



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)



2020

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

Content

About this Report	2
Introduction	3
Stakeholders Communications	3
Materiality Assessment	4
Environmental Aspects	5
Social Aspects	7
Operating Practices	9
Community Investment	10
Anti-Corruption	10

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, energy transportation, operation of digital energy trading park and custom declaration services at our Head Office in the Shandong Province, 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 2020 to 31 December 2020.

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 subsidiaries which are engaged in the energy trading business, energy transportation, operation of digital energy trading park and custom declaration services, namely 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), Shandong Dadao Juneng Network Technology Co., Ltd.* (山東大道聚能網絡科技集團有限公司), Shangdong Ruiyuan Shipping Company Limited* (山東瑞源船務有限公司), Lijin Shuntong Logistics Company Limited* (利津順通物流有限公司), Shandong Jinhai Shengda Energy Co., Ltd.* (山東金海盛達能源有限公司), Dongying Jintai Zhili International Trade Co., Ltd.* (東營金泰智立國際貿易有限公司).

* For identification only

Environmental, Social and Governance Report

INTRODUCTION

The Group is principally engaged in energy trading, energy transportation, operation of digital energy trading park and custom declaration services, 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 vision and strategy in order to achieve the sustainability and development of the Group's business. 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 and regulatory 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 visits, trainings, annual and extraordinary general meetings and annual reports

Environmental, Social and Governance Report

MATERIALITY ASSESSMENT

According to the actual development of the Group and its ESG system, as well as the ESG substantive topic analysis model of the Company, substantive topics that post relatively great impacts on the Company and its stakeholders were identified. The Group invited certain internal and external stakeholders to participate survey and carry out the materiality assessment of ESG to further determine the disclosure focus of the ESG report. With communication between the Group and various stakeholders, and summarising of the extent of the impact on the strategy and operation of the Group as well as their impact on the creditors, we arrived at the materiality matrix of the year as below:

Degree	No.	Significant topics	Scope
Highly-important	1	Efficient utilization of resources	Society
	2	Green finance development	Environment
	3	Energy-saving measures	Environment
	4	Quality of products and services	Society
	5	Compliance management	Governance
	6	Risk management	Governance
Medium-important	7	Anti-corruption	Governance
	8	Pollutant emission	Environment
	9	Employee training & education	Society
	10	Management of social responsibility of suppliers	Society
	11	Non-hazardous waste discharge	Environment
	12	Consumer privacy protection	Society
	13	Occupational health and safety	Society
Low-important	14	Supply chain management	Society
	15	Employment environment improvement	Society
	16	Climate change	Society

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 ensure the contents in the Report and the presentation of information in a way that is more likely to meet stakeholders' expectations.

Environmental, Social and Governance Report

ENVIRONMENTAL ASPECTS

Emissions and Efficient Use of Resources

The Group is committed to supporting environmental sustainability. The Group strictly abides by the national and regional environmental laws and regulations such as Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and Pollution Prevention and Control Law of the PRC (《中華人民共和國污染防治法》), and implement environmental protection policies, to ensure our fulfilment of environmental protection obligations.

The Group conducts its business mainly in the PRC, and the Group's three main business segments have contributed significantly to the Group's revenue. In line with the Group's business strategy and the expansion on the scale of operations, emissions increased significantly as compared with previous year. However, given the possibility that regulators may impose resource tax and consumption tax on energy consumption and pollutant emission or adopt other regulatory measures to reduce and eventually prohibit the use of low efficient energy and materials, the Group's operation may have to face the risk of increasing costs. 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. The use of electricity is one of the main energy and resource consumption. The Group causes direct and indirect emission of greenhouse gas as a result of its operations in head office. Under the "Office Management Regulations of the Group", energy conservation is set as one of the Group's employee discipline requirements. The 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 2020	Total amount in 2019	Changes	Unit	Total amount in 2020	Total amount in 2019	Changes
Electricity	KWh	13,245	4,907	Increase by 8,338	Per employee/ KWh	58	71	Decrease by 13

Papers is another resource which is heavily consumed by the Group in its office operations. The Group encourages employees to curb paper consumption by implementing the "Office Management Regulations of the Group on Reducing Paper Consumption" (the "Regulations") and by posting reminders in the offices. The Regulations specify the methods used to reduce paper consumption, including double-sided printing, electronic 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 works. In addition to reduce wastes at source, the Group requires that recycled papers 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 responsible for the monitoring of paper consumption.

