



Dynasty Fine Wines Group Limited
王朝酒業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 828



2020

**ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

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Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1 Introduction

This Environmental, Social and Governance Report (the “Report”) summarizes the Environmental, Social and Governance (“ESG”) initiatives, plans, and performance of Dynasty Fine Wines Group Limited (the “Company”) and its subsidiaries (collectively, the “Group” or “we”) during the period from 1 January 2020 to 31 December 2020 (the “Year”), and demonstrates its commitments to sustainable development.

1.2 Reporting scope

This Report contains the policies and performance in respect of environment and society associated with the Group’s business in the production and sale of wines. The environmental policies and key performance indicators disclosed in this Report are mainly related to its wine production business, and cover its Sino-French Joint-Venture Dynasty Winery Ltd. (“Dynasty Tianjin”, being the key winery of the Group) in Tianjin, the People’s Republic of China (the “PRC” or “Mainland China”). The scope of disclosure in the society aspect covers Dynasty Tianjin, Dynasty Fine Wines (Asia Pacific) Limited in Hong Kong, and the Hong Kong office. The above reporting scope is determined prudently based on entities with major environmental impacts in the Group’s business. For information on corporate governance, please refer to the Corporate Governance Report set out in the Annual Report of the Company this Year.

Unless otherwise stated, the Group obtained the data of the ESG key performance indicators through its operational control mechanisms. The Group will consider expanding the scope of disclosure in the future after the Group’s data collection system becomes more mature and its work on sustainable development is strengthened.

1.3 Reporting framework

This Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”). For the disclosure requirements and contents of the ESG Reporting Guide, please refer to 8. Content index of “ESG Reporting Guide” of this Report.

1.4 Reporting principles

Materiality:

The Group has formulated this Report based on the stakeholder engagement and the results of materiality assessment. More details are set out in 2.2 Stakeholder engagement and 2.3 Materiality assessment of this Report, and this Report has covered major ESG issues that stakeholders are concerned about.

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Quantitative:

The Group discloses environmental and social key performance indicators in this Report. The standards, methods and reference data used to calculate key performance indicators have been explicitly listed in this Report so that our stakeholders can fully understand the Group's ESG performance.

Consistency:

The Group strives to adopt consistent reporting and calculation methods as far as reasonably practicable to improve the comparability of ESG performance. At the same time, the Group will elaborate in the corresponding chapters when there are major changes in data.

1.5 Contact us

For more detailed information on the Group's environmental, social and corporate governance, please refer to the Group's official website (http://www.dynasty-wines.com/en/inv_corporate.htm). We value the comments from our stakeholders. If you have any comments or suggestions on this Report or the overall sustainable development of the Group, please feel free to contact the Group at esg@dynasty-wines.com.

2. ESG MANAGEMENT

2.1 ESG management approach and structure

The Group upholds a sustainable ESG management approach and understands that a sound management approach can bring about long-term returns to stakeholders and the Group. Therefore it is one of the core components of its business strategy.

To effectively implement and review the ESG management approach, the Group has formulated an ESG management structure. The Executive Directors of the Group are responsible for ESG management, crafting the strategic direction of ESG and ensuring the effectiveness of the ESG risk control and internal control mechanism. Meanwhile, the Group has formed an ESG working group comprising the backbone members of different departments, which takes charge of the ESG data collection and inspection and evaluation of performance on environment, health and safety, labour standards, product responsibility etc., and reports the results to the Board of Directors in an effort to enhance and improve ESG governance performance of the Group.

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2.2 Stakeholder engagement

The Group believes that the engagement and opinions of stakeholders are important parts of sustainable development work. We stress maintaining close contact with stakeholders. By establishing different channels for communication, we understand and respond to the expectations and requirements of stakeholders, and thus formulate and implement strategies for improvement, in a way that the Group's business practices can meet the expectations of stakeholders. The expectations and requirements of various stakeholders for us and our corresponding communication and response methods are set out below.

Stakeholder	Expectations and Requirements	Communication and Response Methods
Government and regulatory bodies	<ul style="list-style-type: none"> • Pay taxes according to law • Safe production 	<ul style="list-style-type: none"> • Regular communications with regulatory bodies • Inspection and supervision • Pay taxes on initiative
Board of Directors	<ul style="list-style-type: none"> • Compliant operation 	<ul style="list-style-type: none"> • Board of Directors meetings • Routine communication and reporting
Shareholders, institutional and individual investors	<ul style="list-style-type: none"> • Compliant operation • Transparent information and efficient communication 	<ul style="list-style-type: none"> • Announcements and circulars of the Company
Suppliers	<ul style="list-style-type: none"> • Product quality • Fair competition • Performance of contracts in accordance with law 	<ul style="list-style-type: none"> • Regular assessment • On-site inspection • Exchanges and visits
Customers	<ul style="list-style-type: none"> • Quality products and services • Performance of contracts in accordance with law 	<ul style="list-style-type: none"> • Customer service center and hotline • Customer satisfaction survey • Telephone and face-to-face meetings • Customer activities • Following visits

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Stakeholder	Expectations and Requirements	Communication and Response Methods
Environment	<ul style="list-style-type: none"> • Emissions in line with standards • Energy saving and emission reduction 	<ul style="list-style-type: none"> • Exchanges with local environment departments • Communications with local residents • Submission of report
The industry	<ul style="list-style-type: none"> • Formulating standards for the industry • Promoting the development of the industry 	<ul style="list-style-type: none"> • Participating in the forums of the industry • Inspection and reciprocal visits
Employees	<ul style="list-style-type: none"> • Health and safety • Remuneration and benefits • Humanistic care 	<ul style="list-style-type: none"> • Routine communication and reporting • Regular appraisal of performance • Training and workshops
Communities and the public	<ul style="list-style-type: none"> • Promoting the development of communities • Openness and transparency of information • Compliant operation 	<ul style="list-style-type: none"> • The website of the Company • Announcements of the Company • Interviews with media
The media	<ul style="list-style-type: none"> • Compliant operation • Upholding the business ethics 	<ul style="list-style-type: none"> • The website of the Company • Press release • Announcements of the Company
Non-governmental organizations	<ul style="list-style-type: none"> • Promoting the development of communities 	<ul style="list-style-type: none"> • The website of the Company • Announcements of the Company

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2.3 Materiality assessment

Thanks to the participation of the employees of various key functions of the Group in the preparation of this Report, the Group was able to review its operations and initially identify potential important ESG issues concerned by internal stakeholders. By conducting a questionnaire with the assistance of third-party ESG consultants, the Group collected the opinions of various departments and business units on potential ESG issues and identified important ESG issues with reference to the materiality maps provided by well-known external organizations¹.

The following table sets out the major ESG issues for the internal stakeholders of the Group during the Year:

ESG Indicator	Major ESG Issues	Page
General	Compliant Management	8, 16
A. Environment		
Aspect A1: Emissions	Emissions Management	8
Aspect A2: Use of Resources	Use of Resources	12
B. Society		
Aspect B2: Health and Safety	Occupational Health and Safety	22
Aspect B5: Supply Chain Management	Supply Chain Management	24
Aspect B6: Product Responsibility	Quality Management	26
	Sales Practices and Product Labels	28
Aspect B7: Anti-corruption	Anti-corruption	29

During the Year, the Group has established appropriate and effective management policies and monitoring systems concerning ESG matters, and has confirmed that the information disclosed in this Report meets the ESG Reporting Guide.

¹ The materiality maps referenced in the materiality assessment include the ESG Industry Materiality Map and the SASB Materiality Map produced respectively by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB).

