



**State Energy Group International  
Assets Holdings Limited**  
**國能集團國際資產控股有限公司**

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

股份代號 Stock Code : 918

**ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT**  
**環境、社會及管治報告**

**2021/22**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FOR THE YEAR ENDED 31 MARCH 2022

## ABOUT THIS REPORT

State Energy Group International Assets Holdings Limited (the “**Company**” or “**State Energy**” and together with its subsidiaries, the “**Group**”, “**we**”, “**our**”) is delighted to present the Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”) to provide an overview of the Group’s management of significant issues affecting the operation, policies, measures and performance of the Group in terms of environmental and social aspects.

This Report has been prepared with reference to the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and has complied with the “comply or explain” provisions set out in the ESG Reporting Guide during the period from 1 April 2021 to 31 March 2022 (the “**Reporting Period**”).

## REPORTING BOUNDARY

This Report covers the Group’s principal operations in the business of sourcing, subcontracting, marketing and selling of outerwear garments and sportswear products (the “**Garment Business**”), property investment (“**Property Investment Business**”) and provision of marketing services (“**Provision of Marketing Services**”) in Hong Kong and the People’s Republic of China (“**China**” or “**PRC**”) during the Reporting Period, unless otherwise stated. The subsidiaries included within the scope of this Report are listed below.

- Takson Garment Manufacturing Company, Limited;
- Gold Wealth Holdings Limited;
- King Crest Limited;
- GBR (HK) Limited;
- Gold Pine International Holdings Limited;
- Takson Sportswear Limited;
- Unite Smart Limited; and
- Guangzhou Tianze Shangwu Limited<sup>1</sup>

The qualitative and quantitative information regarding State Energy’s approach, initiatives and priorities in managing material ESG aspects are disclosed in the Report. For further disclosures on corporate governance, please refer to the Corporate Governance Report section in this annual report.

1. For identification purpose only

## REPORTING PRINCIPLES

This Report is prepared based on the following basic principles:

- Materiality* The Group has made an objective and systematic materiality assessment that prioritizes the issues affecting the operation, and the policies, measures and performance of the Group in terms of environmental and social aspects. Details and results are presented in the section headed “Materiality Assessment” in this Report.
- Quantitative* The Group has disclosed key performance indicators (“**KPIs**”) with comparative data, mainly on the environmental and social aspects, and has provided relevant standards, methodologies, assumptions, calculation tools and sources of conversion factors when applicable.
- Balance* The Report provides an unbiased picture on the ESG performance to as to avoid selections, omission, or presentation formats that may inappropriately influence a decision or judgement by the Report readers.
- Consistency* The Report incorporated consistent reporting techniques and calculation methodologies so that the Report readers can rely on the preciseness of data. Any changes to the reporting techniques and calculation methodologies will be disclosed.

## ESG MISSION AND VISION

Sustainability is gathering global momentum with the rising awareness towards issues related to climate change, human rights and social justice. The PRC government’s plans of transitioning to a green, low-carbon “beautiful China” by 2035 and goal of carbon neutrality by 2060, and the Hong Kong government’s commitment of striving to achieve carbon neutrality before 2050 reveal that climate change and other environmental issues are imminent. As a socially responsible company, State Energy pursues business development and long-term return for shareholders, and therefore, we incorporate the concept of sustainability into our operations and policy-setting. The board of directors of the Company (“**Board**”) holds the accountability for State Energy’s ESG strategies, measures and performance, and to ensure that the ESG strategies are included in the business operation processes. The Board oversees the identification and assessment of critical business and ESG risks and opportunities. The ESG initiatives are carried out by the management team, which ensures the effectiveness of ESG risk management and related internal control system, thereby driving its sustainable development. Looking forward, we will continue to review and strengthen our ESG performance conscientiously for sustainability development.

## **REVIEW AND APPROVAL**

This Report for the Reporting Period has been reviewed and approved by the Board of the Company.

## **REPORT AVAILABILITY**

This ESG report is published in electronic version which is available on the Company's website (<http://www.seiah.com/>) and the HKEXnews website (<http://www.hkexnews.hk>).