Environmental, Social and Governance Report

Emissions and Efficient Use of Resources (Continued)

Description of resource consumption/emissions	Unit	Total amount in 2020	Total amount in 2019	Changes	Unit	Total amount in 2020	Total amount in 2019	Changes
Paper	kilogram	755	317	Increase by 438	Per employee/kilogram	3	5	Decrease by 2

The efficient use of water resources is also one of the Group's initiatives to promote resources conservation, in addition to the conservation of the usage of electricity and paper. The Group's water consumption is relatively insignificant and mainly involves the use of tap water in our office premises. 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 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, the Group did not have any non-compliance relating to air and greenhouse gas emissions ("GHG emissions"), discharges into water and land, and generation of hazardous and non-hazardous wastes.

Description of resource consumption/emissions	Unit	Total amount in 2020	Total amount in 2019	Changes	Unit	Total amount in 2020	Total amount in 2019	Changes
Water	cubic meter	417	464	Decrease by 47	Per employee/cubic meter	2	7	Decrease by 5
Non-hazardous waste — sewage and solid waste in offices	mt	2,454	860	Increase by 1,594	Per employee/mt	10.7	12.5	Decrease by 1.8

Description of GHG emissions	Unit	Total amount in 2020	Total amount in 2019	Changes
Range 1 — direct emissions	mt	1,760	580	Increase by 1,180
Range 2 — indirect emissions (electricity)	mt	8	3	Decrease by 5
Range 3 — Other indirect emissions (employees taking business trips by planes)	mt	0.13	1	Decrease by 0.87
Total emissions	mt	1,768	584	Increase by 1,184
Total emissions density — by area	Per square meter/mt	0.09	0.08	Increase by 0.01
Total emissions density — by employee	Per employee/mt	7.6	8.5	Decrease by 0.9
Indirect emissions density — by area	Per square meter/mt	0.0004	0.0004	Nil
Indirect emissions density — by employee	Per employee/mt	0.03	0.04	Decrease by 0.01

The Group's core business, i.e. energy trading business, energy transportation, operation of digital energy trading park and custom declaration services, is closely related to the environment and natural resources. The Group will continue to take environmental and social factors into consideration when providing its services and to explore business opportunities for sustainable development.

Environmental, Social and Governance Report

SOCIAL ASPECTS

Comprehensive Employment System

Staff are the most valuable asset of the Group and the cornerstone of its continued growth. The remuneration and benefits provided by the Group to its staff 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 the commitment to the philosophy of “maintaining balance between employee benefits and shareholder interests”, the Group provides competitive remuneration packages 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 increment 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 positions. So far, the Group does not allow any discrimination at works, though it has not yet compiled any written 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. The Group is in compliance with the Labour Contract Laws (《勞動合同法》) of the PRC, Employment Ordinance (Chapter 57 of the laws of Hong Kong) and the relevant laws and regulations. The Group did not have any non-compliance relating to employment and labour practices during the Reporting Period. In addition to strictly comply with the national legal and regulatory 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 have paid maternity leave.