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3. ENVIRONMENT

3.1 Standards and goals of environmental protection management

In order to promote green development and perform environmental protection works correctly and effectively, Dynasty Tianjin established standards of environmental protection management, assigned corresponding environmental protection work and responsibility based on the positions of the employees, prepared environmental emergency plans to reduce the impact brought by environmental incidents, and also set up operating procedures of environmental protection work to standardize sewage treatment, exhaust gas emissions, hazardous waste management and other works.

Dynasty Tianjin established a leading management group for environmental protection work, which was composed of the general manager and other senior management and responsible for establishing the environmental development guidelines and plans as well as supervising the environmental protection work. There is an environmental protection management office under the leading management group, responsible for implementing the environmental protection plans, establishing an environmental protection emergency mechanism, grasping the dynamics of environmental protection work and other duties. In addition, the environmental protection duties of different departments and personnel are listed in the environmental protection management system, which assigns environmental protection works to each level of Dynasty Tianjin. For example, the discipline inspection and supervision department is responsible for the disciplinary work of sudden environmental pollution incidents, the labour union is responsible for assisting in environmental protection advertisement and activities, the equipment department is responsible for the management of environmental protection requirements and regulations in the procurement process etc.

Dynasty Tianjin also listed long-term plans of environmental protection management in the environmental protection management standards, aiming to create more value for the society. Among them, the guidelines and goals of environmental protection are as follows:



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3.2 Emissions

The Group has upheld the concept of sustainable development in the course of business and strived to reduce the impact on the environment during its production process. We strictly abide by relevant laws and regulations on environmental protection, including but not limited to “Environmental Protection Law of the People’s Republic of China”, “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”, “Water Pollution Prevention and Control Law of the People’s Republic of China” and “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Wastes”.

Dynasty Tianjin has always implemented the approach of “sound system, cherishing resources, treating the Earth well and sustainable development”. Therefore, Dynasty Tianjin has set control procedures for the identification and evaluation of environmental factors to identify exhaust gas, wastewater and waste discharged during the operation and has established environmental protection responsibility system to control and reduce the hazards to the environment generated during operation. Dynasty Tianjin endeavors to manage various types of emissions generated during production to ensure relevant statutory requirements are satisfied. We actively assume the corporate social responsibility as we have been exploring ways of operation with less harmful impact on the environment and are highly aware of positive environmental management to do our utmost to protect the environment.

The Group strictly complied with the environmental laws and regulations of the PRC related to wine business during the Year and did not record any emissions-related violations.

i. Exhaust gas emissions

The Group’s exhaust gas generated by the business in the PRC mainly generated from routine use of motor vehicles. To effectively control and reduce emissions from the use of motor vehicles, the Group takes the following emission-reduction measures:

- Make full use of the seating capacity of vehicles to carry maximum number of passengers in the minimum times of ride; and
- Provide maintenance and inspection of vehicles on a regular basis.

During the Year, the Group disposed 5 50-seater shuttle buses and 12 administrative vehicles, therefore the vehicle exhaust emissions during the Year was significantly lower than last year.

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Dynasty Tianjin's performance of vehicle exhaust gas emissions is summarized as follows:

Vehicle exhaust gas <i>(Note 1)</i>	Unit	2020	2019
Nitrogen oxides (NO _x)	kg	6.98	406.94
Sulfur oxides (SO _x)	kg	0.14	0.63
Particulate matter (PM)	kg	0.51	33.07

Note:

1. The emission factors are derived from "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the National Development and Reform Commission of the PRC (the "NDRC of the PRC") and "Reporting Guidance on Environmental KPIs" (the "Appendix II") provided by the Hong Kong Stock Exchange.

Dynasty Tianjin uses natural gas as the fuel of the boiler in the production process, which produces no substantial air pollutants during the combustion process given the fuel characteristics of natural gas. In addition, Dynasty Tianjin strictly complies with the "Emission Standard of Air Pollutants for Boiler" (DB12-151-2016) of Tianjin. In summer, Dynasty Tianjin maintains the independent operation of gas-supply production equipment. In winter, the heating system is operated together with the gas-supply production equipment to save energy. Meanwhile, Dynasty Tianjin engages qualified third-party testing agencies regularly to test the emissions of its boilers to ensure compliance with emission standards. During the Year, to reduce the emission of air pollutants from boilers, Dynasty Tianjin replaced two boiler burners and added an external flue gas recirculation system, introducing the flue gas into the burner to reduce the combustion temperature, thereby reducing the emission of nitrogen oxides generated by high-temperature combustion.

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ii. Greenhouse gas (“GHG”) emissions

Dynasty Tianjin’s GHG mainly includes (i) direct emissions from regular combustion of fuels during production, routine fuel consumption by vehicles and use of refrigerant, and (ii) indirect emissions of energy from purchased electricity.

The GHG emissions performance of Dynasty Tianjin is summarized as follows:

GHG <i>(Note 1)</i>	Unit	2020	2019
Total GHG emissions	tCO ₂ e	5,231	6,101
Scope 1 – Direct emissions <i>(Note 2)</i>	tCO ₂ e	1,731	2,037
Scope 2 – Indirect energy emissions <i>(Note 3)</i>	tCO ₂ e	3,500	4,064
GHG emissions intensity <i>(Note 4)</i>	tCO ₂ e/m ²	0.08	0.09

Notes:

1. The calculation of GHG emissions was based on Appendix II and the “Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong” provided by the Environmental Protection Department and the Electrical and Mechanical Services Department. The GHG emitted by the Group include carbon dioxide, methane and nitrous oxides. All GHG emissions data are presented in tCO₂e.
2. The emission factors are derived from “Guidelines on Greenhouse Gas Emission Accounting and Reporting” provided by the NDRC of the PRC and Appendix II.
3. The emission factors are derived from “Average Carbon Dioxide Emission Factor of China Regional Power Grid” and “Guidelines on Greenhouse Gas Emission Accounting and Reporting” provided by the NDRC of the PRC.
4. During the Year, GHG emissions intensity is calculated based on the gross floor area instead of the total site area, resulting in restatement for the data in 2019.

iii. Wastewater treatment

The wastewater of the Group comes from production sewage and the domestic sewage, among which the production sewage comprises the wastewater from washing the equipment of production workshops of Dynasty Tianjin, filling and cleansing bottles, boiler blowdown, water purification, etc. The domestic sewage comes from the daily usage of water for the office buildings, canteens, washrooms, etc. Domestic sewage is treated through the grease trap and septic tank, and then enters the sewage treatment station together with the production sewage. During the Year, Dynasty Tianjin generated 32,286 tonnes of production sewage and domestic sewage in total. Dynasty Tianjin regularly engages third-party institutions to conduct sewage testing, and its sewage discharge standards are determined according to the “Integrated Wastewater Discharge Standard” (DB12/356–2018) of Tianjin. During the Year, the results of Dynasty Tianjin’s wastewater testing met the statutory requirements.

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In order to effectively enhance the monitoring and management of wastewater, Dynasty Tianjin constructed the automatic monitoring facilities for sources of pollution connected with the monitoring center of the environmental protection authority at the main wastewater outlet. Dynasty Tianjin's water pollution monitoring data will be transmitted through the Internet to the environmental protection authority for real-time monitoring, ensuring Dynasty Tianjin's discharge of wastewater is in compliance with requirements.

iv. Waste management

The Group takes a classification-based approach to the management of non-hazardous and hazardous waste generated in business operation. Non-hazardous wastes generated by us include wine lees and general waste, waste paper, glass and plastic. From processing grapes to winemaking, we will produce wastes such as grape stems, grape seeds and grape residue. The de-stemmed grapes are pressed and crushed. The grape residue, including grape skins and grape seeds, settles and forms wine lees and are brewed with the wine liquid to help enhance the taste of the wine. Through classification, we will recycle and reuse recyclable waste to reduce the impact on the environment, while non-recyclable waste will be transported to government landfill for disposal.

