



APAC RESOURCES

APAC Resources Limited 亞太資源有限公司*

(Incorporated in Bermuda with limited liability)

(於百慕達註冊成立之有限公司)

Stock Code 股份代號: 1104

2022

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境、社會及
管治報告

* For identification purpose only
僅供識別





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ABOUT THIS REPORT

APAC Resources Limited (the “**Company**” or “**APAC**”, together with its subsidiaries, the “**Group**”) is pleased to present its Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”). This Report outlines the Group’s sustainability initiatives and selected targets and Key Performance Indicators (“**KPIs**”) that are material to the Group and its stakeholders on ESG issues. This Report supplements information disclosed in the Company’s published Annual Report 2022.

APAC is an established natural resource investment fund and commodity trading house which owns strategic interests in natural resource companies with the main business lines comprising of primary strategic investment; resource investment; and commodity trading business, focused primarily on metals, mining and energy and investment in financial assets.

Reporting Boundary and Scope

This Report covers the operations of APAC and all its subsidiaries. There is no significant change in the reporting boundary compared to the previous year. The subject areas and aspects are presented based on the “Environmental, Social and Governance Reporting Guide” for listed issuers published by The Stock Exchange of Hong Kong Limited (the “**ESG Reporting Guide**”).

The reporting period is from 1 July 2021 to 30 June 2022 (the “**Reporting Period**”).

Reporting Principles

All information of this Report has been compiled according to the data and information obtained within the Group. The preparation of this Report strictly adheres to the reporting principles of “materiality”, “quantitative”, “balance” and “consistency”.

Materiality	This Report is structured based on the materiality of respective issues, determined by the management that are important to stakeholders after taking into accounts stakeholders expectation.
Quantitative	This Report discloses material environmental and social KPIs. Targets are set to reduce impact if relevant. Information of the standards, methodologies, assumptions and/or calculation references, and sources of key conversion factors used on these KPIs are stated wherever appropriate.
Balance	This Report presents an unbiased overview of the Group’s ESG performance with both achievements and areas of improvements disclosed.
Consistency	This Report is prepared in accordance with the ESG Reporting Guide, as well as consistent methodology for the calculation of KPIs in order to provide a meaningful comparison over years. Unless otherwise indicated, the disclosure of KPIs is in line with the ESG report of last year.

GOVERNANCE STRUCTURE

Approach and Strategy

APAC believes in delivering long term, sustainable value creation not only to our shareholders and investors but to all our stakeholders, including employees, and the broader environment and society. In doing so, we recognise that the choices we make will have an impact on the communities in which we carry on business and we commit to make such impact a positive one. Central to our ESG approach is our commitment to creating sustained value for all our stakeholders. We believe a robust governance structure is important in effectively managing risk and ESG performance. We consider stakeholder opinions are crucial for our continuous improvement. We strongly believe that ongoing communication with major stakeholders is vital to understand the interests and expectations of our stakeholders, as well as to help us prioritise ESG topics that may ultimately serve the Company.

The board of directors of the Company (the “**Board**”) is accountable for oversight ESG issues and endorses the initiative to pursue a clear ESG management approach that is closely in line with the Group’s overall business strategic development. The Board has delegated the day-to-day responsibility for all related matters including the set-up of the ESG goals and targets to the senior management and department heads. Department heads are responsible for identifying, evaluating and managing business and operating risks including ESG-related risks for the Group. The result and findings are reported annually by department heads to the Chairman of Executive Committee who puts forward the same to the Audit Committee and the Board for review. In addition, designated personnel of the management are responsible to identify and manage ESG issues, collecting and analysing relevant ESG data from various departments and reporting in the ESG Report on an annual basis. The Board will review the ESG goals and targets and ESG performance with the ESG initiatives implemented by the management. This Report has been reviewed and approved by the Board.

The Board will also review adequacy of budget of the Company’s ESG performance and reporting on an annual basis.

The Board has approved setting up of a Sustainability Policy in September 2017 which covers the Company’s principles in the area of employment and labour practices, business integrity, the environment and the community. The management shall endeavor to embrace these principles as part of our practice and governance to guide our business and operational decision-making and to contribute to the sustainable development of society and the environment.



