs frequency conversion technologies, and automatically adjusts the motor speed and power output value by controlling the inverter through the controller. In doing so, the motor operates under the optimal energy-saving conditions, thus achieving the energy-saving purposes.
- IV. The Group's comprehensive enhancement of water usage efficiency has achieved remarkable results. All production wastewater is reused in the production cycle, improving water efficiency as well as reducing environmental risks. The initial rainwater collection and recycling water from mining areas provide comprehensive supplementary water for the production system, and significantly reduce external water supply and save external water supply costs, bringing about significant economic and social environmental benefits.

### **A3: The Environment and Natural Resources**

The Group places great emphasis on the impact of our business on the environment and natural resources. In addition to complying with environmental regulations and guidelines to duly preserve the nature, the Group has also incorporated the concept of environmental protection into its internal management and project implementation processes.

Actions taken on the preservation of the environment and natural resources are as follows:

- I. In regard to the use of energy, we maximise the energy efficiency and utilise the residue heat, so as to reduce the use of natural resources.
- II. In regard to the resources, we reduce wastes through measures such as reducing emissions and increasing utilisation efficiency.
- III. In regard to solid wastes and other resources, we recycle the wastes to reuse as resources or recycle in the production, so as to reduce the discharge and preserve the resources.

## B. SOCIAL

### ***B1: Employment***

The Group determines the remuneration of employees based on their work experience, job performance and current market conditions. The labour insurance and welfare include medical insurance, regular contribution to the Mandatory Provident Fund scheme, discretionary bonuses and the employee share option scheme. The Group believes that the incentive schemes for employees such as bonuses and the share option offer can attract and retain the high-performing employees. In addition to the internal recruitment, the subsidiaries of the Group actively participate in the job fairs held by local colleges and universities. Enhancing the cooperation with research institutes and universities in terms of the recruitment, has empowered the development of the Group's business and the innovation of technologies and products.

The Group strictly complies with the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", and other relevant regulations. During the Reporting Period, the Group did not have any significant non-compliance in regard to the labour relations.

### ***B2: Health and Safety***

The Group is committed to the formulation and strict implementation of health and safety policies, and observes the relevant laws and regulations such as the "Labour Law of the People's Republic of China", the "Labour Contract Law of the People's Republic of China", the "Social Insurance Law of the People's Republic of China", and the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases". Relevant implementation systems are established within the Group, which reflects our continuous efforts on improving working conditions and the living environment of our employees, in order to protect their life and physical health.

To defend the health of our employees, the Group distributes personal protective equipment (kits) to employees in accordance with the industrial standards. The Group makes contributions to the social insurance (including basic medical, work-related injury and maternity insurance, etc.) for our employees. This effectively secures the occupational health and safety of our employees.

The compound fertilisers developed and manufactured by the Group was awarded the "Occupational Health and Safety Management System Certification", thus recognises our efforts in securing occupational health and safety.

Century Sunshine provides employees with regular trainings in occupational hygiene and safety. This ensures the compliance of requirements regarding employees' working environment and operations. Our operational staffs receive the operational training on the requirements of "operational safety" and the "power and gas outage emergency response plan", and sit in examination on safety education and trainings.

To do a better job in the fire fighting work, the subsidiaries of the Group regularly hold fire fighting trainings to enhance the safety awareness and skills of the staff, and hence creating a safe and harmonious working environment.



In the situation of COVID-19, the Group promotes the online-office mode, where staffs use phone calls and WeChat to carry out work, implementing skill trainings online without people gathering. The Group provides information and guidance to customers, and builds up the supply and marketing platform on the Internet. It minimises the risk of virus transmission to a largest extent, and strengthens staffs' awareness of preventive measures. Until the epidemic in mainland China was alleviated, all subsidiaries have started adopting a new online and offline work mode.

During the Reporting Period, the Group did not have any significant non-compliance in regard to the laws and regulations about health and safety.

### ***B3: Development and Training***

The Group emphasises on providing trainings for talents, and values our human resources and the skills and experience of our employees. This is an important element in supporting the long-term development of the Group.

Production bases of the Group would provide the necessary training to relevant operational staffers every year, including the orientation training for new recruits, training and counselling on each positions, operational skills, safety knowledge, and regulations and systems, etc. Through the effective employee training programmes, employees have improved their professional skills, providing stronger support to the Group's long-term business development.