For hazardous wastes, we will effectively manage and process in accordance with relevant laws and regulations including but not limited to "National Hazardous Waste Inventory" and "The Measures for Administration of Joint Disposal of Hazardous Wastes" to minimize the risk of causing hazards to the environment. The hazardous waste generated by Dynasty Tianjin during operation includes ink cartridges. Dynasty Tianjin engages qualified hazardous waste transportation companies and processing units to collect and process the hazardous wastes.

The data of wastes generated by Dynasty Tianjin are as follows:

Waste	Unit	2020	2019
Total non-hazardous waste	Tonnes	122	131
Non-hazardous waste intensity	Tonnes/tonne of production output	0.016	0.016
Total hazardous waste	kg	25	135
Hazardous waste intensity	kg/tonne of production output	0.003	0.017

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3.3 Use of resources

As energy, water resources and packaging materials are essential to the production of the Group, the Group attaches importance to resource management and use. We comply with the “Law of the People’s Republic of China on Energy Conservation” and other laws and regulations concerning energy and resources conservation, and actively promote the effective use of resources to reduce the impact on the environment while maintaining the quality of production. The Group is highly aware of the overall energy consumption. Therefore, it has established and implemented regulations related to energy management, clarifying the rules of use of various energy and the responsibilities of various departments. Meanwhile, Dynasty Tianjin established a monitoring team to monitor the potential impact of business operation on the environment on a real-time basis, and supervise and inspect the energy use by production systems and non-production systems.

i. Energy management

The Group’s energy consumption includes (i) direct energy consumption, such as natural gas, gasoline and diesel, and (ii) indirect energy consumption, including electricity and heating purchased from third parties. The Group actively implements the concept of energy-saving and emission reduction, and energy consumption of production equipment has been reduced through maintenance and innovation of production equipment, possible arrangements for production plans to reduce equipment downtime and other measures. For the purpose of effective monitoring of electricity consumption, Dynasty Tianjin will record and compare monthly electricity consumption and natural gas consumption to monitor and analyze energy consumption, understand the effectiveness of the energy-saving measures implemented, and make timely adjustments. In addition to reducing the use of electricity in the production process, Dynasty Tianjin also develops relevant energy use requirements for daily operations to raise energy use efficiency, including the following measures:

- Use daylight as much as possible and set up independently controlled lighting switches by area;
- Replace the lamps in the filling workshop and office area with LED lamps with less electricity consumption;
- Change the public area lighting to automatic sensing to turn on and off;
- Allow employees to wear casual attires to reduce the use of air conditioners in the hot weather and on Fridays;
- Specify the opening temperature and operating temperature of air-conditioning and heating, and avoid excessive use of air-conditioning and heating;

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- Arrange for cleaning of central air-conditioning components to improve cooling efficiency;
- Prioritize the purchase of electronic equipment with energy efficiency labels;
- Adopt video conferences to replace non-essential business trips; and
- Choose direct flight for inevitable business travels.

In addition, the Group also encourages employees to develop the habit of saving electricity, and lists the requirements on the use of electrical appliances and electricity in the employee management rules, so as to work together with the Group to cultivate a thrifty and frugal atmosphere, reduce unnecessary energy consumption and relieve the burden on the environment. In order to achieve the goal of saving electricity and using electricity efficiently, the Group promotes and educates its employees on emission-reduction measures to enhance their sense of environmental responsibility through different media channels such as email, posters and intranet, and encourages them to:

- Turn off the lighting equipment when leaving, and follow the rule of readily turning off the lights in an unoccupied area; and
- Turn off electrical appliances and equipment that are not necessary to use in order to save electricity during standby time.

Dynasty Tianjin's energy consumption performance is summarized as follows:

Type of Energy	Unit	2020	2019
Direct energy consumption			
Natural gas <i>(Note 1)</i>	MWh	4,777	5,107
Gasoline <i>(Note 2)</i>	MWh	92	174
Diesel <i>(Note 2)</i>	MWh	0	247
Indirect energy consumption			
Electricity	MWh	3,958	4,198
Total energy consumption	MWh	8,827	9,726
Energy consumption intensity	MWh/tonne of production output	1.15	1.21

Notes:

1. The calculation factors used are derived from "Guidelines on Greenhouse Gas Emission Accounting and Reporting" provided by the NDRC of the PRC.
2. The calculation factors used are derived from the Energy Statistics Manual from the International Energy Agency.

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ii. *Water management*

The use of water resources of the Group includes water for production use and domestic use. In order to prevent the wines from contamination, all the glass bottles used are required to undergo washing procedures before wine bottling. The Group procures glass bottles with high-hygienic standards and washes them under high pressure to reduce the amount of water used in the cleansing process. Dynasty Tianjin strictly implements the annual consumption of groundwater as approved by the Tianjin Water Conservation Office. The actual consumption cannot exceed the planned targets.

In order to improving and greening the peripheral environment, the Group carried out a greening project during the Year, and the water used for irrigation was provided by the Group. Therefore, the water consumption during the Year increased compared with previous year.

Dynasty Tianjin's water consumption performance is summarized as follows:

Water Resources	Unit	2020	2019
Total water consumption	m ³	135,949	110,882
Intensity of water consumption	m ³ /tonne of production output	17.69	13.81

Dynasty Tianjin implemented a series of water-saving and energy-saving programs, such as "Pure Water Production Equipment Renovation Program" and "Program for the Increased Use of the U.S. Gamajet Cleaning Nozzles" to reduce water for production use. In order to reduce water for daily domestic use, Dynasty Tianjin regularly checks the water meter readings, identifies hidden leaking pipes and repairs them immediately when found, and uses double flush toilets. Based on our production model and the geographical location of plants and offices, we have no difficulty in sourcing water that is fit for purpose.

iii. *Use of packaging materials*

The Group mainly produces wine products, and the main packaging materials include cartons and paper products and glass wine bottles. Dynasty Tianjin improved the production conveyor and increased the spacing of glass wine bottles to reduce damage to glass wine bottles due to collisions, thereby reducing unnecessary consumption of packaging materials.

Dynasty Tianjin's performance on the consumption and intensity of packaging materials is summarized as follows:

Packaging Materials	Unit	2020	2019
Consumption of packaging materials	Tonnes	6,814	7,120
Cartons and paper products	Tonnes	892	932
Glass wine bottles	Tonnes	5,922	6,188
Intensity of consumption of packaging materials	Tonnes/tonne of production output	0.89	0.89

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3.4 Environment and natural resources

In response to increasingly stringent policies on environmental protection, the Group is committed to strengthening environmental management to reduce its impact on the environment and natural resources. The Group integrates the concept of environmental and natural resource protection into its internal management and daily operational activities, and strives to ensure that the treatment of waste gas, wastewater and solid wastes is compliant with relevant laws and regulations, and reduce the impact on the surrounding environment and natural resources.

