

雅高控股

ARTGO HOLDINGS

ARTGO HOLDINGS LIMITED

雅高控股有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 3313

ENVIRONMENTAL,
SOCIAL &
GOVERNANCE
REPORT

2021

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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1. ABOUT THIS REPORT

Group Overview

ArtGo Holdings Limited (the “Company”, together with its subsidiaries referred to as the “Group”) is listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”, Stock code: 03313). Our business is diversified which involves mining, processing and sale of marble stones as well as commodity trading. Our products range from marble slabs, standard cut to size marble, antique series, water jet, border series and marble related crafts, to bathroom and tailor-made household products and calcium carbonate products. In the meantime, the Group has endeavoured to operate its business in a sustainable manner.

Reporting Scope

This Report is prepared by the Company in accordance with the “Environmental, Social and Governance Reporting Guide” as set forth under Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange, and has complied with the “Comply or Explain” provisions as contained in the “Environmental, Social and Governance Reporting Guide”.

Opinions and Feedback

The Report serves as an important tool to communicate to all stakeholders the ‘Company’s efforts to promote sustainability developments and to demonstrate its ongoing commitment to enhancing its economic, social and environmental performance.

As part of our sustainable development initiative, the Group welcomes the feedback and opinions from the stakeholders pertaining to the improvement and performance of our environmental, social and governance aspects. Please submit your opinions to the e-mail address at ir@artgo.cn.

Reporting Principles

The following principles are adopted in the Report:

- **Materiality:** Important and relevant information to stakeholders on different ESG aspects is covered in the Report. A materiality assessment was conducted to determine material ESG issues, with results approved by the Board.
- **Quantitative:** The relevant standards, methodologies and assumptions used to prepare the quantitative information are disclosed as appropriate. Quantitative information is provided with narrative and comparative figures, where possible.
- **Consistency:** Consistent methodologies are used to prepare and present ESG data in the Report, unless otherwise specified, to allow for meaningful comparisons.
- **Balance:** The information is presented without the inappropriate use of selections, omissions or other forms of manipulation that would influence a decision or judgment by the reader.

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2. CORPORATE SOCIAL RESPONSIBILITY

Missions and Objectives

We attach great importance to our responsibility to society while taking into account business development and its impact on the environment and society. The Company holds the following five core philosophies: safety first, customer-oriented, management centred, care based, and environment protection prioritized. The following are our missions and objectives in terms of environment, community, employment, and operations:

Maintain Highest Ethical Standards

We aim to maintain the highest ethical standards in the conduct of our business. We are committed to maintaining the highest standards of corporate governance.

Focus on Health and Safety

Health and safety issues are always our top priority.

Minimize Environmental Impact

We undertake to minimize the impact of our activities on the environment.

Contribute to Communities

We are willing to make contributions to the communities in which we operate.

Respect Our Staff

We treat each employee with fairness, listen to them with respect, and provide them with a comfortable work environment.

Encourage Partners to Set High Standards

We encourage our contractors to embrace high standards similar to ours.