## **CONTACT AND FEEDBACK**

This Report shall be published both in English and Chinese, should there be any discrepancy between the English and the Chinese versions, the English version shall prevail. The Group highly values the opinions from the relevant stakeholders, and welcome readers to contact it through the following contact methods. Your opinions will assist the Group to further improve this Report and enhance the overall ESG performance of the Group.

|       |   |
|-------|---|
| Mail  | Unit 13, 5/F, Tower 1, Harbour Centre, 1 Hok Cheung Street, Hung Hom, Kowloon,<br>Hong Kong |
| Phone | +852 2123 8460  |
| Fax   | +852 3905 1174  |
| Email | <a href="mailto:enquiry@seiah.com">enquiry@seiah.com</a>                                    |

**STAKEHOLDER ENGAGEMENT**

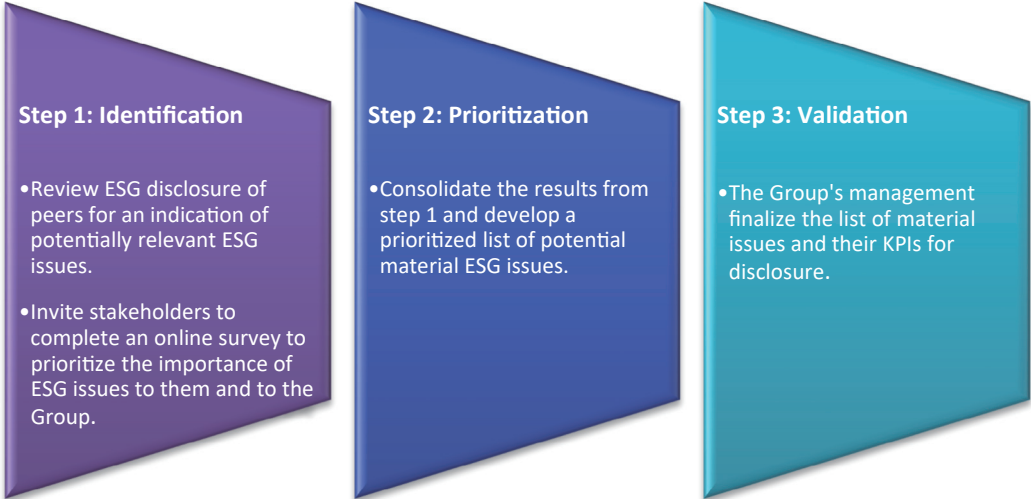
The Group values all insights and opinions from our stakeholders and is committed to responding to their concerns. Through engagement with the stakeholders, we are able to improve the Group’s performance in sustainable development and take concrete actions. The Group has launched various measures in maintaining good communications with stakeholders. Below are the communication channels between the Group and stakeholders and their concerned topics.

| Stakeholders                                     | Concerned Topics   | Communication Channels  |
|--|--|---|
| Shareholders                                     | <ul style="list-style-type: none"> <li>– Corporate governance</li> <li>– Financial performance</li> </ul>  | <ul style="list-style-type: none"> <li>– Shareholders’ annual and general meeting</li> <li>– Annual, interim and ESG reports</li> <li>– Circulars and press release</li> <li>– Company’s website</li> </ul> |
| Customers  | <ul style="list-style-type: none"> <li>– Product quality</li> <li>– Customer services</li> <li>– Data protection</li> </ul>                        | <ul style="list-style-type: none"> <li>– Customer services hotline</li> <li>– Email and telephone</li> <li>– Social media</li> <li>– Direct contact with customers</li> </ul>                               |
| Suppliers  | <ul style="list-style-type: none"> <li>– Stability of business relationship</li> <li>– Data protection</li> </ul>                                  | <ul style="list-style-type: none"> <li>– Supplier review and assessment</li> <li>– Supplier meetings</li> <li>– Email and telephone</li> </ul>  |
| Government                                       | <ul style="list-style-type: none"> <li>– Tax compliance</li> <li>– Occupational safety</li> </ul>  | <ul style="list-style-type: none"> <li>– General liaison</li> </ul>   |
| Community  | <ul style="list-style-type: none"> <li>– Involvement in cultural social development</li> </ul>   | <ul style="list-style-type: none"> <li>– Campaigns and seminars</li> <li>– Website and social media</li> <li>– Press releases and conferences</li> </ul>  |
| Internal stakeholders – management and employees | <ul style="list-style-type: none"> <li>– Employees benefits and rights</li> <li>– Health and safety</li> <li>– Training and development</li> </ul> | <ul style="list-style-type: none"> <li>– Face-to-face meeting</li> <li>– Survey</li> <li>– Staff activities</li> </ul>  |

**MATERIALITY ASSESSMENT**

Materiality assessment of ESG issues has become a corporate imperative. The concept of materiality encompasses all those issues that the Group needs to take into account and it provides a blueprint for our sustainable development strategy. State Energy reviews the materiality of ESG-related topics based on stakeholder engagement activities on an annual basis. This year, State Energy continues to review the list of ESG topics that truly reflect the environmental and social issues to stakeholders.

