



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

CREATE A
BETTER LIVING
創造美好生活

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

2021

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INTRODUCTION

REPORTING SCOPE

Century Sunshine Group Holdings Limited and together with its subsidiaries (“Century Sunshine” or the “Group”) have been pursuing the concept of green agricultural and sustainable development, operating and managing two main segments, namely the ecological fertiliser segment and the magnesium product segment. For the ecological fertiliser segment, the Group carries out scientific fertilisation and increases crop yields. In doing so, it maintains the ecological balance of the environment, and fulfills the environmental protection and corporate social responsibility. The Group’s other main segment, the magnesium product business, is operated by the Group’s subsidiary, Rare Earth Magnesium Technology Group Holdings Limited (“REMT”). The magnesium alloy product manufactured and sold by REMT has been accredited as the “most developed and widely used lightweight eco-friendly strategic new materials of the 21st century”. It facilitates the green and low-carbon high-quality development.

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

STATEMENT FROM THE BOARD

The board of directors (the “Board”) is responsible for the overall performance of our ESG obligations. It undertakes to live up to the key performance indicators (KPIs). The Board recognises that the ESG risks are crucial to the efficient operation of the Group, and is determined to integrate the fulfillment of environmental and social responsibilities into our day-to-day operation. The Group’s corporate governance ensures that the ESG-related topics of the Group are well-considered and incorporated into the business agenda, which is essential to creating sustainable value for our stakeholders. The Board carefully assesses the ESG risks to consider and reflect on the progress in achieving the ESG objectives. The Board confirmed that it has reviewed and approved this report.

When preparing this report, the dedicated personnel of the Group have collected all relevant information on various ESG aspects, and reviewed and assessed the Group’s performance in environmental protection, health and safety, labour practice, and other ESG aspects. The Group has discussed with its business partners, employees and other stakeholders in various circumstances, including but not limited to meetings, interviews, surveys, feedback plans, and letter correspondences. The Group has collected advice and suggestions regularly to consider and reflect on their responses and opinions.

The report sets out the ESG measures of the Group from 1 January 2021 to 31 December 2021 (the “Reporting Period”). As our subsidiaries in Hong Kong and overseas are not engaged in any actual business, and the environmental data of the magnesium product segment of the Group has been disclosed by REMT, the disclosure herein regarding the environmental aspect only covers the business operation of the ecological fertiliser segment of the Group in Mainland China (the “Fertiliser Segment of the Group”).

REPORTING PRINCIPLES

When preparing the ESG report, the Group places great emphasis on the reporting principles of materiality, balance, quantitative and consistency:

Materiality

In order to identify materiality issues, the Group has carried out a materiality assessment in 2021 and given priority to the identified materiality issues in the report.

Balance

The ESG Report aims to disclose the relevant data objectively to provide stakeholders with a balanced overview of the Group’s overall ESG performances.

Quantitative

The Group accounts for and discloses KPIs in quantitative terms for proper evaluation of the effectiveness of the ESG policies and actions.

Consistency

The statistical methods applied in the ESG report are substantially consistent with those adopted last year. Explanations are provided when the data has changes in the disclosure scope and calculation methods. If any change may affect the comparability with previous reports, the Group will provide remarks on the related content in this ESG report.

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

A. ENVIRONMENTAL

The production bases of the Fertiliser Segment of the Group are located in Lianyungang City, Jiangsu Province and Ruichang City, Jiangxi Province. The Group has a series of environmental management policies in place to minimise its impact on the surrounding communities’ environment of the production bases. The Group aims to maintain stable or minimise emission level from its production process, given the similar operational level across years, by implementing energy-saving initiatives and improving energy efficiency.

A1: Emissions

The Fertiliser Segment of the Group is committed to producing ecological fertilisers and promoting the balanced development of agroecology. During the Reporting Period, the Group has complied with all substantial relevant local environmental laws in the nation. The nitrogen oxides (NO_x) and sulfur dioxide (SO₂) emissions are lower than the national standard of 240 mg/m³ and 550 mg/m³, respectively. The particulate matter is lower than the national standard of 120 mg/m³. The combined discharge of atmospheric pollutants is compiled with the GB 16297–1996 national standard and any other local standards. During the Reporting Period, the Group did not have any significant non-compliance concerning the environmental aspect.