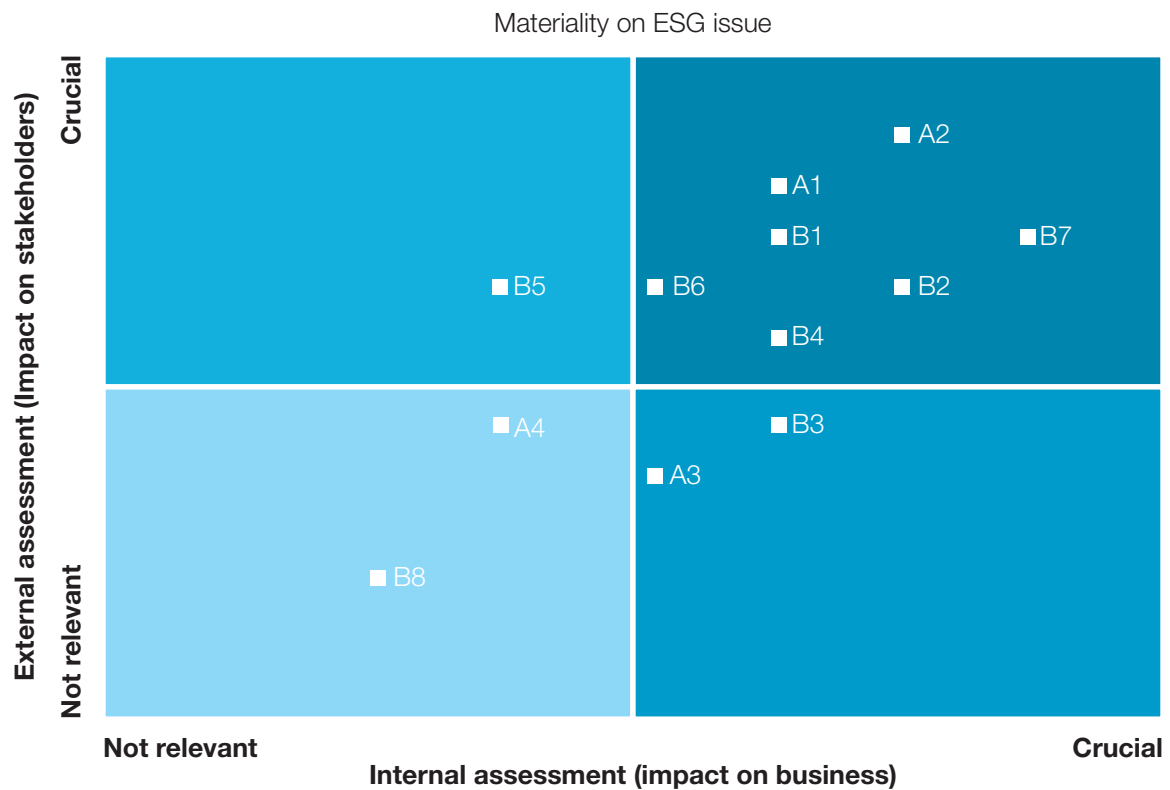
Culture and Education

We promote the development and appreciation of arts and culture to improve our quality of life and encourage innovation and creative thinking.

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Materiality Assessment

During the reporting period, the Group has evaluated a number of environmental, social and operating items, and assessed their importance to stakeholders and the Group through various channels. This assessment helps to ensure that the Group's business objectives and development direction satisfy with the stakeholders' expectations and requirements. The Group's and stakeholders' matters of concern are listed out in the following materiality matrix:



- A1: Environmental
- A2: Use of resources
- A3: The environment and natural resource
- A4: Climate change

- B1: Employment
- B2: Health and safety
- B3: Development and training
- B4: Labour standards
- B5: Supply chain management
- B6: Product responsibility
- B7: Anti-corruption
- B8: Community investment

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Stakeholder Engagement

Stakeholder engagement is the core element of the Group's sustainable development. Focusing on the establishment of a regular communication mechanism for stakeholders, the Group has set up online and offline communication channels to demonstrate to the stakeholders the strategic planning and performance of sustainable development and to consult their opinions and needs in a timely manner so that the Group's business practices would align with stakeholders' expectations.

The Group's stakeholders include its shareholders, staff, government and regulatory authorities, customers, suppliers, communities, shareholders/institutional and individual investors, etc. The Group will engage in discussions with its stakeholders on relevant issues through various channels. Set out below are the communication channels between its stakeholders and the Group, as well as the expectations and demands of its stakeholders:

Stakeholders	Expectations	Communication and feedback
Shareholders	Financial results Corporate transparency Sound risk control	Growth in profitability Regular disclosure of information Optimisation of risk management and internal control
Staff	Platform for career development Salaries and benefits Safe working environment	Promotion mechanism Competitive salaries and employee benefits Provision of employee training and improvement in safety awareness
Government and regulatory authorities	Compliance with rules and regulations Paying tax according to the law	Operational compliance Full payment of tax when due
Customers product	Standards of logistics and delivery	Monitoring of delivery status with the tracking system
Operational compliance	Security of customer information Protection of customers' rights and interests	Protection of customer privacy Marketing compliance
Suppliers	Cooperation with integrity Business ethics and creditworthiness	Establishment of a responsible supply chain Performance of contracts according to the law
Communities	Environmental protection Job opportunities	Use of environmentally friendly and energy-saving equipment Provision of job opportunities
Shareholders/institutional and individual investors	Annual general meetings and notices with shareholders Regular corporate publications Issue of circulars and announcements	Establishment of a platforms for communications Results announcements Increase in transparency of corporate development in due course

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CSR governance structure, execution and monitoring

CSR governance structure

Our CSR structures consists of the Board, the management and executive department. The Board oversee ESG matters as a whole and authorize the management to perform duties relevant to CSR matters. Through collecting CSR-related data regularly, the management can assess, monitor and report material ESG issues to the Board. The executive department is responsible for promoting and implementing ESG policies on operation level.