Materiality Assessment and Stakeholder Engagement

The Group aims to actively collaborate with its stakeholders to ensure that their opinions can be voiced out through a proper communication channel.

Stakeholders	Communication channels
Government and regulatory authorities	<ul style="list-style-type: none"> • Routine reports • Correspondences • Laws and regulations
Shareholders and investors	<ul style="list-style-type: none"> • General meetings and other shareholders' meetings • Annual and interim reports • Announcements and circulars • Company website
Employees	<ul style="list-style-type: none"> • Training and briefing • Performance reviews • Staff meetings
Customers	<ul style="list-style-type: none"> • Call and email • Face-to-face meetings
Suppliers	<ul style="list-style-type: none"> • Call and email • websites • Brochures • Supplier sustainability reports
Media and the public	<ul style="list-style-type: none"> • Annual and interim reports • Company website • Regular reports and announcements

We defined material stakeholder groups as those who have frequent connections, significant financial and operational influence, and form a long-term and strategic relationship with the Group. After conducting a materiality screening, our material stakeholders are identified as: the Board, management, shareholders/investors, employees and suppliers.

Amongst various environmental and social issues based on the ESG Reporting Guide within the scope of sustainability, the following is the list of issues that are considered to be material and relevant to the Group. The priorities are set based on management's view as well as certain conclusions from our stakeholders' engagement through various communication channels. Based on management's view, the aspects and KPIs relevant to this Report's disclosure are set out as follows:

Material and relevant issues:

Climate Change (Aspect A4) general disclosure, KPI A4.1
 Employment (Aspect B1) general disclosure, KPI B1.1, B1.2
 Anti-corruption (Aspect B7) general disclosure, KPI B7.1, B7.2, B7.3

Other relevant issues:

Emissions (Aspect A1) general disclosure
 Use of resources (Aspect A2) general disclosure, KPI A2.1, A2.3
 The environment and natural resources (Aspect A3) general disclosure, KPI A3.1
 Health and safety (Aspect B2) general disclosure, KPI B2.1, B2.2, B2.3
 Development and training (Aspect B3) general disclosure, KPI B3.1, B3.2
 Labour standards (Aspect B4) general disclosure, KPI B4.1, B4.2
 Supply chain management (Aspect B5) general disclosure, KPI B5.1, B5.2, B5.3
 Product responsibility (Aspect B6) general disclosure, KPI B6.1, B6.2, B6.3
 Community investment (Aspect B8) general disclosure, KPI B8.1, B8.2

This Report does not include detailed disclosure of all other KPIs mentioned in the ESG Reporting Guide not mentioned above as they are not considered material or relevant. Instead, we have discussed our general approach and effort to deal with the issues.

ESG issues are presented below based on the classification of provisions by the ESG Reporting Guide.

ENVIRONMENTAL

The Group's Sustainability Policy encompasses our general approach towards environmental issues. We endeavour to:

- observe relevant laws and regulations and aim to go beyond minimum requirements;
- prevent/minimise air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste;
- make efficient use of resources, including energy, water and other raw materials;
- minimise the impact of the Group's activities on the environment and natural resources;
- engage our staff, customers and partners to promote environmentally sustainable business practices and constantly re-assess our processes to minimise environmental impact; and
- identify and mitigate significant climate-related issues which have impacted or may impact the Company.



Emissions

We recognise the importance of reducing our greenhouse gas emissions to drive sustainable growth of our operations as well as the society. The Group is not involved in any manufacturing activities. Emissions produced directly by the Group primarily attributed to electricity consumption and 2 executive vehicles in Hong Kong and mainland China. These vehicles are used for senior staff's local travel only. The scale and usage are immaterial. Other emissions produced are mostly on a "second degree" basis as incurred during occasional business travels and the Group did not generate any hazardous waste during the Reporting Period. The Group's non-hazardous waste consists of paper, office equipment waste, office stationery, as well as domestic waste generated from our employees.