#### ***Group Training Management System:***

- In order to regulate and promote the continuous development of employee trainings as well as to enhance the professional knowledge, skills and temperament of employees to boost their competency, the Group has developed training plans and management systems through its "Hongri Business School", and has taken up the responsibilities of managing the training programme provided to all staffs of the Group.
- The training programme aims at different levels of staffs, and implements a standardised system and requirements to improve the overall performance of all employees and management personnel of the Group. The content includes the Group's corporate culture, relevant professional knowledge, marketing strategies and techniques, agrochemical services, job responsibilities, and production and operation.



### **Training Programme:**

#### 1. Orientation training

- The orientation training refers to the training that a new employee must receive in order to meet the job requirements before taking up the position. The orientation training applies to three levels, i.e. the Company, the department, and the team level, all of which must be passed before employees are qualified for the position.
- The orientation training covers the Company's profile and corporate culture, its development strategy and operation objectives, business ethics, employee behavioral standards, rules and regulations, safety, environmental concerns, occupational health, and other common knowledge, in order to introduce the Company's work environment to the new employees, allowing them to quickly adapt to their positions.

#### 2. On-the-job training (position-based training)

- The on-the-job training is the routine training for various positions. The main purpose is to improve the employee's proficiency and enhance their performance. The on-the-job training covers the position-based knowledge, skills and job responsibilities, work flow and job requirements. The Group's employees are required to receive a designated duration of training and education each year throughout their employment period.

#### 3. Transferal training

- When employees are transferred, promoted or demoted, or otherwise transferred to a new position, they must receive the job transferal training according to the requirements of the new post, and can only take up the new position after passing the examination and obtained the relevant job qualifications. The training mainly covers the job responsibilities, job duties, work flow, job requirements, and other professional knowledge and skills.

#### 4. Special training

- The special training refers to the training based on operation management needs, or application of new craftsmanship, new equipment, or new management methods that aims to improve the professional knowledge of certain professionals.

### **Training Formats:**

- There are two types of training: the internal training and external training. The internal training is taught by internal trainers such as managers and key personnel, or by engaging external trainers or management consulting agencies to conduct relevant professional training programmes. The external training is conducted by sending employees to relevant training institutions according to their work needs.
- Training formats include special trainings, courses, training camps, self-study, industry exchange and continuous education.

### **Training Results Evaluation:**

- The department which organises the training is responsible for evaluating the training results at each level.
- Evaluation method
  - The training organisation evaluates trainees' studies, actions and results according to the integrated evaluation method based on the training content and nature.

### **Activities for Physical and Mental Health of Employees:**

The Group organises regular leisure activities for our employees, such as outbound trainings, tug-of-war competitions, basketball competitions, dance classes, and Chinese New Year parties, to support our employees' work-life balance.



## **B4: Labour Standards**

In strict compliance with the relevant requirements of the "Labour Law of the People's Republic of China", the Group requires that all job applicants must fulfill the local statutory requirements of age. The Group strictly prohibits child labours, and therefore adopts a set of integrated screening and recruitment procedures. The open recruitment of new employees is conducted in accordance with the employment criteria for different positions. Those who fulfill the criteria can be appointed. During the recruitment process, the human resources department will verify dates of birth and graduation certificates of job applicants. Century Sunshine does not hire any forced labour.

In addition, Century Sunshine imposes stringent labour audit requirements on its major suppliers. It guarantees that no child labours or forced labours are employed by suppliers. This also ensures that the occupational health and safety performance of our suppliers comply with all the local regulations.

During the Reporting Period, the Group did not have any material non-compliant case related to the required labour standards of the relevant laws and regulations.

## B5: Supply Chain Management

The Group strictly controls and manages the supply chain. Relevant policies are formulated on the procurement of the raw materials for production in respect of the fertiliser business and magnesium business. Suppliers are subject to thorough inspection and evaluation. In respect of the construction contractors who have submitted tenders for construction projects, several criteria such as their qualifications, technical strengths, construction quality and reputations, etc. will be taken into consideration. The most suitable supplier or construction contractor will be eventually selected. With regard to the products received from suppliers, the Group has also arranged for division of labour in the work of acceptance inspection and supervision. It ensures a smooth flow in each procedure and verifies that the accepted products fulfill the requirements set out by the signed agreements between the Group and suppliers. As for the quality and logistics management, any actions which impair the interests of both the Group and suppliers are avoided.

## B6: Product Responsibility

The Group has a strong customer service team to understand the needs of customers. Fertiliser products are provided to cater the needs of customers. The Group has maintained a good relationship with customers in order to build a long-term cooperative relationship. In a belief that customer loyalty has a significant impact on the Group's business development, the Group pays special attention to the product quality. It seeks to satisfy the customers' needs with products of the top safety and best quality.