Policy execution

We are dedicated to integrating the spirit of community contribution into our core businesses and provide expertise, human resources, and educational and cultural development for philanthropic projects. For the sustainability impacting the ecological environment and natural resources, ArtGo will seek to maximize greening benefits during its production activities to the extent that it will not cause any ecological deterioration and minimize consumption of natural resources. To fulfil the environmental commitments, the Group will enhance its product and technology performances, optimize production techniques, improve its management standards, and enhance the employee responsibility and awareness of environmental protection.

Monitoring

The Group also follows a sustainable development strategy by providing the employees with safe and healthy working environment as well as talent training and development, promoting and implementing supply chain management policies, comprehensive mechanisms and measures for environmental protection, and community involvement and participation. The management assists in maintaining the 'Group's risk management and internal control systems, and the Board monitor the effectiveness and appropriateness of the system on an ongoing basis to properly monitor environmental, social and governance performance and address related sustainability risks.

3. ENVIRONMENTAL PROTECTION

In promoting long-term environmental sustainability, the Group has taken various environmental protection initiatives to minimize carbon emissions. During our business operation and management, practical regulations are introduced to utilize resources efficiently and reduce waste. Our stone mining business and the production of calcium carbonate products business, may generate different emissions and waste, and hence cause environmental impacts, as a result of which, we have implemented various policies and procedures to ensure our business operations proceed in compliance with specific regulations. As our other businesses, including logistics and other trading businesses, have less environmental impacts, we focus more on efficient consumption of energy and resources over the course of business operations.

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3.1. Emissions

3.1.1. Environmental Policy

The Group's Environmental Policy focuses more specifically on emission reduction, carbon footprint reduction, promote waste reduction at source, green purchasing enhancement, and encouraging stakeholder involvement. It will endeavour to:

- Ensure compliance with all local environmental and related legislation
- Encourage staff at all levels, business partners and other stakeholders to perform their environmental obligations
- Request all new employees to attend on-board training to ensure that they understand our commitment to environmental protection
- Identify environmental impacts associated with our operations, and set targets to continually improve our environmental performance
- Improve energy efficiencies by adopting best practicable designs and technologies
- Regularly measure and report our emission of GHG such as CO, NOx and SO
- Record all emission data, analyze it in detail, and incorporate it in the KPI of employees at all levels
- Actively encourage our stakeholders to reduce their carbon footprint
- Actively promote classification of waste, treatment of harmful and harmless wastes, provision of recycle bins and other environmental protection measures
- Minimize waste generation whenever practical in daily operations through recycling and waste reduction at source
- Embrace green purchasing practices and adopt best practicable technologies to conserve natural resources
- Supervise the production safety and high-quality products of our suppliers, and encourage them to use recycled materials and develop environment-friendly packaging while continuing to meet 'customers' expectations
- Provide good indoor environmental quality to ensure that all the work environments are healthy
- Provide indoor and outdoor greening and plants
- Provide regular environmental training to employees and continue to raise their awareness of the issues

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- Invest in and construct environmental facilities to treat wastewater, waste gas, and solid waste in compliance with the requirements set by the environmental authorities of local governments
- Establish internal control mechanisms, and safety practice commissioners and superintendents are appointed to implement various safety operation procedures in accordance with the 'Group's regulations

3.1.2. *Compliant emissions*

The Group is in strict compliance with the relevant national environmental laws and regulations (including the Environmental Protection Law of the People's Republic of China and the Law of the People's Republic of China on Environmental Impact Assessment), laws related to pollutant emissions (including the Law of the People's Republic of China on the Prevention and Control of Water Pollution, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution), and other national and local policies.

3.1.3. *Emissions*

The Group is committed to ensuring that all key environmental impacts are identified and managed in a responsible manner. We closely monitor the emission during production and strengthen environment management to achieve control over main pollution sources. We also use our best endeavours to reduce the emission of waste. Emission targets are independently set for each project. Currently, our main pollutants include waste water and dust during production and exhaust gas, air, waste water and solid waste generated from other daily operations.

3.1.4. *Emission reduction and effectiveness*

With respect to sewage management during production:

A water recycling system has been applied during the production process so that the sewage produced during marble stone cutting and calcium carbonate production will be deposited and compressed by the recycle system to filter out waste materials in the water. The wasted materials then be compressed into solid form, the water will be deposited, purified and reused, thereby protecting the environment, avoiding dust and reducing local water pollution.

With respect to dust prevention for efficient reduction of local air pollution:

All mines and production facilities are required to spray water and set up separative enclosures and shielding cases during the production process so that dust from stone cutting and calcium carbonate production can be eliminated to reduce environmental pollution.