The Group has evaluated the materiality and importance in ESG aspects through the following steps:



The result of the materiality assessment of ESG issues is displayed in the following materiality matrix.



|   |                                       |
|---|---------------------------------------|
| 1. Greenhouse emissions                 | 10. Compliance to ESG                 |
| 2. Water management                     | 11. Care for community                |
| 3. Use of natural resources             | 12. Supply chain management           |
| 4. Procurement practice                 | 13. Diversity and equal opportunities |
| 5. Avoidance of child and forced labour | 14. Privacy protection                |
| 6. Occupational health and safety       | 15. Training and development          |
| 7. Anti-corruption                      | 16. Product quality                   |
| 8. Business conduct and ethics          | 17. Intellectual property             |
| 9. Employee welfare and interests       | 18. Energy efficiency                 |

The following five topics have been deemed as the most important ESG issues:

- Business conduct and ethics;
- Privacy protection;
- Product quality;
- Occupational health and safety; and
- Employee welfare and interests.

The Group assesses and monitors the influential aspects with policies and best practice. We will continue to nourish good relationship with our stakeholders, manage ESG-related risks effectively and enhance the ESG performance. The Group endeavors to minimize the impacts brought on the environment and society, and to achieve the sustainability of business development.

## **A. ENVIRONMENTAL**

As a responsible business participant, the Group plays a role in protecting the planet. The major business of the Group does not have significant adverse effect on the environment. In spite of this, the Group is committed to upholding high environmental standards and mitigating our environmental impacts. The Group also puts into practice a stringent management system to reduce energy consumption and emission during the operation of business, aiming at protecting the environment and enhancing the air quality in community.

## 1. EMISSIONS

The Group strictly abides by laws and regulations in relation to environmental protection, including but not limited to the followings:

- Air Pollution Control Ordinance of Hong Kong
- Environmental Protection Law of the PRC; and
- Energy Conservation Law of the PRC;

During the Reporting Period, there was no reported case of material noncompliance with relevant laws and regulations relating environmental protection.

### 1.1 AIR EMISSIONS

Principally engaged in the Garment Business, the Group delivers the products to customers by marine shipping. Information regarding on the distance travelled and fuel consumed by the marine vessels are recorded by the marine shipping companies, and thus, emission data is not available to us for ESG reporting purpose. Further, the Group does not have self-owned vehicles for transportation use. Accordingly, during the Reporting Period, there was no emission of nitrogen oxides, sulphur oxides or respiratory suspended particles to be reported (2021: Nil).

### 1.2 GREENHOUSE GAS EMISSIONS

While greenhouse gases (the “GHG”) play a role in habitable global temperature, human activities and economic development have aggravated the GHG’s atmospheric concentration, leading to increasing temperatures around the globe and climate change. Since the data of fuel combustion for marine transportation is not available to us and no vehicles are owned by the Group, there was no reported direct emission of GHG (Scope 1) from the Group during the Reporting Period.



The Group's main sources of GHG emissions are the indirect emission from electricity consumed for operations (Scope 2). Electricity consumption from our Hong Kong's offices is immaterial and is excluded from this section assessment. Further, electricity consumption generated from our leased properties is not under our control, and the data is centrally managed by the property management companies, which is not available to us, and thus, is also excluded in this section assessment. During the Reporting Period, reported GHG emissions are as follows:

| GHG Emissions                                     | Unit                               | 2022 | 2021 |
|---|------------------------------------|------|------|
| Scope 1 Direct emission                           | Tonnes of CO <sub>2</sub> e        | Nil  | Nil  |
| Scope 2 Indirect emission – Purchased electricity | Tonnes of CO <sub>2</sub> e        | 9.7  | 14   |
| Emission intensity                                | Tonnes of CO <sub>2</sub> e/person | 0.4  | 0.4  |

*Notes*

\* *The calculation method of the corresponding air emissions and the emission factors used in the calculation are based on Appendix 27 to the Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.*