In addition to complying with the requirements of relevant laws and regulations, the Group also strives to reduce its environmental impact in other aspects. For example, the bottle corks used by Dynasty Tianjin is made of dead outer layer of bark, which will not affect the trees' continued growth and at the same time reduce white pollution. While improving production efficiency, the Group actively reduces its impact on the environment, including reasonably arranging production plans and upgrading equipment with lower utilization efficiency in the filling process. During the Year, Dynasty Tianjin obtained a new utility model patent for a filter device for wine processing, which can filter the wine in the recoil filter again to reduce the waste of raw materials. The Group also implements the following environmental protection measures in the office:

- Reuse envelopes, folders, file cards and other stationeries;
- Use recyclable toner;
- Assess the usage of materials to prevent excessive stock;
- Use the projector to display meeting materials and avoid copying;
- Apply electronic communication software for notification to reduce the use of paper for notification documents; and
- Adopt e-approval instead of paper forms.

3.5 Addressing climate change

In recent years, climate change has become a major global issue, and the severity of extreme weather conditions arising from climate change is also on the rise, which has brought negative impacts to many corporates. The Group pays close attention to climate change and related incidents, and strives to reduce GHG emissions to slow down climate change. Climate change will affect rainfall patterns and increase the occurrence of extreme weather, which may increase the operating costs of the Group and affect the consumer demand for our products. The Group regularly identifies, evaluates, manages and monitors climate-related risks and assesses the appropriate level of climate-related risks that we can bear. The Group will also evaluate the climate-related risks in the supply chain and identify alternative supply sources, to reduce the impact on the supply chain due to climate change. In addition, Dynasty Tianjin also conducts market research to keep abreast of market trends in climate-related matters.

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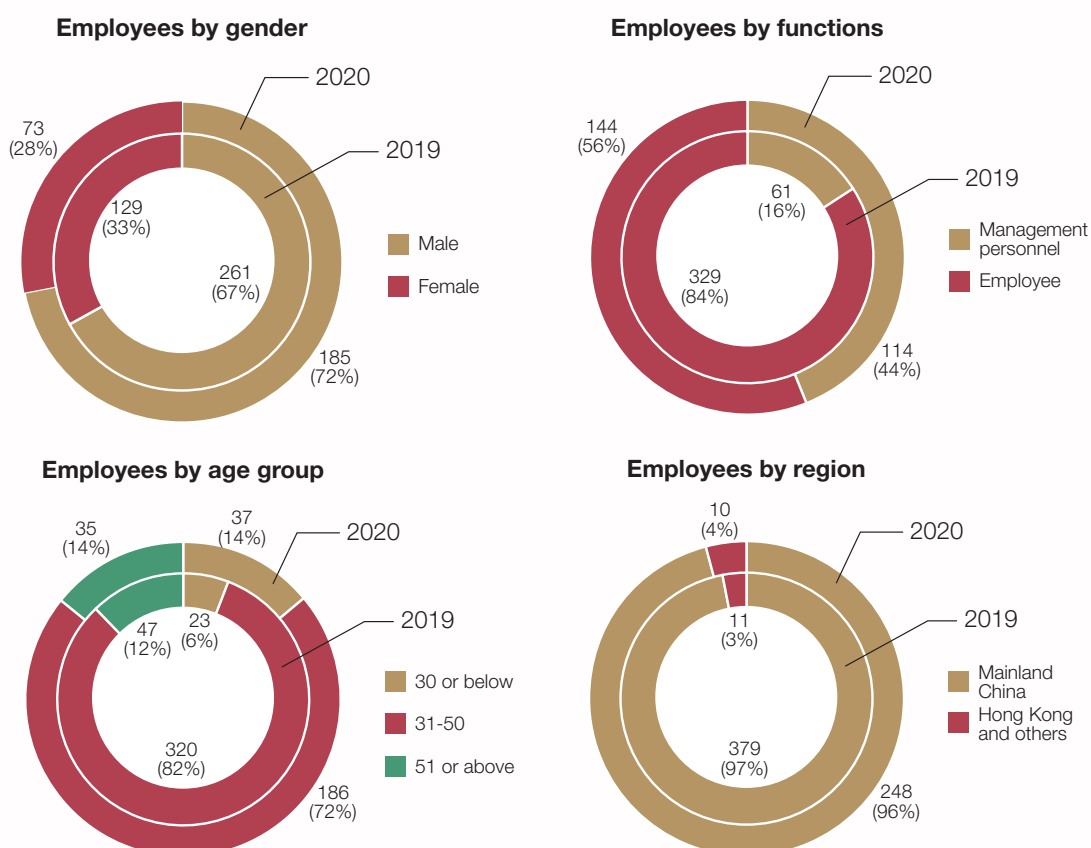
4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Employment practices

The Group regards its employees as its most valuable assets and the core of its competitive advantage. The Group maintains its advantage in human resources by recruiting new employees, developing and retaining staff to support good corporate development. We adhere to the principle of people-oriented, standardize the labour and employment management, and actively protect the occupational health and safety of employees to respect and protect the legitimate rights and interests of each employee.

The Group has strictly complied with the labour-related 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 “Regulations on the Administration of Labour and Employment in Tianjin”, and Hong Kong legislations, including the “Employment Ordinance” and “Minimum Wage Ordinance”. The Group has established employee management systems and employment contracts in accordance with local employment laws and regulations and provides various benefits to its employees. During the Year, the Group was not aware of any material non-compliance with laws and regulations governing human resources.

As of 31 December 2020, the Group had a total of 258 employees (2019: 390) and all of them are full-time employees, whose distribution by gender, function, age group and geographical location is as follows:



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During the Year, the Group implemented an employee reform plan in response to business development, and provided adequate compensation for employees who had been terminated their employment contracts and retired early. The overall employee turnover rate of the Group is 22%, and the employee turnover rate by gender, age group and geographical location is as follows:

Employee turnover rate <i>(Note 1)</i> (%)	2020
By gender	
Male	23
Female	21
By age group	
30 or below	0
31-50	28
51 or above	14
By region	
Mainland China	23
Hong Kong and others	0

Note:

1. The Group started to disclose this social key performance indicator from the Year.

i. Talent selection

The Group strives to recruit and retain high-quality staff to ensure the smooth development of the corporate. For that purpose, we follow an internal recruitment and promotion process to identify suitable candidates for each position. In order to improve recruitment efficiency, the Group formulates human resource plans in accordance with the needs of its corporate development strategies and production and operation objectives. The human resources department will arrange for the recruitment of staff based on the needs of each department. The Group's recruitment exercise comprises internal promotion and external recruitment, and priority will be given to employees who meet the requirements for internal promotion. The Group conducts external recruitment through advertisements, job fairs and campus recruitment, pursuant to which, external applicants are required to undergo screening and interviews to ensure that they have the required competencies for the positions.

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ii. Labour standards

The Group values labour rights and interests and strictly prohibits forced labour and child labour in compliance with regulations, including but not limited to the “Provisions on the Prohibition of Using Child Labour” in the PRC and the “Employment of Children Regulations” in Hong Kong. We require new hires to provide identification documents to confirm that they are of legal working age and to avoid the misuse of child labour. At the same time, to prevent forced labour, we also require employees to sign an employment contract before onboarding, which sets out detailed information on the content of duties, location, working and rest time, salary, benefits etc. If any child labour or forced labour is found, the Group will terminate the relevant person’s work immediately and investigate on the issue to prevent recurrence.

The Group attaches great importance to maintaining the work-life balance of its employees. For example, we adopt standard working hour system in Mainland China where employees work five days a week and less than eight hours per day. At the same time, the Group does not encourage working overtime. In order to reduce unnecessary overtime, employees who need to work overtime are required to submit an overtime application to the human resources department.

iii. Remuneration and benefits

The Group adheres to the principle of safeguarding the rights and interests of its employees and has established a standardized remuneration system. According to internal and external reference standards and employees’ abilities, experience and contributions, we will determine the competitive salary for them. In addition to basic remuneration, the Group provides employees with overtime subsidies, performance incentives and bonuses for outstanding performance or special contributions to enhance employees’ motivation.