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With respect to exhaust gas management:

Exhaust gas of the Group is produced mainly by office vehicles and light transportation vehicles. The Group adopts strict approval system for office vehicles, and has formulated a set of rules for light transportation vehicles, such as detailed record of mileage and fuel consumption spending, regular calculation and pooled analyses of discharge for constant improvement. The Group also indirectly reduced emission of exhaust gas by reducing unnecessary business trips and travels and reasonably arranging vehicles. For example, increase the use rate of office vehicles and reasonably control the cost of vehicle use, as well as arrange travel together for the same trip on the same day. However, certain emission is difficult to avoid. Therefore, we strive to manage and control relevant risks. There is equipment on our production sites that generates electricity by using burning fuels such as generators and heavy-duty equipment including loaders, excavators, forklifts, and other heavy-duty vehicles, which in turn generates greenhouse gases. The Group has developed policies to manage smoke emission produced by machines. For example, burning waste in open air is forbidden and all machines must use low sulfur diesel.

With respect to water pollution control:

We encounter water pollution issues either directly or indirectly in our operations. Therefore, certain preventive measures are necessary. For example: U trenches are added in and out of mining sites to prevent waste water from leaking and to dredge waste water; waste water treatment facilities are also added in the mining and production sites and are regularly maintained and are checked and approved by the local government environmental department on a regular basis. In addition, we regularly arrange for wastewater from mining sites, such as sanitary wastewater, to be collected.

Treatment of solid waste:

Certain construction waste and domestic refuse are inevitable during production and daily operation. To minimize their environmental impact, the Group has long advocated and promoted waste classification and recycling. Timber, paper, metal and plastic should be separated for recycling. We also provide garbage classification bins for various projects for employees to use and instruct employees on relevant arrangements and specifications in their on-board training. In addition, the construction waste and domestic refuse are disposed of at sites designated by the local government to minimize the impact to the public. There is no significant amount of hazardous waste produced by the Group during the production process.

Emission of greenhouse gas:

The Group also attaches importance to emission of greenhouse gas and endeavors to reduce consumption of power, fuel, etc.. However, the related electricity consumption has also increased due to the operation of calcium carbonate production this year.

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3.1.5. Emission Data

Major data on emission of ArtGo Group for the year of 2021 and 2020 are set out below:

	Unit	2021	2020
<i>Emission of gas pollutants</i>			
Nitrogen oxides	Kg	17.1	17.7
Sulphur oxides	Kg	0.4	0.3
Particulate matter	Kg	1.3	1.3
<i>Greenhouse gas emission:</i>			
Scope 1 — fuel combustion	Tonne	63.7	63.0
Scope 2 — electricity consumption	Tonne	5,655.2	4,771.9
Total emission	Tonne	5,718.9	4,834.9
Emission intensity	Tonne/million of revenue	65.0	65.4
<i>Non-hazardous waste:</i>			
Solid waste	Tonne	35,100	30,000
Waste water	Tonne	49,978	39,315
Total non-hazardous waste	Tonne	85,078	69,315
Non-hazardous waste intensity	Tonne/million of revenue	967	938

3.1.6. Recognition of waste reduction and energy conservation

Constantly striving to utilize various resources to minimize emissions in a reasonable and efficient manner, ArtGo was awarded both the Wastewi\$e Certificate and the Energywi\$e Certificate under the Hong Kong Green Organisation Certification Scheme in the past years. This scheme aims to encourage industrial and business entities/enterprises to implement measures to minimize waste and conserve energy when operating their business, producing products, and rendering services, as well as to recognize the contributions made by these institutions/enterprises. It has also received the Energywi\$e Certificate for the year and was in the course of applying the Wastewi\$e Certificate.



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3.2. Use of Resources

In 2021, the Group mainly consumed energy and water for production. During the production process, including processing design, equipment procurement, facilities and buildings, and onsite management, we take into due consideration consumption of water, power, raw materials, and other natural resources so that consumption of non-renewable resources can be minimized.

3.2.1. Resource conservation

We implement resource conservation policies that are applicable to all activities engaged by the Group involving energy and resource procurement and consumption, which aims to utilize energy and resources in a reasonable and efficient manner, lowering costs and enhancing our environmental performance.

During the business operation, the Group is committed to implementing the initiatives of environmental sustainability:

- deploy energy-efficient production equipment and sensor-controlled lighting systems
- reduce energy consumption during production
- use recyclable and degradable packaging materials for products
- promote the paperless office
- recycle and reuse rejected raw materials and defective products, if they are recyclable
- use recycled water; and
- raise the environmental awareness among our customers and business partners

3.2.2. Measures for resource conservation and effectiveness

Energy management

Persisting in the philosophy of environmental protection and energy conservation, ArtGo is committed to reducing energy consumption during our office and mining operations, as well as maintaining a full-scale supervision and control of energy consumption. By doing so, ArtGo will enhance the overall efficient performance, thereby fulfilling our environmental and social responsibility and safeguarding the sustainable development of the Group in the long term.