### 1.3 NON-HAZARDOUS WASTE

The Group does not generate significant hazardous waste in operations. Non-hazardous waste generated by the Group are mainly attributed to the paper waste and general office waste. Due to the COVID-19 epidemic, our staff were recommended to stay at home for work. Therefore, during the Reporting Period, there was a significant reduction in non-hazardous paper waste produced due to the work-from-home policy, and the summary are as follow:

| Non-hazardous wastes | Unit          | 2022 | 2021 |
|----------------------|---------------|------|------|
| Paper waste          | Tonnes        | 0.2  | 1.5  |
| Intensity            | Tonnes/person | 0.0  | 0.1  |
| General office waste | Kg            | 240  | 290  |
| Intensity            | Kg/person     | 9    | 9    |

## **1.4 OUR TARGETS AND INITIATIVES**

The Group is aware of the environmental issues and is proactively reducing the emissions of air and GHG, as well as waste generation by a series of policies and measures.

The Group targets to achieve 5% emission reduction by 2032 by enhancing overall energy efficiency and encouraging our staff to lessen the energy consumption.

Guided by the concept of “three R’s” - reduce, reuse and recycle, the Group strives to minimize the consumption of paper usage. The Group targets to achieve 10% reduction in non-hazardous waste by 2032 through various waste management initiatives, including but not limited to the following:

- Promote paperless office and document digitalization;
- Reuse paper for printing and setting of default mode of double-sided and black-and-white printing;
- Promote recycling of wastepaper, plastics bottles and aluminum cans in workplace; and
- Paste stickers and posters to remind staff on environmental issues.

## **2. USE OF RESOURCES**

The Group upholds the principle of efficient and effective use of resources and implements various efficiency initiatives in order to minimize our environmental footprints as well as cost generated. During the Reporting Period, the Group primarily consumes electricity and water. No other significant raw materials and energy were used by the Group during the Reporting Period.

## 2.1 ENERGY CONSUMPTION

The Group’s main sources of energy consumption is electricity. As stated above, consumption of electricity from our Hong Kong’s offices and leased out properties are excluded in the ESG reporting. During the Reporting Period, fewer electricity was consumed due to the work-from-home policy under COVID-19 pandemic, and the summary of usage is as follow.

| Energy Sources        | Unit       | 2022   | 2021   |
|-----------------------|------------|--------|--------|
| Purchased electricity | kWh        | 12,000 | 22,236 |
| Consumption intensity | kWh/person | 444.4  | 695    |

## 2.2 WATER CONSUMPTION

We recognize water as an important natural resource and have constantly remind our employees the importance of water conservation. The Group’s operation processes does not involve substantial water consumption, and the water consumption is mainly for daily use in general cleaning and pantries of warehouses and offices. During the Reporting Period, water consumption of the Group was totally 1.9m<sup>3</sup> (2021: 2.2 m<sup>3</sup>), resulting in a consumption intensity of 0.1m<sup>3</sup>/person (2021: 0.1 m<sup>3</sup>).

## 2.3 OUR TARGETS AND INITIATIVES

The Group is committed to using energy and water resources efficiently to manage our environmental impacts. The Group targets to reduce 5% electricity consumption by 2032 by implementing the following energy saving initiatives:

- Establish energy-saving policies and guidelines and educate employees;
- Turn off unnecessary lightings during lunch and after normal operating hours;
- Set the air conditioners at an optimal temperature;
- Set electrical appliances with energy-saving mode;
- Use energy-saving lightings and handle disposed lightings properly; and
- Take into account energy efficiency requirements during procurement process.

The Group’s business does not consume substantial water usage and there is no issue in sourcing water that is fit for purpose. Nevertheless, the Group is always conscious of water conservation and targets to reduce our water consumption by 5% by 2032 through the following practices:

- Educate employees on the importance of water conservation;
- Encourage employees to choose brewed beverages or filtered water provided in workplace instead of bottled water; and
- Set up high efficiency water equipment and related recycling program.

## **2.4 PACKAGING MATERIALS**

Principally engaged in the Garment Business, our consumption of packaging materials is minimal as the packaging process is mainly carried by the suppliers. Packaging materials, mainly the paper, are consumed by our PRC's offices. The total weight of packing materials was 0.1 tonnes during the Reporting Period. Nevertheless, we uphold the commitment to minimizing packaging usage by avoiding repackaging, whenever possible.

