

雅高控股

ARTGO HOLDINGS

ARTGO HOLDINGS LIMITED

雅高控股有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 3313

2022

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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1. ABOUT THIS REPORT

Group Overview

ArtGo Holdings Limited (the “Company”, together with its subsidiaries referred to as the “Group”) is listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”, Stock code: 3313). Our enterprise encompasses various activities, including the excavating, refining, and retailing of marble and trading in commodities. Our products range from marble slabs, standard cut-to-size marble, antique series, water jet, border series and marble-related crafts, to the bathroom and tailor-made household products and calcium carbonate products. In the meantime, the Group has endeavoured to operate its business sustainably.

Reporting Scope

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

Opinions and Feedback

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

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

Reporting Principles

The following principles are adopted in the Report:

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

2. CORPORATE SOCIAL RESPONSIBILITY (“CSR”)

Missions and Objectives

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

Maintain Highest Ethical Standards

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

Focus on Health and Safety

Health and safety issues are always our top priority

Minimise Environmental Impact

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

Contribute to Communities

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

Respect Our Staff

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

Encourage Partners to Set High Standards

We encourage our contractors to embrace high standards similar to ours

Culture and Education

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

Materiality Assessment

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

Step 1: Identify potential ESG issues

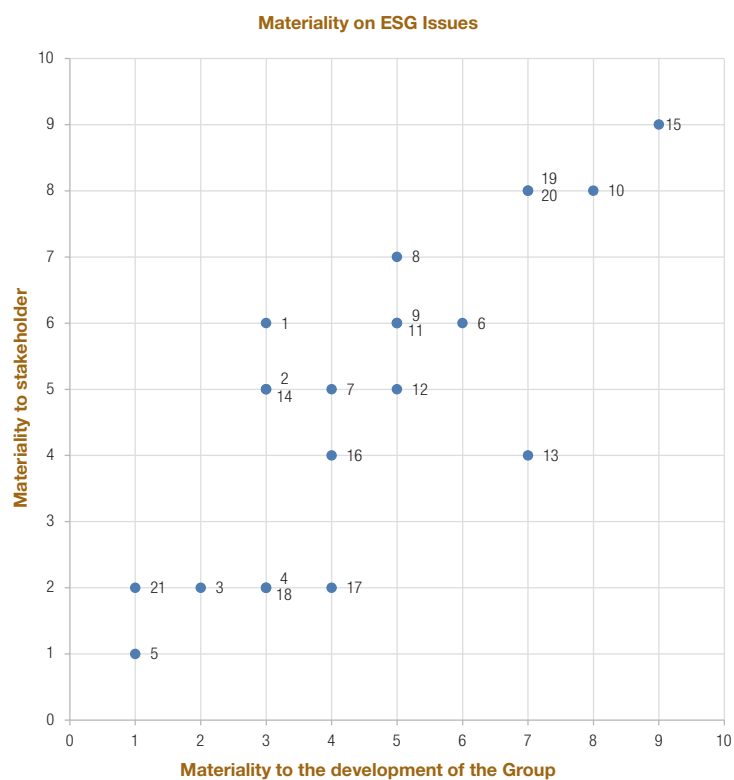
Taking into account the requirements of “ESG Reporting Guide” and the latest sustainability trends in the industry to identify relevant material issues. Twenty-one ESG issues were identified where they mattered most to the Group’s businesses and stakeholders.

Step 2: Materiality assessment

To determine the materiality of the ESG issues, the view of the Group’s senior management as well as our key stakeholders was sought. The relevance/importance of each of the ESG issues was assessed and scored according to their views on a scale of 0 to 10 (0 is irrelevant and is crucial).

Step 3: Priority

Based on the materiality assessment result, the Group prioritized the issues in two dimensions, namely, “Importance to stakeholders” and “Importance to our operation” and prepared the materiality matrix as below. The ESG issues that fall within the top right-hand quadrant are of the greatest importance.



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Aspects	Major concerns
Environment	<ol style="list-style-type: none">1. Air emission2. Greenhouse gas emission3. Wastes production4. Natural resources consumption5. Use of packaging materials6. Impact on the environment7. Climate change
Employment	<ol style="list-style-type: none">8. Labour practices9. Employee remuneration and benefits10. Occupational safety and health11. Employee development and training
Supply Chain Management	<ol style="list-style-type: none">12. Green procurement13. Engagement with suppliers14. Environmental and social risk management of supply chain
Product Responsibility	<ol style="list-style-type: none">15. Product/Service quality and safety16. Customer privacy and data security17. Marketing and promotion18. Intellectual property rights
Anti-corruption	<ol style="list-style-type: none">19. Business ethics & anti-corruption20. Internal grievance mechanism
Community	<ol style="list-style-type: none">21. Participation in philanthropy

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Stakeholder Engagement

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

The Group's stakeholders include its shareholders, staff, government and regulatory authorities, customers, suppliers, communities, shareholders/institutional and individual investors, etc. The Group discusses relevant issues with its stakeholders through various channels. Set out below are the communication channels between its stakeholders and the Group, to understand their expectations and demands of its stakeholders.