In accordance with the “Social Insurance Law of the People’s Republic of China”, “Mandatory Provident Fund Schemes Ordinance” of Hong Kong and other relevant laws and regulations, the Group provides social security for its employees in the PRC, including five social insurance and one housing fund (i.e. unemployment insurance, medical insurance, maternity insurance, work-related injury insurance, pension, housing provident fund), and engaged the employees in Hong Kong in the Mandatory Provident Fund Scheme. In addition, we also provide other benefits to our employees in the PRC, including the provision of heat stroke prevention and cooling supplies and festive gifts to our employees in the PRC and medical insurance, festive gifts, team lunches and birthday cakes to our employees in Hong Kong. In addition to statutory holidays, employees are entitled to paid annual leave, family leave, bereavement leave, marriage leave, maternity leave and sick leave, etc. During the Year, the Group also organized table tennis and badminton tournaments for employees in the PRC to encourage a healthy lifestyle, as well as festive events and knowledge competitions to enrich the after-work life of our employees.

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As a signatory to the Hong Kong Labour Department's Good Employer Charter 2020, the Group is committed to adopting employee-centered and good personnel management practices. The Group is committed to implementing family-friendly employment practices to encourage and promote work-life balance and create a quality working environment for its employees. The Group's efforts in implementing family-friendly employment practices have been recognized, in particular the provision of flexible working arrangements for breastfeeding employees and employees having newborns, and the provision of reasonable leaves and working hours.



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In addition, the Group was awarded the “Good MPF Employer 6 Years” and “MPF Promotional Award” by the Mandatory Provident Fund Schemes Authority of Hong Kong in recognition of its efforts in fulfilling its legal obligations as an employer, providing better retirement benefits to its employees and encouraging the employees to manage their MPF proactively.



iv. Promotion, development and training

The Group has a clear management basis and process for the promotion, transfer and demotion of employees, as well as a standardized resignation process to protect the interests of both employees and the enterprises. Any promotion or dismissal is based on legitimate grounds, and the Group prohibits any form of illegal or unlawful dismissal. By conducting regular performance appraisals, the Group is able to understand the performance of each employee and the result of such performance appraisals will be used as a reference for promotions. The Group also attaches importance to the development of the potential of its employees by providing them with transfer opportunities based on operational and management needs, their performance, knowledge, abilities and personal aspirations, with a view to achieving the goal of “making the best use of talent and matching their abilities with their jobs” and providing them with greater prospects for growth. Upon receiving the notice of resignation, the Group will interview the employee to find out the reason for resignation and terminate the employee’s contract, transfer social insurance and pay the balance of salary in accordance with regulatory requirements.

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The Group has a training management system in place and an annual training plan to provide pre-onboarding and on-the-job training to its employees to effectively enhance their quality and capability. The Group provides all new employees with pre-employment training, which includes training on the Company's policies and job-related knowledge, to ensure that new employees have the required competencies for relevant positions and can adapt to the work quickly. Transferred employees are also required to undergo technical training to ensure that they are equipped with the skills required for their new positions. The Group also provides on-the-job training to its employees to enhance their job skills and management knowledge according to the needs of business and production development, and the training covers a wide range of areas, including food safety, quality control, production technology and the knowledge of wine, etc. In addition to internal training, the Group organized a number of external training courses during the Year, such as vocational skills certification for sommeliers and winemakers, quality inspection personnel's testing and laboratory management capabilities, etc. and provided subsidies for external training to enhance the professional competence of its staff.

The average number of hours of training per employee of the Group was 1.05 hour and the overall percentage of employees trained was 12%. The average number of hours of training and the percentage of employees trained by gender and occupational function are as follows:

The average number of hours of training per employee and the percentage of employees trained ^(Note 1) (%)	2020
By gender	
Male	0.95 (12)
Female	1.32 (12)
By occupational function	
Management personnel	0.95 (14)
Employee	1.14 (11)

Note:

1. The Group started to disclose this social key performance indicator from the Year.

v. Equal opportunity and anti-discrimination

The Group strictly abides with the "Special Rules on the Labour Protection of Female Employees" in China, the "Hong Kong Bill of Rights Ordinance" and relevant laws and regulations and does not tolerate any acts of discrimination, harassment or abuse in the workplace. The Group adheres to the principle of equality, eliminates discrimination in the recruitment and operation process, to ensure that no employee is discriminated against by reason of race, gender, age, ethnicity or religion and other factors. All employees are entitled to fair treatment in every aspect including recruitment, salary, training, promotion, and with equal pay for equal work for men and women.

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4.2 Health and safety

The health and safety of our employees is the foundation of the Group's operations. In view of this, the Group has established a safety policy of "safety first, prevention focus". The Group strictly complies with national and local laws and regulations relating to labour safety, including but not limited to the "Production Safety Law of the People's Republic of China", the "Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases", "Occupational Safety and Health Ordinance" of Hong Kong and the Occupational Health and Safety Guidelines by the Labour Department of Hong Kong.

The Group did not record any accidents that resulted in death or serious physical injury, and no claims or compensation were paid to its employees due to such accidents for the past three years. No non-compliance with laws and regulations relevant to health and safety of employees were found. During the Year, the total number of working days lost due to work-related injuries for all of the Group's employees was 270 days (2019: 269 days).

i. Production safety, investigation on potential hazards and emergency response system

In order to implement production safety in an effective and comprehensive manner, the Group has formulated a production safety responsibility system, under which representatives from different departments are appointed to form a production safety committee. The production safety committee is responsible for preparing emergency rescue plans for production safety accidents, organizing drills and exercises, conducting safety inspections, investigating hidden hazards and supervising rectification, reporting production accidents, setting annual production safety goals, and holding monthly production safety meetings to study and guide the safety production of all units and departments. The production safety responsibility system clearly defines the responsibilities of each employee or department concerned, and the production safety committee helps the Group to monitor the production safety and to allocate safety tasks to each department and unit so that all employees can work together to achieve production safety goals. During the Year, The Group has arranged for management-level personnel and employees in higher safety risk positions to sign a production safety responsibility letter, which sets out the safety production policy, safety production objectives and safety production commitment, in order to raise the safety awareness of employees.

In order to systematically prevent production safety accidents, the Group has established a management system of production safety inspection and investigation on potential hazards in accordance with the "Production Safety Law of the People's Republic of China", requiring management at all levels to investigate and manage potential hazards in all units and departments under their supervision. The Group conducts a variety of inspections, including comprehensive, specialized, seasonal, holiday and daily inspections, as required by the system. All units and departments are also required to record, report and manage potential hazards on regular working days. With the cooperation of our staff at all levels, we are able to identify and manage potential safety hazards to reduce the occurrence of production accidents and ensure the safety of our employees.