## **3. THE ENVIRONMENTAL AND NATURAL RESOURCES**

The Group is not aware of any significant impacts of activities on the environment and natural resources during the Reporting Period. The Group continues to monitor any possible adverse impacts brought by our business operation on the natural environment.

To sustain our long-term business development, the Group not only follows relevant rules, regulations and international standards regarding on environmental protection, but also adopts a green office management, aiming to reduce our workplace's carbon footprint and use natural resources sustainably.

To minimise the adverse impact to the environment, the Group has adopted the energy and resources saving measures as mentioned in "A1. Emissions" and "A2. Use of resources" in response to the potential impacts on the environment and natural resources. The Group remains conscious of the potential impact its operations on the environment and adopts preventive measures to reduce the relevant environmental damage while ensuring compliance with relevant laws and regulations.

## **4. CLIMATE CHANGE**

Climate change can bring significant impacts to business operations if the associated risks are not assessed or managed properly. Therefore, aside from the measures and initiatives mentioned above, the Group continues to monitor the related risk and opportunities from climate change and is developing measures in line with the best practices, to enhance our preparedness and resilience.

The Group has assessed the following climate-related risk that may have potential impacts on the business:

|                         |   |
|-------------------------|---|
| <b>Physical risks</b>   | <ul style="list-style-type: none"> <li>• Extreme weather-related events such as floods, rainstorms and typhoons may cause business disruption and physical damage or loss.</li> <li>• Safety of our staff and customers may also be put at risk.</li> <li>• The increasing temperature may also lead to higher consumption of electricity, with increased operational costs.</li> </ul>   |
| <b>Transition risks</b> | <ul style="list-style-type: none"> <li>• It is expected that more stringent rules and regulations will be carried out by the Hong Kong and PRC governments to address the environmental issues. For example, China’s goal to achieve carbon neutrality by 2060.</li> <li>• Higher operational cost maybe incurred as the Group may need to replace the existing facility and electrical equipment with higher efficiency and environmentally friendly one.</li> </ul> |

To mitigate the relevant risks, the Group has established contingency measures that encompasses a variety of weather-related events to minimize the impact to our business operation brought on by climate-related risk. Moreover, we maintain comprehensive insurance coverage for assets that are prone to damage by extreme weather conditions to reduce the financial loss suffered by the Group.

In addition to closely monitoring the carbon footprints of the Group’s business operations and exploring alternative ways to reduce our impact on the environment, the Group continues to stay abreast of the latest policies and regulations relevant to climate change and environmental protection, and ensure our compliance with them to avoid non-compliance fines in order to safeguard the Group’s operational and financial stability, as well as reputation.

The Group will keep evaluating the impacts from climate change and incorporate them into the risk management system. The Group will continuously investigate and implement any potential remediation measures and promote our stakeholders’ awareness in sustainability.

## B. SOCIAL

### 1. EMPLOYMENT AND LABOUR PRACTICE

#### 1.1 EMPLOYMENT

Employees are our most valued-assets and we are fully committed to creating a respectful and collaborative work environment. The Group strictly complies with all applicable labour laws and regulations regarding to employment and labour practices, including but not limited to the Employment Ordinance of Hong Kong, the Employees' Compensation Ordinance of Hong Kong, the Sex Discrimination Ordinance of Hong Kong, the Disability Discrimination Ordinance of Hong Kong, the Race Discrimination Ordinance of Hong Kong, the Labour Law of the PRC, the Labour Contract Law of the PRC, the Social Insurance Law of the PRC, the Law of the PRC on the Protection of Rights and Interests of Women, the Law of the PRC on the Protection of Minors, and the Law of the PRC on the Protection of Disabled Persons.

During the Reporting Period, there was no reported incident of noncompliance with laws and regulations relating to employment practices.

As a caring employer, State Energy pledges to adopt human-oriented employee management practices and promotes healthy work-life balance to our employees.