Energy consumption increased due to the increment in mining activities during the year. In the meantime, we further arranged routes for transportation vehicles in a scientific and systematic manner, which reduced transportation distances and frequencies to minimize oil consumption on top of successful completion of transportation work. In the office, we proactively promoted and evangelized the concept of a green office by replacing ordinary lighting tubes with energy-efficient lights, as well as trying to communicate and circulate documents in an electronic form. Where printing documents is required, we managed to conserve paper by double-sided printing. Where heating and air-conditioning were required during the winter and summer seasons, a temperature range was set to minimize energy consumption besides comfortable office conditions.

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Water resource management

ArtGo encourages reasonable utilization of resources and waste reduction during its operation. Therefore, throughout the entire business and production process, we have been actively implementing measures for conserving water and power, including water-saving faucets and other energy-efficient installations and amenities that are deployed to the office and related facilities and encouraging our employees to develop the habit of water and power conservation during their daily life. At lavatories, hand-washing sinks and power switches are posted with signs to remind conservation. At the employee cafeteria, all bowls and chopsticks are collected for centralized cleaning, the water used for which will be reused to wash and clean vehicles or the ground. In 2021, the consumption of water and the water consumption intensity recorded a decrease of approximately 25% and 32%, which is mainly due to the improvement of machinery to increase the recovery rate of used water and the reuse rate after sedimentation.

Compliance with laws and regulations

As a responsible mine production enterprise, the Company strictly complies with the Environmental Impact Assessment Law of the People's Republic of China, the Water and Soil Conservation Law of the People's Republic of China, the Provisions on Land Reclamation and other relevant regulations and formulated an environmental impact assessment report and a water and soil conservation plan targeting water and soil loss and ecological damage, so as to avoid impacting to local plant and animal communities.

Data of resource consumption

Set forth below is major data regarding resource consumption by the Group for year 2021 and 2020:

	Unit	2021	2020
Total water consumption	Tonne	38,539	51,691
Water consumption intensity	Tonne/million of revenue	438	700
Total power consumption	MWh	9,497	8,061
Power consumption intensity	MWh/million of revenue	108	109

3.3. Environmental and natural resources

In 2021, the Group had ongoing construction projects were required to continue to conduct the construction project environmental impact assessment in strict compliance with the Law of the People's Republic of China on Environmental Impact Assessment, and strengthen the supervision over environmental assessment of new renovation and expansion projects, as well as their inspection and acceptance procedures over the course of project design, construction and operation, so that all engineering projects were successfully approved for construction.

To minimize the impact caused by the recommencement of production activities on the environment and resources, the mines will strictly implemented the "Environmental Protection Policies on Mining" by formulating monthly exploitation quantity policies, using the wire saws, reducing blast volumes, and optimizing the mining equipment. In addition, overnight operation activities are prohibited, and sewage treatment tanks are built to ensure the sewage meets the emission standard. Furthermore, noise control is in place to minimize the impact on the residential and living conditions of villagers.

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To prevent production activities from damaging vegetation around the mines, we try our best endeavour to avoid causing damage to plants grown on the requisitioned land and proactively engage in environmental and greening restoration and plantation. Besides continuing to increase the green plantation efforts, we formulate policies regarding land and mine refill following the exploitation of mineral resources so as to reduce geological impacts. As for damages to plants, the Group implements afforestation measures on a timely basis following exploitation so that greening conditions and the habitats of animals are restored.

Compliance with all applicable environmental protection laws is one of the basic principles specified in 'ArtGo's Environment Policy Statement. Since 2013, we have not had any environmental protection accidents that led to penalty or any environmental protection case that was subject to litigation.

The values structure of the Company guides us to fulfil our mission and achieve our goal, and caring for the environment is one of our key values. This structure requires that we manage the long and short-term impacts that our businesses have on the environment in a responsible manner. As our businesses cover the entire supply chain, the potential environment issues we need to manage vary depending on the type, specifics of the project, and the nature of the business. Therefore, we focus on assessment of individual projects and business activities to effectively manage the potential impacts on the environment.

Goals on Environmental Protection

The Group has set clear sustainable development vision and goals to progressively achieve ongoing emission reduction according to governmental requirements of different countries and regions. Our first five-year plan is from 2020 to 2025 in which the Group is committed to the following:

- reducing overall greenhouse gas emissions by 8% by year 2025;
- reducing electricity consumption intensity by 8% by year 2025; and
- reducing water consumption intensity by 8% by year 2025.