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

CSR governance structure, execution and monitoring

CSR governance structure

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

Policy execution

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

Monitoring

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

3. ENVIRONMENTAL PROTECTION

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

3.1. Emissions

3.1.1. Environmental Policy

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

- Ensure compliance with all local environmental and related legislation
- Encourage staff at all levels, business partners and other stakeholders to perform their environmental obligations
- Request all new employees to attend EHS on-board training to ensure that they understand our commitment to environmental protection
- Identify environmental impacts associated with our operations, and set targets to continually improve our environmental performance
- Improve energy efficiencies by adopting the best practicable designs and technologies
- Regularly measure and report our emissions of GHG such as CO₂, NO_x and SO_x
- Record all emission data, analyze it in detail, and incorporate it in the KPI of employees at all levels
- Actively encourage our stakeholders to reduce their carbon footprint
- Actively promote classification of waste, treatment of harmful and harmless wastes, provision of recycling bins and other environmental protection measures
- Minimise waste generation whenever practical in daily operations through recycling and waste reduction at the source
- Embrace green purchasing practices and adopt the best practicable technologies to conserve natural resources
- Supervise the production safety and high-quality products of our suppliers, and encourage them to use recycled materials and develop environment-friendly packaging while continuing to meet customers' expectations
- Provide good indoor environmental quality to ensure that all the work environments are healthy
- Provide indoor and outdoor greening and plants
- Provide regular environmental training to employees and continue to raise their awareness of the issues

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

3.1.2. Compliant emissions

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

3.1.3. Emissions

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

3.1.4. Emission reduction and effectiveness

With respect to sewage management during production:

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

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

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

With respect to exhaust gas management:

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

With respect to water pollution control:

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

Treatment of solid waste:

Certain construction waste and domestic refuse are inevitable during production and daily operation. The Group has long advocated and promoted waste classification and recycling to minimise their environmental impact. Timber, paper, metal and plastic should be separated for recycling. We also provide garbage classification bins for various projects for employees to use, and instruct employees on relevant arrangements and specifications in their onboard training. In addition, the construction waste and domestic refuse are disposed of at sites designated by local government to minimize the impacts to the public. No significant amount of hazardous waste is produced by the Group during the production process. During the year, 155 batteries have been collected and processed by authorized collectors in our headquarter in Shanghai.

In 2022, the increase of solid waste and wastes intensity was mainly due to the increase in production.

Emission of greenhouse gas:

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

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3.1.5. Emission Data

Major data on the emission of ArtGo Group for the year of 2022 and 2021 are set out below:

	Unit	2022	2021
<i>Emission of gas pollutants</i>			
Nitrogen oxides	Kg	20.0	17.1
Sulphur oxides	Kg	0.5	0.4
Particulate matter	Kg	1.5	1.3
<i>Greenhouse gas emission:</i>			
Scope 1 — fuel combustion	Tonne	81.3	63.7
Scope 2 — electricity consumption	Tonne	8,370.8	8,178.1
Total emission	Tonne	8,452.1	8,241.8
Emission intensity	Tonne/million of revenue	94.9	93.7
<i>Non-hazardous waste:</i>			
Solid waste	Tonne	85,833	35,100
Wastewater	Tonne	95,433	49,978
Total non-hazardous waste	Tonne	181,266	85,078
Non-hazardous waste intensity	Tonne/million of revenue	2,035	967

3.1.6. Recognition of waste reduction and energy conservation

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



3.2. Use of Resources

In 2022, the Group mainly consumed energy and water for production. With the full operations of the Yongfeng Mine in Jiangxi Province, the consumption of natural resources has significantly increased. During the production process, including processing design, equipment procurement, facilities and buildings, and onsite management, we take into due consideration the consumption of water, power, raw materials, and other natural resources so that consumption of non-renewable resources can be minimized.