In line with our policy to minimise air and greenhouse gas emissions and generation of hazardous and non-hazardous waste, major operations are equipped with audio conferencing facilities to minimise the need for face to face meetings and keep business travelling to a minimum. We aim to reduce the amount of waste generated by diverting useful resources from landfills to recycling or repurposing, whenever applicable.

There are no relevant laws and regulations that have a significant impact to our business on this aspect.

Use of Resources The Environment and Natural Resources

We place a high priority on the efficient use of resources. With only 15 staff members across the Group, we consume limited amounts of electricity and paper. Water consumption is not material to our business as it relates only to the personal consumption of our staff for their personal hygiene.

Environmental protection guidelines in relation to energy savings, materials recycling and reduction in paper consumption are in place. For instance, staff are encouraged to use duplex printing for internal documents, return used printer toner capsules and coffee capsules to respective suppliers and facilities and procedures are in place for paper waste recycling. Staff are reminded to switch off lights and equipment after work, during lunch break or during the time working outside the office and wherever possible. Electronic communication and storage are promoted and energy efficiency of office equipment is taken into consideration in making purchase decision. During the Reporting Period, the Group's total electricity and paper consumption were 34,900 kWh (2021: 35,800 kWh) and 94,000 pages (2021: 105,000 pages) respectively, equivalent to 2,327 (2021: 2,387) kWh/employee and 6,300 (2021: 7,000) pages/employee respectively.

Throughout the Group, the following business processes were implemented whenever possible to improve efficiency and to reduce paper usage:

- Electronic bank and broker statements;
- Publishing this Report in a separate report on websites instead of in printed form;
- Recycling schemes of office equipment and supplies; and
- Internal electronic administration and communication platform.

Except for the abovementioned, the Group's businesses have no direct impact on the environment and natural resources. Despite the growth in activities, the Group targets to maintain its current energy and paper consumption with the steps described above.

Climate Change

Climate change is materially affecting societies and economies around the world and therefore it also impacts upon our businesses. As a listed company, we are aware of the increasing demands and requirements of climate-related information disclosures.

The risks posed by “stranded assets” that unexpectedly loss value as a result of climate change is a major concern in the investment industry. At APAC, climate change is increasingly becoming a focus of investment risk as our investments are mainly on mining, metal and energy companies which are of relatively high carbon emission. In evaluating climate risk, we consider both the physical risks brought by more frequent and severe weather conditions and other environment impacts and the transition risks from changes in government policies, technological innovation and shift in market preference.

The investment implications of climate risk are multi-faceted and complex. We conduct climate risk analysis through ongoing engagements with the companies in which we invest. We have increasingly focused our investments on segments that are exposed to low carbon industries, including electric vehicles, battery metals and renewable energy. If relevant and appropriate, we will also consider applying hedging tools or implementing and managing different dimension divestment strategies, changing the balance of our portfolio and its risk/return parameters in order to mitigate climate risk. In this respect, our ultimate goal is to invest in companies that are well positioned to manage the physical and transition risks and opportunities associated with climate change.

In addition, changes in weather patterns and the increased severity of extreme weather events will likely disrupt the continuity of daily operations. For this reason, we have developed emergency protocols to handle such events, including procedures to approach typhoons and black rainstorms.

SOCIAL

Employment Health and Safety Labour Standards

Our people are our most important assets that will drive the long-term development of the Group. The Group's policy on employment is as follows:

- observing relevant laws and regulations;
- being an equal-opportunity employer, implementing fair practices relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare for our staff;
- providing a safe, healthy and quality workplace and protecting employees from occupational hazards;
- promoting a good work-life balance for staff;
- investing in training and professional development of our staff for the purpose of improving their knowledge and skills for discharging duties at work;



- maintaining an open dialogue with our staff, facilitating a transparent two way communication; and
- preventing child and forced labour.