3.4. Climate Change

The mining and production of minerals have long been regarded as one of the key stakeholders in the matter of climate change and sustainability. With due regard to our current and intended scale of excavation, the management team had long been mindful of the potential and implied impact of our excavation in terms of sustainability.

The Group takes a holistic view on the impact, risk and associated potentials associated with climate change and sustainability. In our industry, we regard ourselves as a participant in these issues with due regard to our scale of operation and the degree of participation in the product design, usage and climate appropriateness. Due diligence in terms of adhering to the ideals and principles of sustainability had been embedded in our sourcing process, including being mindful of the preceding climate changes, such as longer seasons and sharper rises and falls in average temperatures. Through constant communication, regular negotiations and reviews with our business counterparts and customers, our teams strive to meet the objectives set forth by our Board. Our products are required to meet emerging industry needs and trends, and our design teams remain robust and adaptive to the current weather patterns. These requirements were subject to both national and customer trends and needs. We believe our effort contributes positively to sustainability and is efficient in the overall management of climate risks.

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4. EMPLOYMENT AND LABOUR PRACTICES

4.1. Employment

The Group regards employees as one of the most valuable assets of the Group and regards the personal development of its employees as highly important. Staff is the most important asset that drives the long-term development and sustainability of the Group.

Staff are remunerated according to the job nature, market trends and individual performance. Apart from medical insurance and mandatory provident fund, discretionary bonuses are rewarded to employees based on individual performance. Appraisal and self-assessment systems have been implemented to better identify human resources need and to support our human resources development.

The Group also provides specific benefits for our female employees before and after maternity, such as:

- Paid antenatal examination and maternity leave shall be provided during pregnancy
- Workload adjustment during the later stage of pregnancy
- Childbirth allowance during maternity leave and income of female employees who are pregnant shall not be lower than that during the normal working time
- Fifteen days of advance maternity leave shall be provided if the physical condition requires
- Breastfeeding time on each working day up to 1 year after the date of childbirth.

Equal opportunities

Being an equal opportunities employer, the Group is committed to creating a working environment with fairness, openness and mutual trust. The Group opposes any consideration which involves discrimination not related to work and prohibits all forms of workplace discrimination, employee of the same position is remunerated on an equal basis regardless of their gender and orientation. The Group adopts equal employment opportunity policies and treats all the employees equally. Employment, remuneration and promotion are not under the influence of social identities, such as ethnicity, race, nationality, gender, religion, age, sexual orientation, political faction and marital status.

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Composition of Employees

The diverse workforce of the Group in terms of gender, employment ranking, age group and region, is shown as below:

	Staff distribution
Total workforce	205
By gender	
Male	143
Female	62
By employment ranking	
Senior management	14
Middle management	17
Ordinary employee	174
By age group	
18–30	15
31–40	76
41–50	97
51 or above	17
By region	
Hong Kong	12
PRC	193

The Group strives to maintain employee turnover rate at an acceptable level so as to facilitate accumulation of professional skills and experience. The staff turnover rate for the year is approximately 13%, which is categorized by gender, age group and region as follows:

	2021
By gender	
Male	11.6%
Female	16.8%
By age group	
18–30	14.3%
31–40	23.1%
41–50	4.1%
51 or above	20.8%
By region	
Hong Kong	8.3%
PRC	13.3%

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Compliance with laws and regulations

During the Reporting Period, the Group was not aware of any material non-compliance with any relevant laws and regulations in relation to employment including but not limited to the following:

- the Labour Law of the People's Republic of China;
- the Employment Contract Law of the People's Republic of China;
- Employment Ordinance of Hong Kong;
- the Minimum Wage Ordinance of Hong Kong;
- Mandatory Provident Fund Schemes Ordinance of Hong Kong; and
- the Employees' Compensation Ordinance of Hong Kong.

4.2. Occupational Health and Safety

By sticking to the development principle of "People-oriented and safety-first", we conduct production safety throughout its production and operation activities while establishing and operating a sound occupational health and safety management system within the Group. We purchase safety liability insurance and employment injury insurance for all employees; and provide safety precaution education and training. In addition, we specifically add the position of safety specialist in our personnel structure; develop exploitation and production systems for safety precaution; arrange for annual safety training and education (prior to and during employment); provide regular safety education, and additionally employ safety personnel to monitor the safety of construction during the construction by front-line employees to ensure the safe and up-to-standard production and operation process so as to provide a healthy and safe working environment for all the staff of the Group.