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In addition, the Group has prepared a comprehensive emergency response plan for production safety accidents in accordance with the “Emergency Response Law of the People’s Republic of China” and other relevant laws and regulations, so as to effectively respond to production safety accidents. The Group has put in place a well-developed emergency response system structure, and formulated response plans for various potential accidents, including hydrogen sulfide poisoning accidents, electric shock accidents, fire accidents and special equipment accidents, based on the identified sources of danger and the types of accidents and risks and hazards that may occur. The Group has also implemented emergency management, including emergency command centers and on-site handling leading teams in the event of an accident for allocating and directing rescue and aftermath work, in order to systematically respond to all kinds of accidents and minimize losses.

ii. *Health management of employees*

The Group has established a clear health management system for production line employees in order to understand their health conditions and prevent work-related injuries at the earliest possible time, and requires production line employees to undergo a health examination once a year and obtain a health certificate before performing their duties. In addition, the Group has formulated a management system for labour protection gears according to the “Provisions on the Supervision and Administration of Labour Protection Articles” in China and provides employees with labour protection equipment with product certificates and instructions based on the need of their positions, for the purpose of protecting their health and safety.

iii. *Education and training*

The Group provides safety knowledge training to enhance employees’ knowledge on safety. New employees must qualify for the safety education before performing their duties, and the time spent on safety education should be no less than 24 hours. The training includes laws, regulations and standards related to safety production and occupational health, general safety and technical knowledge, production characteristics, accident cases, safety production and occupational health management rules and regulations, safety precautions, occupational health and occupational disease prevention, etc. During the Year, employees underwent training on safety production systems and fire safety. At the same time, the Group provides safety training on the hazards that current employees may face at work. For example, the Group provided safety training for special operators during the Year, including training on laboratory safety precautions, operation restrictions and techniques for staff working in laboratories, providing its staff with work-related safety knowledge to prevent and reduce the hazards caused by accidents. The Group also informs employees of safety inspections, statistics on occupational injuries and illnesses and other safety-related matters, and conducts a variety of emergency drills on a regular basis, such as rescue and fire escape drills in accordance with emergency plans to enhance employees’ safety awareness.

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iv. Response to the epidemic

The novel coronavirus disease (“COVID-19”) epidemic is still rampant. The Group has actively cooperated with the national and local prevention and control requirements, put the safety of employees as the highest priority and resumed work in an orderly manner. Dynasty Tianjin has formulated a work resumption plan during the epidemic and formed an epidemic prevention and control working group to effectively distribute and supervise the epidemic prevention work. Dynasty Tianjin has implemented a number of epidemic prevention measures, including daily temperature checks and records, regular disinfection of the factories and provision of safety goggles and masks to employees. At the same time, employees of Dynasty Tianjin are required to apply for permission to trip to other provinces and cities, and employees returning from other provinces and cities are required to be quarantined to minimize the risk of epidemic transmission due to the movement of staff. In addition, the Group has also made timely arrangements for employees in Hong Kong to work from home in response to the pandemic situation to minimize the risk of employees contracting the disease while at work.

During the Year, Dynasty Tianjin has provided employees with safety training on epidemic prevention and control, including how to wear masks, proper handwashing and the use of disinfectants, etc., to enhance their awareness and knowledge of epidemic prevention.

5. OPERATING PRACTICES

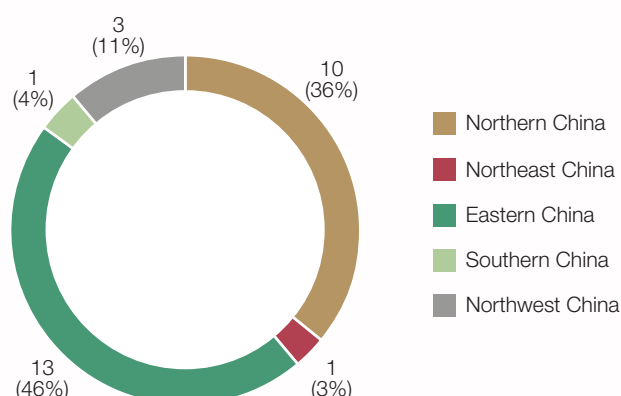
5.1 Supply chain management

Excellent supply chain management is an important part of the Group’s efforts to produce high-quality products. The Group has established a fair, transparent and systematic supplier selection process to improve product quality. During the Year, the Group was not aware of any non-compliance incident related to supply chain management.

The Group has established a supplier review system for systematic supply chain management. In selecting new suppliers, the Group will evaluate the performance of candidate suppliers in terms of production scale, production capacity, testing capability, quality management system, product quality certification and other factors. After the qualifications of the candidate suppliers are verified, we will make small purchases during the one-year inspection period to ensure product quality. The Group will also conduct an annual assessment of existing suppliers and score them on various aspects such as quality of supply, delivery time, price and services. Suppliers which are qualified will be included in the list of qualified suppliers, and those unqualified will be eliminated. All suppliers that the Group cooperates with are in compliance with the Group’s systems and requirements, and maintain good cooperative relationships. During the Year, the Group had 28 major suppliers, and the number of major suppliers by regions is as follows:

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Major suppliers by region



As raw materials are critical to product quality, the Group has developed different requirements for specific purchases in order to ensure the quality of raw materials. For materials having direct contact with wine, the Group has set stringent requirements on the factory inspection reports, packaging and transportation methods of suppliers, including the identification of raw materials with clear product name, expiry date, storage temperature, etc., and confirmation that the storage and packaging of raw materials can properly maintain the quality. At the same time, to ensure that the supplier has conducted a satisfactory inspection, the Group will verify whether the supplier's calibration records of inspection, measuring and testing equipment are complete upon receipt of goods. The Group will also reject goods that do not meet the requirements under the non-conformity management system, and return goods or replace them with satisfactory goods, as part of its efforts to ensure the quality of products.

The Group promotes the principle of green procurement and has given preference to suppliers that are closer in proximity when selecting suppliers, thus reducing the transportation lead time for procured parts and helping to reduce the environmental impact in the supply chain. At the same time, the Group has considered the environmental impacts of products in its procurement process and selected products with lower environmental impacts, such as those with energy efficiency labels and water efficiency labels, where applicable.

In addition, the Group takes environmental and social risks in the supply chain seriously and has regularly reviewed updates of local policies and regulations related to the supply chain, and communicated with internal and external stakeholders to understand and identify potential environmental and social risks related to the supply chain. In selecting suppliers, the Group has given preference to suppliers that are internationally certified or accredited in environmental and social aspects such as energy, safety and anti-corruption.

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5.2 Product quality management

As a wine producer, the Group's product will have a direct effect on the health of its customers. Therefore, the Group attaches great importance to the quality of its products. The Group strictly complies with relevant laws and regulations, including but not limited to the "Food Safety Law of the People's Republic of China", "General Hygiene Practice for Food Production" and the "Food Safety Ordinance" of Hong Kong, and is committed to providing high quality, safe and hygienic products to its customers. In addition to monitoring the quality of the raw materials supplied by our suppliers, we have also established management and control system for product quality and food safety to manage the production process and safety of our products.

Under the product quality and food safety management and control system, each department has a certified food safety manager who is responsible for implementing measures on quality and food safety. Staff responsible for key positions in food safety-related production, quality, skills and inspection must be qualified and receive regular food safety training. The Group has established a health management system for production line employees and requires them to undergo health checks once a year. For the sake of food safety, if an employee is found to have a communicable disease or skin disease during a health screening, the employee will be reassigned to a post that does not involve contact with food production or other work that does not affect food safety.

The premises and equipment of product production and storage are also an important part of efforts to ensure product quality. Different functional departments are responsible for different aspects of food safety management during procurement, transportation, storage, etc. The Group has also established requirements and regulations for production sites and equipment, including the factory environment, warehouses, production equipment and facilities, cleaning and disinfection systems, etc., to ensure environmental hygiene and cleanliness and to avoid contamination of products. At the same time, the Group has established systems for raw and auxiliary material control, process technology management, production hygiene management and production process control to ensure food safety from raw and auxiliary materials to the production process. The production process of wine involves a number of steps. The Group monitors and inspects each step in the production process, and conducts tests in its in-house laboratory and entrusts qualified inspection agencies to carry out inspection, ensuring that the products comply with standards and regulatory requirements. The Group also carries out batch management of raw wines, products and materials at all stages of the production process to ensure effective product traceability. After the wine is made, the Group will carry out a thorough physical and chemical test, and only after all the indicators have been passed will the process of sterilization, filtering and bottle filling be commenced. For the packed finished wine, the Group arranges inspectors to perform visual inspections to ensure that the products meet the packaging requirements.