#### *Workforce and turnover*

As at the end of the Reporting Period, the Group has a total number of 27 (2021: 32) full-time employees and the details are as follow:

|                            | Number of Staff | Percentage % |
|----------------------------|-----------------|--------------|
| <b>Gender</b>              |                 |              |
| Male                       | 12              | 44.4%        |
| Female                     | 15              | 56.6%        |
| <b>Age Group</b>           |                 |              |
| 18 – 30                    | 6               | 22.2%        |
| 31 – 40                    | 9               | 33.3%        |
| 41 – 50                    | 3               | 11.1%        |
| 51 or above                | 9               | 33.3%        |
| <b>Geographical Region</b> |                 |              |
| Hong Kong                  | 8               | 29.6%        |
| The PRC                    | 19              | 70.4%        |
| <b>Employee Category</b>   |                 |              |
| Senior management          | 10              | 37.0%        |
| Middle management          | 2               | 7.4%         |
| Supervisor                 | 6               | 22.2%        |
| General staff              | 9               | 33.3%        |

The analysis of staff turnover rate during the Reporting Period by different categories are as follows:

|                            | Number of Staff | Percentage % |
|----------------------------|-----------------|--------------|
| <b>Gender</b>              |                 |              |
| Male                       | 4               | 38.1%        |
| Female                     | 26              | 136.8%       |
| <b>Age Group</b>           |                 |              |
| 18 – 30                    | 9               | 150.0%       |
| 31 – 40                    | 8               | 59.3%        |
| 41 – 50                    | 3               | 200%         |
| 51 or above                | 10              | 117.6%       |
| <b>Geographical Region</b> |                 |              |
| Hong Kong                  | 19              | 135.7%       |
| The PRC                    | 11              | 71.0%        |
| <b>Employee Category</b>   |                 |              |
| Senior management          | 3               | 28.6%        |
| Middle management          | 4               | 114.3%       |
| Supervisor                 | 2               | 36.4%        |
| General staff              | 21              | 210.0%       |

#### *Recruitment and Dismissal*

Committed to creating value for our employees and for the Group, we follow recruitment procedure guided by relevant laws and regulation, and to provide equal opportunity for applicants and employees. Any form of discrimination based on age, race, religion, disability, gender, sexual orientation, marital status, social stratum or political background is not tolerated. Adhering to the principle of equal opportunity, our recruitment decisions are based on the candidate's experience, competency and qualifications. The Group's employee handbook outlines the terms and conditions of employment, expectations for employees' conducts and behaviours, as well as rights and benefits. Also, it contains mechanism of proceeding employees' resignation and retirement.

### *Remuneration and Benefit*

To attract and retain high-calibre talents, the Group offers competitive remuneration packages and fringe benefits commensurated with their experiences and responsibilities. Employees are entitled to the basic salary, statutory holidays as well as various types of paid leave and benefits, including mandatory provident fund, sick leave, annual leave, parental leave and medical insurance. Discretionary bonus may also be provided to employees at the sole discretion of the management of the Group. To evaluate employee's performance and ensure that the current compensation and benefit policies are in accordance with the laws, the Group has established an internal management system and reviews it on a regular basis. To recognize the importance of employee's contribution and cooperation in achieving business success, the Group adjusts the employees' salary annually with reference to the performance appraisal and market studies.

### *Working Hours*

The Group highly recognizes well-being and human rights. The Group abides by the statutory requirements to ensure reasonable working hours and rest days are arranged for our employees. To pursue work-life balance, the Group has organized a series of staff activities for employees and their families.

### *Equal Opportunity*

The Group endeavors to promote the concept of equal opportunity, and everyone should be free from any biased assumptions. During the process of recruitment, promotion and transfer, we assess the candidates and employees based on their knowledge, skills and qualifications, rather than gender, marital status, ethnicity or religion. The Group is committed to create an anti-discrimination and anti-harassment workplace for employees. The Group will conduct earnest investigation and take appropriate actions in relation to cases of discrimination and harassment at our discretion.

### *Communication*

Communication is essential to convey ideas and thoughts between the Group and our people. We provide a range of communication channels to connect with our staff. Through regular face-to-face meetings, chatting with general staff, employees can share feedbacks and exchange their ideas or insights on any aspects of the workplace. The Group also publishes internal newsletters about the upcoming events and development plan in order to keep all the staff up-to-date and engaged.



## 1.2 HEALTH AND SAFETY

Workplace safety and employees' health are non-negotiable and of the Group's top priority. The Group reviews the workplace and safety policies regularly to ensure compliance with applicable laws, including but not limited to the Laws of Hong Kong on Occupational Safety and Health Ordinance, the Laws of Hong Kong on Employees' Compensation Ordinance and the Law of the PRC on the Prevention and Control of Occupational Diseases.