- Provide safety construction system and safety facilities in plants
- Provide information, instruction, training and supervision on safety, health and environment
- Put various safety warning signs at the sites and organize regular team meetings to investigate potential site risks
- Designate Safety Specialists to supervise employees to conduct various safety procedures in accordance with the requirements of the Group
- Conduct training on operational skills and safety production in various processes
- Ensure safety in handling materials, including use, handling, storage and transportation

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- Develop an inspection system for machinery and sites before 'employees' on/off duty
- Formulate emergency plans to cope with emergent environmental issues, power and water failure, etc.
- Provide employees with the necessary labour protective products

The Group has always adopted the employment way of selection-employment-cultivation-promotion-retaining “. Training such as operational skills training and safety production training was organized for new employees, while internal and external training, projects and topics exercise, job rotation and other modes are designed for existing employees, so as to help them to transit from elementary, intermediate to senior management personnel, and enable them to keep improving their quality and capabilities, thus achieving post promotion to provide multiple forms of development opportunities for the career planning of staff.

- Conduct safety training every year (before employment and during work)
- Conduct training on operational skills and safety production in various processes

Compliance with laws and regulations

During the reporting period, there was one job injury occurred and led to 15 lost days. Furthermore, the Group did not aware of non-compliance with the laws and regulations in respect of the provision of a safe working environment and the protection of employees from occupational hazards, such as the Prevention and Control of Occupational Diseases of the People's Republic of China.

4.3. Safety Development and Training

Employees and talented personnel are the basis for corporate development. The Group continued to improve its occupational training system in order to provide equal opportunities for its staff. The training system enhances the quality of its staff and their career development. The Group has established a well-rounded curriculum system and a regulatory training system and has also actively promoted the building up of teacher resources internally and externally in order to effectively support the development of its management and technical team and improve its human resources. Every year, the Group will formulate education and training programs for employees based on the annual operational strategy and human resources development needs.

The Group provides the induction training and introduction to staff handbook to all new joiners. In order to ensure employee in different sectors of the Group receive sufficient and relevant training, training can be broadly divided into three main streams:

Laws and regulations	Listing rules Anti-corruption
Safety	Safety production in mines Fire safety
Environment	Environment protection awareness

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In 2021, the Group provided a total of 748 hours of training for 154 employees, covering employees of all ranks. The training details by the Group are listed as below:

By gender		By employment ranking		
Male	Female	Senior management	Middle management	General staff
Average number of hours of training received by employees				
5.4	4.0	3.5	3.5	5.5
Percentage of employees who attended training				
62%	38%	93%	100%	59%

4.4. Labor Standards

The Group is committed to upholding the labour rights of staff and has established a compliant mechanism for staff to report any labour violations. It is always the Group's policy to prohibit the employment of staff members under the legal working age of 18. At the time of the interview, the human resources department requests the job applicants to provide valid identity documents for the verification. Furthermore, the employment contracts state clearly the employment terms and conditions in accordance with essential legal requirements.

Child Labour Remediation Measures

Upon discovery of any child labour, the HR department would immediately remove the child from the workplace and arrange for the child to have a special labour health check to make sure the health condition is not affected. Further, the HR department would contact the family and send the child home. All expenses related to medical and transportation would be covered by the Group.

Compliance with laws and regulations

It is the Group's policy to disqualify the person from employment if he or she is found to be hired against the requirements of the Labour Contract Law. For the year ended 31 December 2021, there was no labour dispute in the Group.

The Group adhered to the laws and regulations prohibiting child labour and forced labour, which mainly includes the following:

- Labour Law of the PRC
- Labour Contract Law of the PRC
- Law on Protection of Minors of the PRC
- Provisions on the Prohibition of Using Child Labour of the PRC

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5. OPERATION PRACTICES

5.1. Supply Chain Management

The Group guides suppliers to fulfil their social responsibilities through the assessment of supply chain responsibility to promote our social responsibility concepts and policies to the entire supply chain so as to effectively prevent any material negative impact from the supply chain on labour practices and the environment and society.

The Group will conduct a dynamic assessment of the supplier's social responsibility performance during the survey, tender and performance phases and integrate sustainable concepts into daily supply chain management:

- Enterprise qualification
- Environmental impacts of production and use processes
- Labour relations
- Employee occupational safety and health protection
- Health and safety impact assessment
- Ecological impacts of raw material sources

As a company with ethical responsibility, the Group's selection is beyond price. A number of criteria will be considered in each purchase. The Company integrates social responsibility indicators into the project business by designing supplier evaluation plans, screening suppliers, purchasing products needed and monitoring the construction process, committed to achieving a green, safe, harmonious and win-win supply chain management system.