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For the finished and bottled wines, the Group has established regulations for the storage and warehousing of the products to manage the quality of the finished products. The Group has standardized the management of the finished wine warehouse and formulated corresponding systems and requirements for the storage, transportation, entry and exit of finished wine to ensure the quality and safety of the finished wine. In order to manage our products systematically, we have set up comprehensive record requirements for our products and require our staff to keep records of the storage, transportation, entry and exit of finished wine. When the products are shipped out of the warehouse, the Group also requires its staff to keep electronic records of the products, recording information such as the production date, product name, batch number, quantity and inspection certificate number, which will facilitate quick reference in the future, meet the requirements of food safety traceability and ensure product safety. In addition, for the transportation and delivery of products, we provide transportation and sales personnel with guidelines for the transportation and delivery process to reduce the risk of product quality problems due to improper transportation or methods of delivery.

For raw materials, semi-finished products and finished products that do not meet the requirements in terms of packaging, storage, production methods and quality, the Group will issue a notice of non-conformity, and label and handle them. The quality control department will hold quality meetings from time to time to analyze the causes of non-conforming products, take corrective measures, and if necessary, revise relevant guideline documents and provide relevant training for employees to prevent the recurrence of related quality problems. At the same time, the Group has assigned food safety officers and formed self-inspection teams in the production workshops of each department to conduct regular quality inspections to minimize the occurrence of quality problems.

In order to ensure product quality, the Group has established a return and replacement process for products that meet the return and replacement category and have completed the identification for return and replacement. The Group has also formulated an unsafe food recall management system in accordance with the “Administrative Measures for Food Recalls” to safeguard the health and safety of its customers. The Group has set up a recall team, which is responsible for recalling unsafe food products that have come to the Group’s attention through self-inspection and self-examination, complaints or reports from the public, and notification from operators and supervisory authorities. During the recall process, the recall team will communicate, and report with the Group’s general manager, the district market supervisory authority or the State Administration for Market Regulation as necessary or make announcements to properly and effectively conduct the recall.

During the Year, the Group did not receive any incidents of unsafe food-related to the Group, nor were there any product recalls due to health and safety concerns.

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5.3 Customer service

The Group attaches great importance to customer service and believes that feedbacks from customers forms part of the foundation for the Group to make improvement and progress. The Group collects customer complaints through distributors and customer service hotline, responds actively to them and makes improvements. The Group also has a product recall and traceability system to ensure product quality and customer safety.

The Group conducts an annual customer satisfaction survey to analyse the satisfaction of new customers and customers with high purchase volumes of its products. The Group will analyse complaints and comments from customers, suppliers and partners, and take appropriate measures to make improvements. The Group also attaches great importance to the sales approach of its products. Therefore, the Group will assess the marketing strategies and reputation of distributors and will only select distributors with good sales practices. The Group will also manage and monitor the performance of its distributors to ensure that customers receive quality service in the purchasing process.

5.4 Business ethics

The Group is committed to maintaining business ethics in its business operations, attaches importance to information management, privacy protection and product information requirements, strictly complies with relevant laws and regulations, strives to operate in a manner that does not harm the interests of others, and actively minimizes the risk of damage to the Group's interests.

i. Information management and privacy protection

The Group strictly complies with relevant laws and regulations on privacy protection, including but not limited to the "Regulations of the People's Republic of China for Safety Protection of Computer Information Systems" and the "Personal Data (Privacy) Ordinance" of Hong Kong. The Group respects and is committed to safeguarding customer information and will only use the information collected for the purpose for which the customer has given prior authorization. We have formulated a server and server room security management system to strengthen the security management of the server and ensure the safe and stable operation of the information system by standardizing information storage, data backup, maintenance and failure management. In addition, the Group has established a computer security management system to manage the use of employees' computers, including confidentiality and virus protection to reduce the risk of information leakage.

In order to protect customer information and trade secrets, the Group requires employees who come into contact with such information to sign a confidentiality agreement, undertaking to keep such information confidential during their employment and after leaving the Group. The customer data collected by the Group is confidential and only used by designated employees with authorization. Employees are prohibited from disclosing confidential information without permission, and relevant employees who violate the rules will be demoted, transferred, suspended or face salary cuts to enhance information protection.

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ii. Advertising, labelling and sales

The Group strictly complies with the “Advertising Law of the People’s Republic of China”, the “Law of the People’s Republic of China on the Protection of Consumer Rights and Interests”, the “Trade Descriptions Ordinance” and the “Food and Drugs (Composition and Labelling) Regulations” of Hong Kong and other relevant laws and regulations in relation to food advertising and labelling. The Group avoids the use of inappropriate or exaggerated promotional techniques in the design of advertising content, and ensures that advertisements and product labels comply with the relevant legal requirements in the jurisdictions where they are sold in order to protect the interests of consumers. As for sales activities, the Group provided sales knowledge training to sales staff during the Year to prevent any irregularities in sales and promotions and to provide the best quality services to customers.

During the Year, the Group did not receive any illegal or non-compliant matters relating to advertising, labelling and sales activities.

5.5 Anti-corruption

The Group is committed to creating a clean corporate culture and attaches great importance to the fight against corruption and the promotion of probity. The Group adopts a zero-tolerance attitude towards the acts of corruption and bribery and strictly complies with relevant laws and regulations such as the “Criminal Law of the People’s Republic of China”, the “Anti-Unfair Competition Law of the People’s Republic of China” and the “Prevention of Bribery Ordinance” of Hong Kong, prohibiting any employee from engaging in acts of bribery, embezzlement or money laundering to prevent corruption and bribery. We will terminate the employment contract with any employee who is involved in bribes or corruption.

The Group has established the code of conduct, which specifies the standards of conduct for directors and employees on policies in relation to accepting advantages and declaration conflicts of interest, with efforts to prevent corruption. Meanwhile, the Group has established the principle of avoidance, which prohibits the recruitment of immediate family members of middle-level and above employees, and prohibits middle-level and above employees from transferring their relatives to work within their own supervision. Employees who already have kinship are not allowed to work in the same position. For the purpose of reducing the risk of corruption, employees should also avoid any interest in business-related entities. In addition, the Group’s leaders and cadre-level employees are required to comply with the “Disciplinary Provisions of Nine Forbidden Behaviors for the Leaders and Cadres of the Food Group System”, which specifies the integrity requirements for the management, such as not using their positions to seek personal gain. The Group has established channels such as report mailbox, hotline and email for employees to report in order to effectively prevent corruption. The Group will impose organizational discipline or take disciplinary actions against employees who violate the disciplinary regulations, while those suspected of violating the law and committing crimes will be referred to the relevant authorities and may be subject to prosecution for their legal responsibilities in accordance with the law. During the Year, Dynasty Tianjin held 6 training sessions for cadre-level employees, covering warning education and punishment methods for corruption incidents, with an aim to strengthen their sense of integrity and reduce the occurrence of corruption incidents.

During the Year, the Group did not receive any lawsuit alleging corruption against the Group or its employees, nor was there any anti-corruption related irregularities involved or discovered.