The Group is committed to providing employees with a safe and comfortable work environment. To protect the health of employees, the Group undertakes a range of measures regularly, including cleaning and maintenance of air-conditioning systems, checking of water dispenser filters and fire detection systems, as well as pest control.

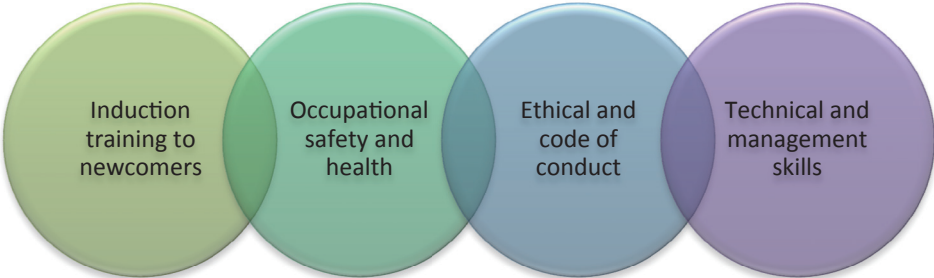
In view of the continuous widespread of COVID-19, the Group has proactively implemented a series of preventive measures recommended by the governmental bodies. The major measures include:

- Provide surgical masks and hand sanitisers in workplace;
- Implement flexible work practice;
- Measure body temperature for staff and visitors before entering workplace;
- Encourage virtual meetings instead of face-to-face meetings; and
- Enhance cleaning and disinfection protocol.

All accidents are required to be reported to the Group and subject to evaluation. In each of the past three years, including the Reporting Period, the Group was not aware of any work-related fatalities, lost days due to work injury and any violations of Hong Kong and the PRC health and safety laws and regulations.

### 1.3 DEVELOPMENT AND TRAINING

The Group deeply values the employees by investing in their development. The Group believes that a vibrant and competent workforce is indispensable in driving business growth. We provide a range of on-the-job training and relevant courses offered by external professional organizations, aiming to strengthen the employees’ occupational and management skills. The coverage of our training includes:



During the Reporting Period, 70.4% of the employees took part in our trainings and the details of breakdown are as follows:

| Percentage of Employees Trained | Percentage % |
|---------------------------------|--------------|
| <b>By Gender</b>                |              |
| Male                            | 66.7%        |
| Female                          | 73.3%        |
| <b>By Employee Category</b>     |              |
| Senior management               | 80.0%        |
| Middle management               | —            |
| Supervisor                      | 66.7%        |
| General staff                   | 77.8%        |

During the Reporting Period, the average training hour completed per employee was 1.4 hours and the details of breakdown are as follow:

| Average Training Hours Completed Per Employee | Number of hour |
|---|----------------|
| <b>By Gender</b>                              |                |
| Male  | 1.2            |
| Female  | 1.5            |
| <b>By Employee Category</b>                   |                |
| Senior management                             | 0.8            |
| Middle management                             | —              |
| Supervisor                                    | 1.3            |
| General staff                                 | 2.3            |

## 1.4 LABOUR STANDARDS

The Group has a responsibility to create an ethical and professional workplace that safeguard the employee's rights. Any form of child labour and forced labour is completely prohibited. The Group complies with relevant regulations including but not limited to the Laws of Hong Kong on Employment of Children Regulations, the Labour Law of the PRC and the Provisions on Prohibition of Child Labour of the PRC.

To ensure compliance with regulations, the Human Resources Department of the Group requires shortlisted candidates to provide valid identity documents before confirmation of employment so as to ensure they are lawfully employable. Upon discovery of any child labour and use of forced labour, the person will be dismissed immediately and the management and responsible person will be disciplined accordingly.

The Group is committed to creating an anti-discrimination and anti-harassment workplace for employees. In case of any suspicious discrimination and harassment, employees can complain to the Human Resources Department. The Group will conduct earnest investigation and take appropriate actions in relation to cases at our discretion.

No non-compliance with relevant laws and regulations relating to preventing child and forced labour had been identified during the Reporting Period.

## 2. OPERATING PRACTICE

### 2.1 SUPPLY CHAIN MANAGEMENT

Supply chain management plays an importance role in sustainability development. The Group committed to maintaining a stable and long-term supply and demand business relationship. The Group, therefore, adopts a stringent approach in procurement policy by performing a preliminary assessment and selects suppliers by considering their compliance to relevant safety and environmental protection standards.