Greenhouse Gas Emissions

Greenhouse Gases	Scope 1 (tonnes)	Scope 2 (tonnes)
 Carbon dioxide (CO ₂)	6,380	5,175


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

- I. The Group fully utilises residual heat and minimises greenhouse gas emissions.
 - The sulfuric acid system takes into account the comprehensive utilisation of residual heat. The sulfuric acid residual heat boiler produces 60 tonnes of medium-pressure steam per hour, all of which is used for power generation. It reduces energy consumption by more than 10,000 tonnes of standard coal per year, equivalent to the reduction of greenhouse gas emissions (CO₂) of approximately 40,000 tonnes per year.
 - Recycling and energy-saving transformation of low-heat energy of sulfuric acid.

The low-temperature residual heat of the dry-suction section of the 400,000 tonnes/year sulfuric acid production facilities is utilised to produce low-pressure steam. The upgrading of this project allows the Fertiliser Segment of the Group to reduce its greenhouse gas emissions (CO₂) by more than 5,000 tonnes per year.
- II. The Group purchases high-quality coal with low ash content, high volatile matter, low sulfur content and high calorific value, to improve coal combustion efficiency and stabilise the combustion environment, thus ensuring a low emission level of nitrogen oxides.

Type of Pollutants

The Fertiliser Segment of the Group generates hazardous wastes, including used ink drums, used printing plates, and waste engine oil during its production. These are not applicable for detailed disclosure herein as such emission is minimal in quantity. Non-hazardous wastes mainly include recycled dust, solid wastes, and domestic wastes. The discharge levels and treatment methods for non-hazardous wastes during 2021 are as follows:

 Types of Non-hazardous Waste	Emission: tonnes	Treatment Methods
Recycled dust	116.37	Recycle and reuse
Solid wastes	50,400	Comprehensive utilisation
Domestic wastes	40	Disposal by the environmental and hygiene department

Hazardous Wastes Disposal, Measures to Reduce Discharge, and Management Approach

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

Non-hazardous Wastes Disposal, Measures to Reduce Discharge, and Management Approach

- I. Comprehensive utilisation of general solid wastes to reduce discharge
 - We develop a circular economy, where one product could be the raw material for the other to minimise the consumption of total raw materials. The Company’s three-waste boilers use the slag and dust coal as fuel to produce medium-pressure steam to eliminate solid wastes of the slag.
 - The Company employs the comprehensive utilisation method to reduce discharge, in order to eliminate solid wastes during the production of fertilisers, including the comprehensive use of wastes generated during the production of the calcined gypsum plaster.
- II. The treatment of general domestic solid wastes
 - We separate wastes for storage and reuse when possible.
 - We strengthen the management of the production process where domestic wastes are produced, so as to reduce wastes.

The Fertiliser Segment of the Group targets to maintain stable or minimise waste discharge level given the similar operational level across years by implementing various recycling policies, and strengthening staff education while reducing the generation of waste from its production process.

During the Reporting Period, the Fertiliser Segment of the Group had no significant non-compliance concerning the treatment of emissions.

A2: Use of Resources

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

The energy and packaging material consumption of the Fertiliser Segment of the Group in 2021 are as follows:

Resources	Unit	Emission	Density (based on 273,065 tonnes of fertilisers produced in 2021)
Electricity	kWh	15,162,403	55.527 kWh/tonne
Diesel	liter	17,798	0.065 liter/tonne
Natural gas	m ³	3,338,664	12.230 m ³ /tonne
Coal	tonne	6,876	0.025 tonne/tonne
Water	m ³	35,492	0.130 m ³ /tonne

Packaging materials for finished goods	Unit	Emission
Woven bags	tonne	737

Energy Use/Water Efficiency Targets and Management

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

The Fertiliser Segment of the Group is committed to improving energy efficiency and recycling resources. The Group aims to maintain stable energy efficiency or even better, to improve it, given the similar operational level across years. Meanwhile, the Group strives to maintain stable or lower water consumption of the main business, given the similar operational level across years by implementing various water conservation measures and regular inspection on the water supply system.