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6. INNOVATION AND INTELLECTUAL PROPERTY RIGHTS

6.1 Research and development (“R&D”) project

The Group regards R&D and innovation as a significant part for maintaining its competitiveness, with commitments to developing new products, improving production techniques as well as R&D of production technology. During the Year, the Group developed Dynasty Chinese Zodiac Commemorative Dry Red Wine for the Geng Zi Year of the Rat, Dynasty Jiuxiang Rose Liqueur series, the second generation of Dynasty Merlot Dry Red Wine series, Dynasty Seven-Year Reserve Dry Red Wine series and 3 new Dynasty V.S.O.P. Brandy products. In addition to the newly-developed products, the Group has continuously improved the filling process, tested a variety of auxiliary materials and conducted the technical R&D and stockpiling on products, to reduce production costs and enhance product quality and meet market needs.

6.2 Protection of intellectual property rights and trademark

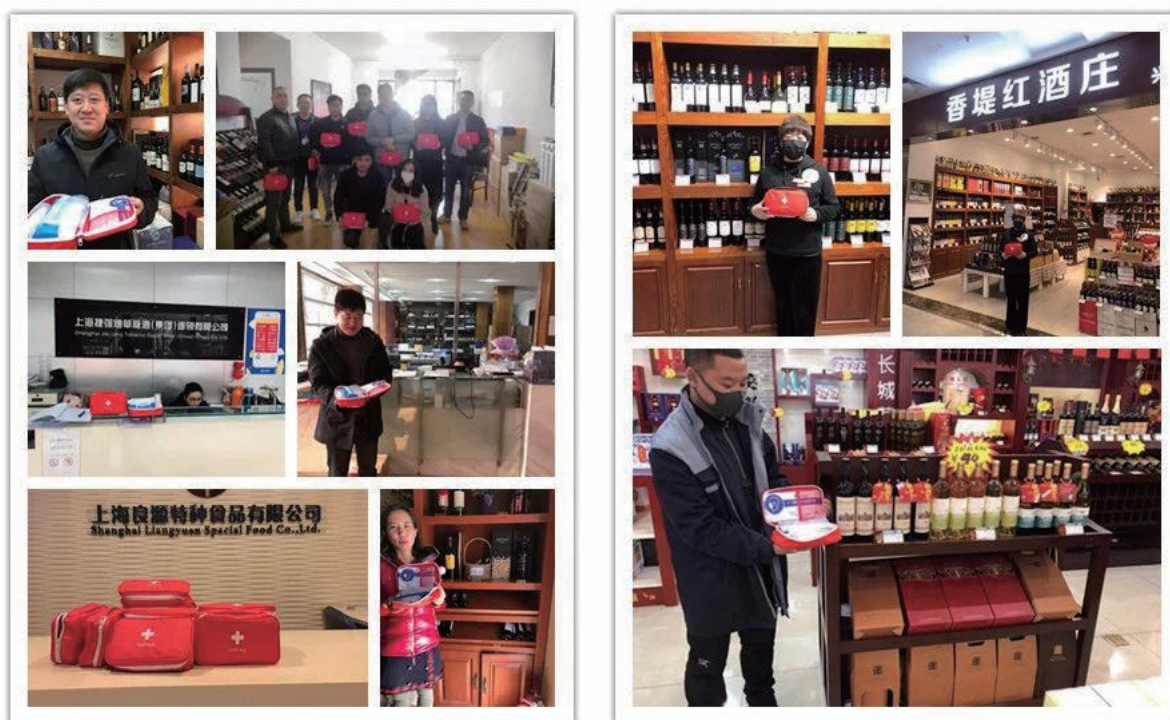
With continuous investment in R&D, the Group has developed a number of new technologies or device designs every year. With a view to maintaining our competitive position and safeguarding our interests, the Group applied to the China National Intellectual Property Administration (CNIPA) for patents in accordance with the “Patent Law of the People’s Republic of China” and the “Patent Ordinance” of Hong Kong. During the Year, the Group obtained 12 patents in total, which mainly are design patents such as wine bottles and wine gift boxes, and new utility model patents such as wine production devices, with commitments to safeguarding its own rights and interests.

While safeguarding its own intellectual property rights, the Group will never infringe the copyright of the commodities of other individuals or other enterprises. The Group also values its own trademark protection and actively abides by relevant laws and regulations including but not limited to the “Trademark Law of the People’s Republic of China” and the “Trade Marks Ordinance” of Hong Kong. When purchasing packaging materials, the Group will clearly set out in contracts the period and scope of the supplier’s use of the Group’s trademarks, to prevent misapplication, therefore safeguarding the Group’s interests.

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7. COMMUNITY INVESTMENT

The Group proactively fulfills its corporate social responsibilities, while promoting economic development and caring a lot about the needs of special groups and communities in the society, so as to grow hand in hand with the community. The Group encourages employees to participate in various charitable activities and contribute to social development. During the Year, due to impacts to different levels caused by the COVID-19 epidemic to all sectors of society, the Group organized employees to make donations to assist those affected by the epidemic. A total of 156 employees participated in such donation campaign, raising a total of more than RMB20,000. Meanwhile, during the epidemic, the Group immediately purchased epidemic prevention materials, and presented epidemic prevention packages to its business partners to jointly fight the epidemic. The Group also gained an in-depth understanding of various practical problems faced by business partners during the epidemic, and adjusted sales strategies to tide over the challenge together.



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In addition, the Group maintained its efforts in poverty alleviation during the Year. It participated in the integrated media large-scale thematic charitable activity on 1 June 2020 themed “Sunshine for Children · Speaking for Love” organized by Tianjin Television, and introduced and promoted the cooperative poverty alleviation product of the Group with Yongdeng County of Gansu Province – Dynasty Jiuxiang Rose Liqueur, in the live broadcast. Such liqueur is made by Rosa sertata x Rosa rugosa (苦水玫瑰) in Yongdeng County of Gansu Province and Chadian Rose Grape (茶淀玫瑰香葡萄) from Tianjin. It embodies the integration of characteristic products and technologies in the Eastern and Western China, while promoting the economic and sustainable development of the Rosa sertata x Rosa rugosa industry in Yongdeng County, thus contributing to local poverty alleviation.



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8. CONTENT INDEX OF “ESG REPORTING GUIDE”

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KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environment – Emissions	8
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KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices – Employment practices	16
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General disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Employment and Labour Practices – Health and safety	22
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General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment and Labour Practices – Employment practices	16
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment and Labour Practices – Employment practices	16
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employment and Labour Practices – Employment practices	16
Aspect B4		Labour Standards	
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment and Labour Practices – Employment practices	16
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices – Employment practices	16
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices – Employment practices	16
Operating Practices			
Aspect B5		Supply Chain Management	
General disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply chain management	24
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply chain management	24
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored.	Operating Practices – Supply chain management	24

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Operating Practices			
Aspect B6	Product Responsibility		
General disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Operating Practices – Customer service; Business ethics	28
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product quality management	26
KPI B6.2	Number of complaints received related to products and services and how they are dealt with.	No disclosure for the current year	–
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation and Intellectual Property Rights – R&D project; Protection of intellectual property rights and trademark	30
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Product quality management	26
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Business ethics	28

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Operating Practices			
Aspect B7	Anti-corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practices – Anti-corruption	29
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 cases.	Operating Practices – Anti-corruption	29
KPI B7.2	Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	Operating Practices – Anti-corruption	29
Community			
Aspect B8	Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment	31
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment	31
KPI B8.2	Resources contributed (e.g. money and time) to the focus area.	Community Investment	31



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