During the Reporting Period, the Group adhered to giving priority to research and development, all of the Group's product brands were well recognised in the market. The renowned brand "Yanyangtian (艷陽天)" was rewarded "China's Best Efficiency Fertiliser Brand 2019" (2019 年中國增效肥料優秀品牌) and "China's Best Fertiliser Brand 2018" (2018 中國好肥料卓越貢獻品牌), enjoying a high reputation in the China's agricultural market for its brand influence and stable product quality. "Yanyangtian (艷陽天)" and "Le He He" (「樂呵呵」) brands were both selected as "2016 Top 50 Fertiliser Brands Trusted by Farmers" (「2016 農民信賴的肥料品牌五十強」). Regarding the fertiliser industry, the trust from the farmers is the greatest recognition for a fertiliser brand. The top 50 brands represent, from the farmers' point of view, the genuine brands with good conscience.



### **After-sales Customer Service**

The Group has set up an after-sales customer service hotline, which would refer the calls to the relevant responsible department according to the customer's enquiry. After receiving such enquiries, the responsible department would process them as soon as possible according to the established procedures.

The "National Agricultural-Chemical Services Center" of the Group is a nationwide agrochemical service network that focuses on providing guidance for manufacturing and servicing enterprises in developing balanced fertilisation, thus enhances the technological level of agrochemical services in China. The services include the pre-sales field demonstration to showcase the effect of fertilisers, after-sales education to help the users to apply the fertilisers correctly, as well as follow-ups and evaluations to track the effect of fertilisers. The professional agrochemical service team is committed to educating farmers to apply different fertilisers based on different soil's nature in a scientific manner, and to solving agriculture issues for farmers.

The Group strictly scrutinises on its products and services, related sales, marketing, and advertising strategies and materials. During the Reporting Period, the Group did not have any significant non-compliance with respect to the relevant legislation on product liability or product description.

### ***B7: Anti-Corruption***

According to the "Criminal Law of the People's Republic of China", the corruption and bribery may constitute a serious criminal offence. The Group strictly complies with the laws and regulations on anti-corruption. To promote correct values and integrity, the Group has developed the "Anti-corruption Management System", which requires each of its production base and department to strictly comply with the legal guidance of anti-bribery and anti-corruption etc. as provided to employees. Anti-corruption trainings are also provided to employees at different positions. In the event of any conflict of interests related to an employee's duties during his/her employment, this must be immediately reported to the senior level of the relevant department. The issue would also be handled by the Group according to the Code of Anti-corruption.

Good communication channels are established between the management and employees. In the event of found or suspected corruption activities, employees could file complaints to the management by sending emails about the issues onymously or anonymously. The cases would be handled by the Group as appropriate.

During the Reporting Period, the Group did not have any material non-compliant case related to the corruption.



## B8: Community Investment

The Group supports the community building of where the businesses are located, promoting correct values and morals. The Group identifies that maintaining a good relationship with the community is a key factor to the enterprise's successful operations. Over the years, the main scope to which the Group aids includes helping the less privileged people, assisting emergencies, supporting disaster relief and participating in voluntary works etc.

Century Sunshine joins the community affairs in the vicinity on a regular basis. An official community complaint mechanism is also set up. The assistance is provided in a proactive manner to the charity work of the surrounding communities. It includes the participation in sponsoring the local education and cultural work, such as the pre-school education, poverty alleviation activities, the road maintenance and repair works in the villages etc.

At the beginning of 2020, the COVID-19 epidemic broke out in Wuhan, China, and spread to all parts of the country. The base companies of the Group have donated money and materials to the Department of Epidemic Prevention and Control of the local governments and the charity associations to fight against the epidemic!



## PROSPECT

The Board is responsible for assessing and monitoring the environmental, social and governance risks management, as well as collecting relevant data, and has reviewed its effectiveness as disclosed in the ESG report for the year ended 31 December 2020. In 2021, the management team will, as always, actively respond to the policy of "Promoting the Application of Green Ecological Fertilisers" (《推動綠色生態肥料的應用》), seize the favourable situation arising from the environmental policies, further promote the development of green fertiliser industry, and continue to strengthen the product differentiation strategy to contribute to the green environmental protection. We will explore in the agricultural market of the green ecological fertilisers, and to pursue a new high-quality ecosystem of green development in the post-epidemic era.



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