During the Reporting Period, the Group had no significant non-compliance concerning the resource utilisation.

A3: The Environment and Natural Resources

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

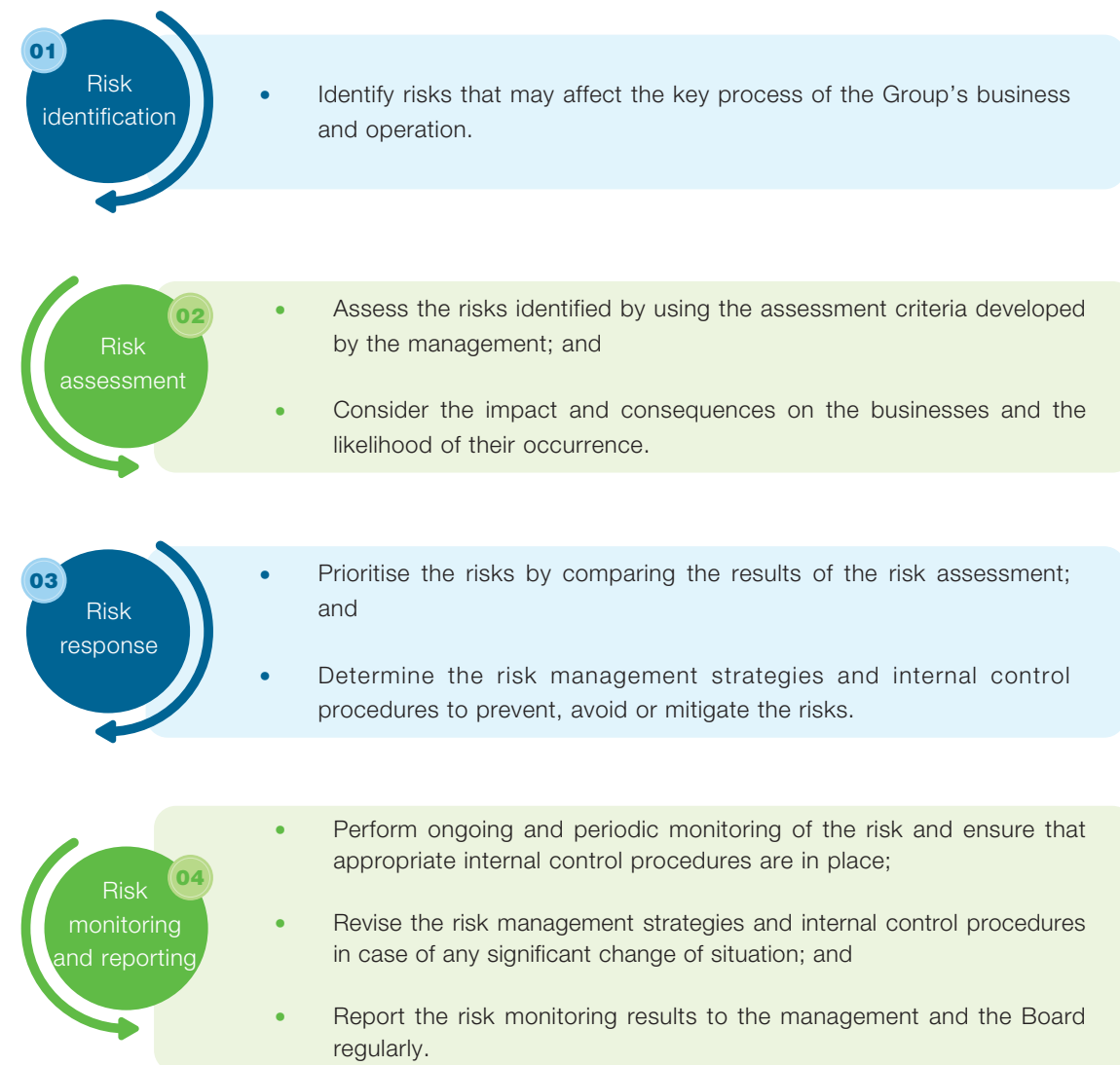
Actions taken for the preservation of the environment and natural resources are as follows:

- I. Regarding the energy use, we maximise the energy efficiency and utilise the residual heat to reduce the use of natural resources.
- II. Regarding the resources, we reduce wastes through reducing emissions and increasing utilisation efficiency.
- III. Regarding the solid waste and other resources, we recycle the waste for reuse as resources, reducing the emission while enhancing the efficient use of resources.