3.2.1. Resource conservation

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

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

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

3.2.2. Measures for resource conservation and effectiveness

Energy management

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

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

Water resource management

ArtGo encourages reasonable utilization of resources and waste reduction during its operation. Therefore, throughout the entire business and production process, we have been actively implementing measures for conserving water and power. Measures include water-saving faucets and other energy-efficient installations and amenities that are deployed to the office and related facilities, and encouraging our employees to develop the habit of water and power conservation during their daily life. At lavatories, hand-washing sinks, and power switches are posted with signs to remind conservation. At the employee cafeteria, all bowls and chopsticks are collected for centralized cleaning, the used water will be reused to wash and clean vehicles or the ground. In 2022, both the water consumption and the water consumption intensity have recorded an increase of approximately 2.5 times, mainly due to the increases in production.

Compliance with laws and regulations

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

Data of resource consumption

Set forth below is major data regarding resource consumption by the Group for year 2022 and 2021:

	Unit	2022	2021
Total water consumption	Tonne	97,588	38,539
Water consumption intensity	Tonne/million of revenue	1,096	438
Power consumption			
Electricity consumption	MWh	13,720	9,269
Petrol consumption	MWh	291	228
Diesel consumption	MWh	2	-
Total power consumption	MWh	14,013	9,497
Power consumption intensity	MWh/million of revenue	157	108

3.3. Environmental and natural resources

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

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

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

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

3.4. Climate Change

The mining and production of minerals have long been regarded as one of the key stakeholders in the matter of climate change and sustainability. With due regard to our current and intended scale of excavation, the management team had long been mindful of the potential and implied impact of our excavation in terms of sustainability. The table below outlines where to find the core elements of how the Group responds to the climate change disclosure requirements in this Report.

Governance	The Board of Directors keeps watch over our risk mitigation and examines our ESG risks. Our Group Sustainability Committee, chaired by our CEO, assesses and manages sustainability issues. The ESG working group reports regularly to the Board of Directors on sustainability matters and manages our climate-related issues on a day-to-day basis with support from execution groups and operations units and departments.
Strategy	The consequences of climate change, such as higher temperatures, rising sea levels, alterations in precipitation, and more frequent extreme weather occurrences, will have short-term and long-term impacts on our operations.
Risk Management	Preparing for the transition to a low-carbon economy and set up measures for physical climate risks.
Targets	Maintaining the GHG emission intensity at below 95 tonne per million of revenue for the next five years.

4. EMPLOYMENT AND LABOUR PRACTICES

4.1. Employment

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

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

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

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

Equal opportunities

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

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Composition of Employees

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

	Number of staff
Total workforce	209
By gender	
Male	152
Female	57
By employment ranking	
Senior management	14
Middle management	22
General staff	173
By age group	
18–30	12
31–40	57
41–50	67
51 or above	73
By region	
Hong Kong	12
PRC	197
Overseas	0

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The Group strives to maintain the employee turnover rate at an acceptable level so as to facilitate the accumulation of professional skills and experience. In our effort to streamline processes, thus reducing manpower needs, the staff turnover rate is approximately 7% (2021: 11%), which is categorized by gender, age group and region as follows:

	Staff turnover rate
By gender	
Male	4%
Female	13%
By age group	
18–30	15%
31–40	6%
41–50	6%
51 or above	7%
By region	
Hong Kong	7%
PRC	12%
Overseas	0%

Compliance with laws and regulations

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

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

4.2. Occupational Health and Safety

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

- Provide safety construction systems and safety facilities in plants
- Provide information, instruction, training and supervision on safety, health and environment
- Put various safety warning signs at the sites and organize regular team meetings to investigate potential site risks
- Designate Safety Specialists to supervise employees to conduct various safety procedures in accordance with the requirements of the Group
- Conduct training on operational skills and safety production in various processes
- Ensure safety in handling materials, including use, handling, storage and transportation
- Develop an inspection system for machinery and sites before employees’ on/off duty
- Formulate emergency plans to cope with emergent environmental issues, power and water failure, etc.
- Provide employees with the necessary labour-protective products

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

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

Occupational health and safety statistics

	2022	2021	2020
Number of lost days due to work injury	150	90	N/A*
Number of work-related fatalities	Nil	Nil	Nil

* information was not available for disclosure

Compliance with laws and regulations

The Group has established and stringently implemented its internal safety and health policies in line with the relevant laws and regulations during the year, including but not limited to the following:

- | | |
|-----------|---|
| PRC | <ul style="list-style-type: none"> • Production Safety Law • Law on Prevention and Control of Occupational Diseases • Regulation on Work-Related Injury Insurances |
| Hong Kong | <ul style="list-style-type: none"> • Occupational Safety and Health Ordinance |