In 2021, the Group has 42 suppliers and all of them are located in the PRC.

5.2. Product Responsibility

Customer satisfaction

We establish our quality management system based on ISO9001 series quality system standards, and develop management responsibility for production inspection, so as to ensure that our quality goal is reached. We adopt the policy of tying quality to performance, performance to responsibility, and accountability to remuneration. Product management process must start from the very beginning, monitor the procedure, and inspect the result. We continue to improve technology R&D, reform and innovate, and continue to listen to the opinions and suggestions of our users.

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The Group marble stones are natural and harmless to human bodies, and ancillary materials used pass the quality safety inspection. Sampling of stones is taken and tested at least once a year about the level of heavy metals and product radiation to ensure our stones fulfil the requirement of the latest national standards and brings no negative effects to human. During the year, no products have been returned due to quality, safety and health issues. The majority of returned products that only occurs occasionally are due to the overall display effect of the products differs from the design of the project designer.

Privacy and data protection

The Group actively promotes the sustainable development of the industry chain, encourages our partners to jointly perform our social responsibilities, and provides quality products and services for the society. On the other hand, we stress great importance of integrity and corporate transparency, and strive to build a stable and longstanding customer relationship by laying a solid foundation for trust and mutual benefits. We safeguard and respect the privacy and options of our customers, and the importance of customer privacy is utmostly respected. In order to provide thorough safeguards for customer privacy and data, as well as to prevent the leakage of customer information, our Privacy Policy and Commitments include:

- We respect customer privacy and options
- We ensure that privacy and security is deeply rooted in all of our actions
- Unless required by our customers, we will not push any marketing messages to the customers, and our customers may at any time change their option
- We will never reveal or sell customer information
- We are committed to safeguarding the security of customer information, including collaboration with reliable partnerships
- We are committed to remaining open and transparent about how we use customer information
- We will not use customer information without notifying the relevant customers
- We respect customer rights, and continue our efforts to meet customer demands in addition to satisfying our legal and operation obligations

Compliance with laws and regulations

During the year, the Group was not aware of any incidents of non-compliance with laws and regulations that have a significant impact on the Group concerning health and safety, labelling and privacy matters relating to products, including but not limited to including Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China, Trademark Law of the People's Republic of China and Personal Information Protection Law of the People's Republic of China.

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5.3. Anti-corruption

The Group has been committed to creating a corporate atmosphere of integrity by deeply implementing the requirements for integrity and self-discipline of the cadres and employees of the Group. The Group requires cadres of all levels to act with integrity and self-discipline by eliminating extravagance and waste from various aspects including material procurement, production, marketing and management. To ensure that employees clearly understand and comply with the relevant provisions on anti-corruption (including but not limited to prevention of bribery, extortion and fraud), maintain high ethical standards, and commit themselves to have the integrity and self-discipline to resolutely prevent personal corruption, it is expressly defined that the atmosphere of integrity cannot be trampled and destroyed by anyone. The whistleblowing policy was established to uphold the openness and accountability among our employees and other stakeholders of the Company.

Regarding to anti-corruption, we are determined to adopt a zero-tolerance attitude and will not allow the employees, suppliers, customers, and all partners of the Group to commit any corruption, extortion, fraud, money laundering and other misconduct. The staff manual provides guidance on employees' behaviours, for example the acceptance of gifts and conflict of interests, to further enhance the awareness of employees. Employees are suggested to report any suspected misconduct behaviors. If any employee is found to be in violation of corruption after investigation, the Group will take disciplinary actions against the employee involved, including the termination of employment contracts with immediate effect.

In addition, in order to promote the Company's sustainable and healthy development, we have compiled the Integrity and Self-discipline Management Regulations to help employees rectify misconduct, encourage and motivate them to follow regulations and rules, and warn them to correct mistakes and regulate behaviors. During the year, the team members in the sales department, the management team of each operation site and headquarters have attended anti-corruption training.

Compliance with laws and regulations

During the year, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud, and money laundering, including, but not limited to, the Company Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China; that would have a significant impact on the Group.

6. COMMUNITY INVESTMENT

While striving for its own growth, the Group does not forget the public welfare undertakings and returns to society. The Group has supported various initiatives to meet the needs of the underprivileged groups and improve their quality of life so as to alleviate poverty, facilitate pluralistic unity and promote community harmony. By encouraging employees to participate in various volunteer, public welfare, sports and cultural activities, we promote the further implementation of volunteer activities with care for others, care for the society and care for nature. During the year, the Group provides daily necessities and monthly financial subsidies for the poor.