A4: Climate Change

Climate change has become one of the most concerned issues among the public, impacting the overall communities and enterprises. The acute physical risk can arise from extreme weather events such as hurricanes, floods, rainstorms. The chronic physical risk can arise from sustained high temperatures. While the transition risk may result from changes in environment-related regulations or customer preferences. The Group has conducted an assessment of the above-mentioned potential risks that may disrupt the main business, while formulating corresponding precautionary measures.

Procedures implemented by the Group to identify, assess and manage the significant risks (including material climate-related issues) are summarised as below:



The Group concludes that climate change imposes no significant direct impact on the main business of the Group. As mentioned above, the Group is committed to facilitating environmental protection and business operation with the reasonable use of resources, in response to the global climate change. Looking forward, we will continue to identify our business activities that may impose impacts on the environment and formulate corresponding improvement measures to prevent further potential negative impacts on climate change.

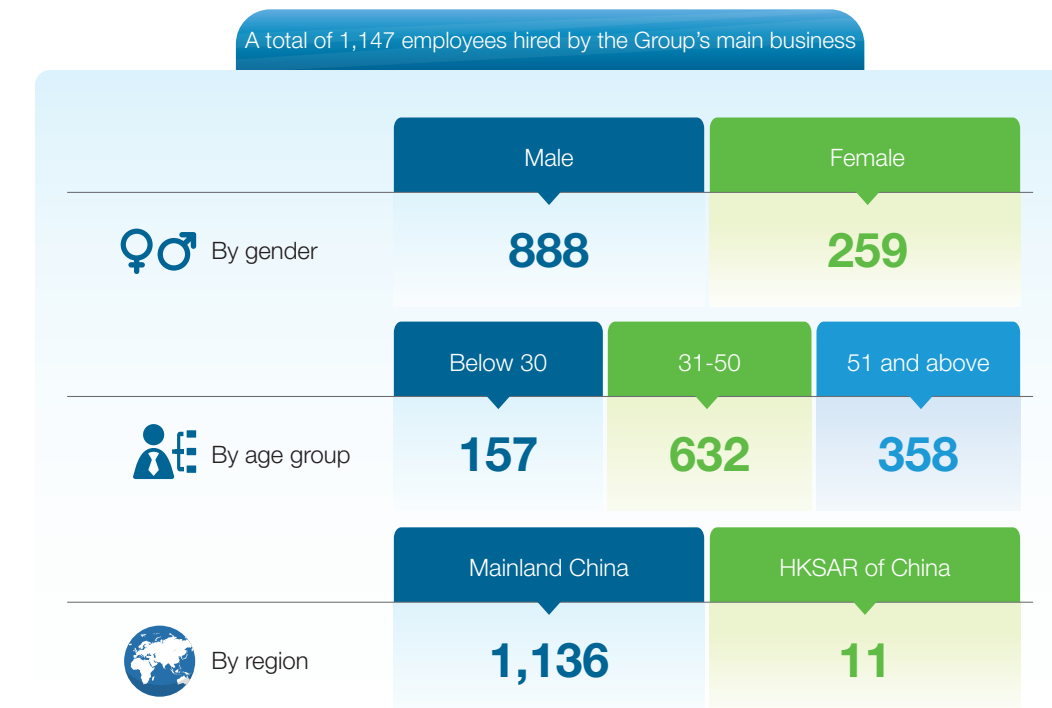
B. SOCIAL

B1: Employment

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

Distribution of Employees

During the Reporting Period, the Group's main business had a total of 1,147 employees.