4.3. Safety Development and Training

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

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

- | | |
|----------------------|---|
| Laws and regulations | <ul style="list-style-type: none"> • Listing rules • Anti-corruption |
| Safety | <ul style="list-style-type: none"> • Safety production in mines • Fire safety |
| Environment | <ul style="list-style-type: none"> • Environment protection awareness |

In 2022, the Group provided a total of 747 hours of training for 147 employees, covering employees of all ranks. The training details by the Group are listed below:

By gender		By employment ranking		
Male	Female	Senior management	Middle management	General staff
Average number of hours of training received by employees (hour)				
5.4	4.5	3.1	3.6	5.9
Percentage of employees attended training				
65%	35%	100%	100%	55%

4.4. Labour Standards

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

Child Labour Remediation Measures

Upon discovering any child labour, the human resources department would immediately remove the child from the workplace and arrange for the child to have a special labour health check to ensure the health condition is not affected. Further, the human resources department would contact the family and send the child home. The Group would cover all expenses related to medical and transportation.

Compliance with laws and regulations

The Group's policy is to disqualify the person from employment if he or she is found to be hired against the requirements of the Labour Contract Law. During the Year, no labour disputes between the company and its staff have been recorded.

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

- | | |
|-----------|--|
| PRC | <ul style="list-style-type: none">• Labour Contract Law• Labour Law• Law on Protection of Minors• Provisions on the Prohibition of Using Child Labour |
| Hong Kong | <ul style="list-style-type: none">• Employment Ordinance• Minimum wage Ordinance |

5. OPERATION PRACTICES

5.1. Supply Chain Management

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

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

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

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

In 2022, the Group had 35 suppliers and all of them are located in the PRC.

5.2. Product Responsibility

Customer satisfaction

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

Marble stones are natural and harmless to human bodies, and ancillary materials used pass the quality safety inspection. A sampling of stones are taken and tests conducted at least once a year about the level of heavy metals and product radiation, to ensure our stones fulfil the requirement of the latest national standards and brings no negative effects to human.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the government body concerning the environmental protection of Jiangsu Province has regularly inspected our safety and production process of our mine in Jiangsu.

During the year, no products have been returned due to quality, safety and health issues. The majority of returned products which only occurs occasionally are due to the overall display effect of the products differing from the design of the project designer.

Privacy and data protection

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

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

Compliance with laws and regulations

During the year ended 31 December 2022, the Group was unaware of any non-compliance with laws and regulations that significantly impacted the Group concerning health and safety, labelling and privacy matters relating to products. This included, but not limited to including Law of the People's Republic of China on the Protection of Consumer Rights and Interests, Advertising Law of the People's Republic of China and Trademark Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, etc.

5.3. Anti-corruption

The Group has been committed to creating a corporate atmosphere of integrity by deeply implementing the eight requirements for integrity and self-discipline of the cadres and employees of the Group. The Group requires cadres of all levels to act with integrity and self-discipline by eliminating extravagance and waste from various aspects including material procurement, production, marketing and management. To ensure that employees understand and comply with the relevant provisions on “anti-corruption” (including but not limited to prevention of bribery, extortion and fraud), maintain high ethical standards, and commit themselves to “having the integrity and self-discipline to resolutely prevent personal corruption”. These had been expressly defined that “the atmosphere of integrity cannot be trampled and destroyed by anyone”. The whistleblowing policy was established to uphold openness and accountability among our employees and other stakeholders of the Company. Employees are suggested to report any suspected misconduct behaviours. Suppose any employee is found to be in violation of corruption after investigation. In that case, the Group will take disciplinary actions against the employee involved, including the termination of labour contracts with immediate effect.

Regarding anti-corruption, we are determined to adopt a zero-tolerance attitude and will not allow the employees, suppliers, customers, and all partners of the Group to commit any corruption, extortion, fraud, money laundering and other misconduct. The staff manual provides guidance on employees’ behaviours, for example, the acceptance of gifts and conflict of interests, to further enhance the awareness of employees. The Group encourages staff to report suspected corruption cases.

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

Compliance with laws and regulations

During the year 2022, the Group complied with the relevant laws and regulations of bribery, extortion, fraud, and money laundering, including, but not limited to:

- | | |
|-----------|---|
| PRC | <ul style="list-style-type: none">• Company Law• Anti-Unfair Competition Law |
| Hong Kong | <ul style="list-style-type: none">• Prevention of Bribery Ordinance• Anti-Money Laundering and Counter-Terrorist Financing Ordinance |

6. COMMUNITY INVESTMENT

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