In Hong Kong and in the mainland China, the Group's employment of staff is governed by the following laws and regulations:

- Employment Ordinance (Cap. 57 of the Laws of Hong Kong)
- Employment of Young Persons (Industry) Regulations (Cap. 57C of the Laws of Hong Kong)
- Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong)
- Occupational Retirement Schemes Ordinance (Cap. 426 of the Laws of Hong Kong)
- Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)
- Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong)
- Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)
- Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong)
- Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)
- Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)
- Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong)
- Labour Law and Labour Contract Law of the People's Republic of China

The Group has no known non-compliance with the above relevant laws and regulations. The Group ensured that our compensation and benefits (including working hours, rest periods, welfare) are according to the prevailing manpower market conditions and individual performance.

Further information on the Group's emolument policy is also included in the "Management Discussion and Analysis" section of its published Annual Report 2022.

APAC applies equal opportunities and its gender diversity policies aim to eliminate discrimination, harassment and victimisation in employment on the grounds such as age or gender. APAC's gender diversity objectives signify that men and women are hired at a balanced rate, they both are equally paid and appreciated. Both genders are given the same working opportunities in our workplaces.

As at 30 June 2022, the Group has a total of 15 full time staff, 10 in Hong Kong and 5 in mainland China. By gender, 47% is male and 53% is female. By age group, 20%, 40%, 20% and 20% are between age groups of 30 to 39, 40 to 49, 50 to 59 and over 59 respectively.

Employee turnover rate calculated by the number of permanent staff who left during the year divided by the average total number of staff employed by the Group over the same timeframe is 10% in Hong Kong (2021: 11.1%) and nil in mainland China (2021: Nil). By gender, 14.3% is male and nil is female (2021: 14.3% is male and nil is female). By age group, 33% is between the age group of 30 to 39 and nil for other age groups (2021: 16.7% is between the age group of 30 to 39 and nil for other age groups).

The Group endeavours to provide a safe and pleasant working environment for our staff. Employees are required to be familiarised with the location of fire alarms, fire-fighting equipment, fire escape routes and emergency response protocols. Fire drills are also conducted regularly in accordance with property management guidelines. Safety equipment including first-aid boxes and trolleys for heavy goods is accessible in the workplace. In addition, to maintain good indoor quality, smoking indoors is strictly prohibited.

Under COVID-19, in order to protect our employees' health and well-being while maintaining business-as-usual, the Group reacted quickly to implement a set of measures as detailed in the "Management Discussion and Analysis" section of its published Annual Report 2022. Through monitoring the situation stringently and keeping informed of local and regional guidelines, we adjusted our updates and advice on a regular basis.

The COVID-19 pandemic has been affecting our daily lives. Many people are under stress about getting infected, being too busy to take care of their families, the learning progress of their children, etc. If these emotions are not expressed appropriately, it will affect our physical and mental health. The Company has encouraged our staff to attend a seminar organised by the Occupational Safety and Health Council about the common mental health issues during the pandemic and Grounding Exercises are introduced helping our staff to maintain physical and mental well-being.

There are no work-related fatalities occurred in each of the past three years and in the Reporting Period, no working days were lost due to work injury.

The Group respects all basic human rights and forbids any forms of child or forced labour practice. During the recruitment process, we require all personnel to provide valid personal identification documents for verification purposes, while background checks will also be carried out whenever necessary. In the unlikely event that false information or a false identity is discovered, the Group will address the situation by closely following the necessary procedures in accordance with laws and regulations.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations that have a significant impact on the Group relating to labour standards. Additionally, no cases of child or forced labour were reported during the Reporting Period.



Development and Training

The Group is committed to fostering a culture of continuous learning in our organisation. Emphasis is placed on staff training which is tailored to equip our workplace with the necessary professional and market knowledge and skills relevant to their work, as well as to build our talent pool. Our Directors are required to participate in training to enhance their knowledge to enable them to discharge their duties and responsibilities more effectively. Management have participated in various seminars including anti-money laundering, professional and regulatory refresh and update. Our investment specialists have frequently attended various seminars and webinars in order to keep up to date on the investment markets. Internal training courses are conducted to equip our staff with required working knowledge. The Group has also provided support for our staff in their continuous professional development.