Employee Turnover

During the Reporting Period, the overall employee turnover rate of the Group’s main business was approximately 48%, of which the turnover rate of the male and female employees was approximately 48% and 44%, respectively. The employee turnover rate by age group was as follows: approximately 55% for employees aged 30 and below; 38% for employees aged 31-40; 44% for employees aged 41-50; and 54% for employees aged 51 and above. The employee turnover rate by geographical region was as follows: approximately 48% for employees in Mainland China and 0% for employees in the HKSAR of China. During the Reporting Period, the Group reduced its production scale due to the combined effect of the outbreak of the COVID-19 epidemic and the sharp fluctuations of the raw materials prices, together with the liquidity constraints, leading to the employee turnover.

The Group strictly complies with the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, and other relevant regulations. During the Reporting Period, the Group did not have any significant non-compliance concerning the labour laws.

B2: Health and Safety

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

To defend the health of our employees, the Group distributes personal protective equipment (kits) to employees following the industrial standards. The Group contributes to the social insurance (including primary medical, work-related injury, maternity insurance and others) for our employees. It effectively secures the occupational health and safety of our employees.

The process of researching and manufacturing compound fertilisers by the Group was awarded the “Occupational Health and Safety Management System Certification”, thus recognising our efforts in securing occupational health and safety.

Century Sunshine provides employees with regular training in occupational hygiene and safety. It ensures the compliance of requirements regarding employees’ working environment and operations. Our operational staffs receive the operational training on the requirements of “Operational Safety” and the “Emergency Plan for Power and Gas Outage”, and sit in an examination on safety education and training.

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

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

No work-related fatalities cases occurred in the past three financial years. During the Reporting Period, the Group did not have any working days lost as a result of work-related injuries or significant non-compliance concerning the laws and regulations about health and safety.

B3: Development and Training

The Group emphasises providing training for talents. It values our human resources, and the skills and experience of our employees. It is an essential element in supporting the long-term development of the Group.

Production bases of the Group would provide the necessary training to relevant operational staffs every year, including the orientation training for recruits, and the training and counseling on each position, operational skills, safety knowledge, regulations and systems. Through the effective employee training programs, employees have improved their professional skills, providing stronger support to the Group’s long-term business development.

	Managers and senior management	General staff
 Number of staff received training	21	913
 The total training hours	724hours	84122hours
 Average training hours per capita	34.5hours	92.1hours



The staff training programs are effective in improving the employee’s vocational skills, providing more significant support for the long-term business development of the Group. The Group has consistently implemented a transparent appraisal and promotion system to incentivise the employees to promote career development. The senior management and department heads of the Group maintain effective communication with the employees to make prompt responses, and offer advice and suggestions regarding the performance of individual employees.

I. Group Training Management System:

- To regulate and promote the continuous development of employee training as well as to enhance the professional knowledge, skills, and temperament of employees to boost their competency, the Group has developed training plans and management systems, and has taken up the responsibilities of managing the training program for all staffs of the Group.
- The training program targets different levels of staffs, and implements a standardised system and requirements to improve the overall performance of all employees and management personnel of the Group. The content includes the Group's corporate culture, relevant professional knowledge, marketing strategies and techniques, agrochemical services, job responsibilities, processes in technology, production and operation.

II. Training Program:

1. Orientation training

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

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

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

3. Transferal training

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

4. Special training

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

III. Training Formats:

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



IV. Training Results Evaluation:

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

V. Activities for Physical and Mental Health of Employees:

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



B4: Labour Standards

In strict compliance with the relevant requirements of the Labour Law, the Group requires that all job applicants must fulfill the local statutory requirements of the age. The Group strictly prohibits child labour, therefore adopts a set of integrated screening and recruitment procedures. The open recruitment of new employees is conducted under the employment criteria for different positions. Those who fulfill the criteria can be appointed. During the recruitment process, the human resources department will verify the dates of birth and graduation certificates of job applicants. Century Sunshine does not hire any forced labour. Suppose that the Group is aware of any use of child labour or forced labour in violation of relevant regulations, in that case, the Group will immediately terminate their employment contract, investigate the reason and liabilities, and impose due punishments on faulty employees and parties involved in the matter.