Practically, the preliminary assessment on potential suppliers takes the following steps:



We expect our suppliers adhere to ethical and responsible business practices, and require the suppliers to comply with the following environmental and social requirements:

- Prohibition of child and forced labour
- Usage of toxic or hazardous materials are prohibited
- Workplace is safe and decent
- Waste is well-managed and disposed
- Adherence to anti-discrimination
- Illegal emission of toxic gas is prohibited

The Group also assesses the supplier list regularly to monitor compliance to our requirements. In case of disqualified supplies, the Group, upon confirmation through inspection, will immediately terminate the contract and solve the problem to ensure the product quality.

During the Reporting Period, the Group has engaged 20 suppliers, of which 40% are from Hong Kong and 60% are from the PRC.

## 2.2 PRODUCT RESPONSIBILITY

### *Product Quality*

The Group strives to build a long-lasting and trusting relationship with the customers. To maintain the product quality, all the products we provided are in line with the relevant international and domestic regulatory requirements and industry practices. We aim to ensure that none of the products delivered by us are harmful or hazardous, through the designing and manufacturing process. We cherish our customers' feedback so that a channel for prompt handling of customer query, feedback, complaints and after-sales service is set up. Upon receiving any complaints, we will conduct an internal investigation through fair, open and justified means. After that, we will provide the investigation results to customers, and will take subsequent remedial measures. To enhance the competitiveness, the Group also regularly conducts spot check on product quality and reviews for improvement based on customers' opinions.

During the Reporting Period, the Group did not receive any significant product recalls for safety and health reasons. The Group also did not receive any significant complaints regarding product flaws.

### *Privacy Protection*

The Group recognizes the responsibility in protecting personal information. The Group strictly complies with the Laws of Hong Kong on Personal Data (Privacy) Ordinance and all relevant regulations, and has formulated detailed codes of conduct to safeguard the customer and supplier privacy. All staff are required to follow the policies and written guideline when collecting, processing, using, or accessing to customer data. The Group prohibits staff from copying, communicating or disclosing confidential information without authorization in order to avoid risk of information leakage.

### *Advertising and Labelling*

In full compliance with applicable laws and regulations, any marketing and promotional activities of the Group give a true description of the specifications and features of our products without containing exaggerated and misrepresented information.

### *Intellectual Property*

The Group observes and protects intellectual property rights and opposes any form of intellectual property infringement. Relevant provision has been stipulated in the employee handbook and to ensure the strict implementation through corporate policies, systems and processes.

## **2.3 ANTI-CORRUPTION**

The Group advocates the highest level of integrity, honesty and fairness across the organization, and stands against acts of commercial bribery, extortion, fraud and money laundering. The Group strictly complies with all applicable laws including but not limited to the Criminal Law of the PRC, Anti-Money Laundering Law of the PRC, and the Laws of Hong Kong on Prevention of Bribery Ordinance.

Acceptance of advantages in any form, such as gift, discount, loan of money and contract to any business is forbidden. Rules relating to employees' professional conduct and prohibition against any conflicts of interest are stipulated in the employee handbook.

The Group believes that an effective whistleblowing mechanism is key to a good governance and anti-corruption. The Group has set up a whistleblowing mechanism that gives an opening reporting channel to our staff. Any suspected corruption, theft, fraud and embezzlement cases can be reported immediately to the designated personnel for further investigation. Cases will be reported to respective government authorities such as the Police or Independent Commission Against Corruption for follow up actions when necessary.

In addition, the Group has provided training regularly to all levels of staff, including directors, superiors and general staff, in order to equip them with an understanding of the latest regulations and best practices relating to anti-corruption, including but not limited to the national anti-corruption policies and the Group's internal Code of Conduct.

During the Reporting Period, there were no legal cases regarding corrupt practices brought against the Group or the employees.

## **3. COMMUNITY**

### **3.1 COMMUNITY INVESTMENT**

The Group endeavors to take part in community activities and promote harmonious development of the society. After careful consideration of the health and safety of our employees and public participants under the emergence of COVID-19 in the community, we have postponed our public welfare activities during the Reporting Period. We look forward to organizing the charity events and volunteer services again in the future, and to give back to the society.



**State Energy Group International Assets Holdings Limited**  
**國能集團國際資產控股有限公司**