Gender	Total Training Hours (hours)	Average Training Hours (hours/employee)
Female	195	24
Male	34	5

Employment Category	Total Training Hours (hours)	Average Training Hours (hours/employee)
Management	129	26
General Staff	99	10

Supply Chain Management

The Group aims at building our primary strategic investments which will provide off-take to complement our commodity business in China. The Group's sole supplier of commodity trading is a listed company in Australia in which the Group has equity interest. We manage environmental and social risks through ongoing engagements with the company. We have periodically reviewed its sustainability report for its awareness and commitment to its environmental and social responsibilities and risks.

As an investment fund, the Group's general business suppliers include providers of information technology, financial information and services, agents, consultants, law firms and over 70 securities brokers located mainly in Hong Kong, Australia, Canada, the United States of America and the United Kingdom. These are not considered to pose significant environmental and social risks for our business and procurement decisions are based on pricing, track record of good practices, suitability as well as the reputation of suppliers.

Product Responsibility

The Group is dedicated in providing products with good quality and up to the specification to our customers. Customers of commodity trading are provided with quality certifications to prove the product quality. The Group strictly complies with all relevant laws and regulations in relating to health and safety, advertising, labelling and privacy matters relating to products. The Group is involved in money lending activities operating under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong) and Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). Other than that, there are no laws and regulations that has a significant impact on the Group.

Comprehensive policies and procedures have been implemented to facilitate a responsible and efficient investment process. Investment opportunities are subject to stringent screening in line with our procedures by the investment team, comprised of experienced professionals, to ensure our investment decisions are prudent, consistent and impartial.

We strictly protect the confidentiality of non-public material information. All staff members are reminded of the importance of keeping confidential any aspects of the Company's business and the need to comply with the requirements of confidentiality. Non-disclosure agreements are signed with the counterparty where applicable to prevent leakage and loss of confidential information.

During the Reporting Period, there are no products sold and shipped subject to recalls for safety and health reasons nor complaints in relation to our products or services. The Group was not aware of any material non-compliance of laws and regulations that have a significant impact on the Group relating to product and services responsibility, including matters in relation to data privacy and copyright.

We respect intellectual property rights, including but not limited to trademarks, patents and copyrights. Employees shall not privately use or allow outside parties to possess and exploit intellectual property, unless permission has been obtained by copyright owners. Our MIS department carries out periodic inspection of employees' computers, ensuring that genuine software is installed.

Anti-Corruption

The Group is committed to compliance with applicable anti-corruption laws and regulations and to uphold ethics. The Group's anti-corruption policy is included in the employee handbook to facilitate employees' easy access. The Group has also implemented a whistle blower policy for reporting fraud, corruption and other improprieties for employees and those who deal with the Company. We encourage the reporting of suspected business irregularities and provide clear channels specifically for this purpose for access to the Chairman of the Audit Committee. The Group also provides assurance to protect the whistle-blower from common concerns such as confidentiality, reprisal and victimisation. This policy is circulated to employees periodically. To maintain appropriateness to our business and regulatory compatibility, the anti-corruption policy and the whistle blower policy will be subject to review from time to time whenever necessary.

Relevant laws and regulations that have a significant impact to our business on this aspect include the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong). For the Reporting Period, there were no concluded legal cases regarding corrupt practices brought against the Group or its employees and no significant risks relating to corruption had been identified. During the Reporting Period, Directors and relevant staff have been provided training materials on anti-corruption and ethical issues in order to strengthen business ethics and to keep them updated in relation to regulatory requirements.



COMMUNITY

Community Investment

APAC undertakes the responsibility of a good corporate citizen contributing by encouraging our staff to participate in community and charitable activities and support with sponsorship and donation.

APAC focused its engagement in helping those in need and developing a sustainable and healthier local community. During the Reporting Period, the Company has participated in the global campaign “Earth Hour 2022” organised by World Wildlife Federation in order to show our commitment in saving the environment and promoting a sustainable lifestyle. Our staff members have joined the Virtual Walk for Millions organised by the Community Chest and the fund-raising campaign “Skip a Meal” of World Vision Hong Kong. The Group has donated in aggregate approximately HK\$21,000 to the Guv Dillon Foundation Limited, the Community Chest and World Vision Hong Kong.



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