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

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

B5: Supply Chain Management

The Group strictly controls and manages the supply chain. Relevant policies are formulated on the procurement of raw materials for producing ecological fertilisers and magnesium products. Suppliers are subject to thorough inspection and evaluation. For instance, we take into consideration of several criteria when choosing construction contractors who have submitted tenders for projects, such as their qualifications, technical strengths, construction quality, reputations, their environment and energy policies, and others. In addition, we focus on the suppliers' appetite for values in terms of environment, community, and ethics to select the most suitable supplier or construction contractor. The Group has also arranged for examining and supervising the products received from suppliers. It ensures a smooth flow in each procedure and verifies that the accepted products fulfill the requirements set out by the signed agreements between the Group and suppliers. Thus, it ensures that the quality and logistics management will not impair the interests of both the Group and suppliers. The Group had approximately 330 suppliers, all of which are located in Mainland China. During the Reporting Period, there were no significant non-compliance concerning the supply chain management.

B6: Product Responsibility

Quality Assurance

The Group has a strong customer service team, enabling it to understand customers' needs and provide fertiliser products that cater to the needs of customers. The Group has maintained a good relationship with customers in order to build long-term cooperative relationship. In a belief that customer loyalty has a significant impact on the Group's business development, the Group pays special attention to the product quality, and is committed to satisfying customers' needs with products of the top safety and best quality.

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

The Group has set up after-sales customer service hotlines, which would refer the calls to the relevant responsible department according to the customer's inquiry. After receiving such inquiries, the responsible department would process them as soon as possible according to the established procedures. Upon the occurrence of events that lead to customer complaints or product recalls, such issue will first be followed up by the sales staff, or, in case of a specific or complex situation, will be referred to and addressed by the person-in-charge of the relevant departments.

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



The Group strictly scrutinises on its products and services as well as related sales, marketing and advertising strategies and materials. During the Reporting Period, the Group did not have any significant non-compliance concerning the relevant regulations on product liability or product description, product recall due to safety and health reasons, or customer complaints related to our products and services.

Business Ethics

The Group attaches great emphasis to the protection and management of intellectual property rights, and strictly abides by the laws and regulations, including the "Trademark Law of the People's Republic of China", the "Copyright Law of the People's Republic of China", and the "Patent Law of the People's Republic of China", among other laws and regulations. In case of infringement of the Group's intellectual property rights, including but not limited to trademarks and patents by any third party. We will engage legal counsels to take necessary actions against the faulty third party such as a letter of demand, litigation and others.

The trust of customers is the foundation for our continuous development. Protecting customer information and trade secrets is fundamental to building brand reputation and winning market trust. Except under certain circumstances (for example, being required to disclose by statutory obligations) as stipulated in the "Personal Information Protection Law of the People's Republic of China", the Group shall not disclose any customer information and trade secrets to any third party without prior consent of the customers. During the Reporting Period, the Group did not observe any case involving leakage of customers' private data or violation of any relevant laws and regulations concerning privacy protection, including the "Personal Information Protection Law of the People's Republic of China"

B7: Anti-Corruption

According to the "Criminal Law of the People's Republic of China", the corruption and bribery may constitute a serious criminal offense. The Group strictly complies with the laws and regulations on anti-corruption. To promote correct values and integrity, the Group has developed the "Anti-corruption Management Guidelines" for employees. It requires each production base and department to strictly comply with the legal guidance of anti-bribery and anti-corruption. Anti-corruption training is also provided to employees at different positions. In the event of any conflict of interests regarding an employee's duties during their employment, it must be immediately reported to the senior level in the relevant department. The Group would also seriously deal with the issue according to the Code of Anti-corruption.

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

The Group has been in strict compliance with the laws and regulations related to anti-corruption, such as the "Labour Law of the People's Republic of China", the "Law of the People's Republic of China against Unfair Competition" and others. During the Reporting Period, there were no litigations against the Group and its employees regarding corrupt practices, and no non-compliance concerning corruption.

B8: Community Investment

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

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

Since the outbreak of the COVID-19 epidemic at the beginning of 2020, the Group has donated money and materials to the Department of Epidemic Prevention and Control of the local governments and charity associations to fight against the epidemic!

PROSPECT

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



世紀陽光

世紀陽光集團控股有限公司

Century Sunshine Group Holdings Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 00509.HK

Website: www.centurysunshine.com.hk