Summary of Employment Performance Indicators

Gender	Aged under 30		Aged 30–50		Aged over 50		Total number of employees		Male to female ratio		Changes
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
Male	30	17	68	24	21	5	119	46	1.07:1	2:1	Increase by 73
Female	26	4	74	19	11	0	111	23			increase by 88

Ratio of Average Remuneration between Male against Female

2020	2019
1.06:1	1.12:1.00

Environmental, Social and Governance Report

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	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Male	22	0	9	1	3	0	34	1	29%	2%
Female	15	0	4	1	1	0	20	1	18%	4%

There are no operation at the Head Office of the Group which may expose our staff to high risks of occupational hazards. Nevertheless, the Group prescribes rules on safe operation 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 proper trainings on how to use fire extinguishers so as to raise their safety awareness and their capabilities to handle emergency during evacuation. The Group did not have any non-compliance with the relevant laws and regulations relating to provision of a safe working environment and protection of employees from occupational hazards 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
2020								
Male	0	0	0	13,708	0.04%	2,224	105,626	1.9%
Female	1		9	11,371		1,450	88,176	
2019								
Male	0	0	0	5,720	0%	62	44,305	0.6%
Female	0		0	3,696		390	28,790	

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 ensure 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 and enable them to be capable of working in all aspects. The Group provides training programmes for new recruits in various areas, including induction training, corporate culture, 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 aspects, including job skills and professional capabilities.

Environmental, Social and Governance Report

Our Training Programmes During 2020

Training Programmes/Content	Trainees	Form of Training	Time
New employee training	New employees	Internal training	As needed
Introduction of staff handbook, attendance record and promotion mechanism	New employees	Internal training	June 2020
Introduction to administrative structure, management system and digital platform	New employees	Internal training	September 2020
Operation procedures and financial policies	All personnel	Internal training	April 2020
Use digital media to develop business	All personnel	Internal training	May 2020
Emergency plan for fire extinguishing	All personnel	Internal training	July 2020
Enterprise risk control management	All personnel	Internal training	August 2020
Basic knowledge of traffic safety	All personnel	Internal training	October 2020
Procurement management and anti-corruption	All personnel	Internal training	November 2020
Enterprise digital standardization training	All personnel	Internal training	December 2020

The Group recognizes that employing child labour or forced labour are violations of basic human rights and international labour conventions, and poses threats to the sustainable development of the society and the economy. The Group strictly abides by the Labor Law of the People's Republic of China. Further, the Group will only enforce the requirements in a standard labour contracts instead of setting unfair restrictions on the employment relations between any employee and the Company in any manner. The Group strictly prohibits the use of child labour. Subject to the relevant laws and regulations, employees have the right to terminate their labour contracts at liberty. The Group did not have any non-compliance relating to the prevention of child labour and forced labour during the Reporting Period.

OPERATING PRACTICES

Strict Monitoring of Supply Chain

In a globalized economy, outsourcing is a common business practice for companies. However, outsourcing does not mean that a company can escape its responsibilities or risks arising from poor ESG performance. The Group realizes that the Group should play a role in every stage of the entire 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, the staff of relevant departments are required to examine their qualifications and complete a "Supplier Examination Form". The Group will take into account various factors such as whether the supplier is subject to any controversial practice, complaint, punishment or legal dispute. 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 gain 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 place more importance on ESG performance of its business partners by taking environmental and social factors into consideration for its supply chain management and require our business partners to pay more attention to their performance in sustainable development.

Environmental, Social and Governance Report

Amid intense 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 products it purchases and sells comply with all applicable international standards and PRC laws and regulations, and leads the Group and its customers to achieve a win-win situation.

Product Responsibility

The quality and transportation of all oil products purchased and sold by the Group strictly complies with all applicable international and domestic laws and regulations, including those related to environmental protection. The Group provides a commodity inspection report issued by SGS, an independent global leading inspection, verification, testing and certification company, 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. The Group did not have any non-compliance with the relevant laws and regulations involving product liability 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 researches 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, the interests of all other stakeholders and the society as a whole, and tries to identify 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 sets out 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 abovementioned legislations involving the Group and our employees during the Reporting Period.