



寶沙發展

**China Bozza Development Holdings Limited**

**中國寶沙發展控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

*(Stock Code: 01069)*

2023

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report (continued)

## SCOPE AND REPORTING PERIOD

This is the seventh Environmental, Social, and Governance (“**ESG**”) report by China Bozza Development Holdings Limited (the “**Group**”, formerly known as China Agroforestry Low-Carbon Holdings Limited), highlighting its ESG performance, with disclosure reference made to the ESG Reporting Guide as described in Appendix 27 of the Listing Rules and Guidance set out by The Stock Exchange of Hong Kong Limited.

This ESG report covers the Group’s overall performance in two subject areas, namely, Environmental and Social of the business operations in following operations from 1 July 2022 to 30 June 2023 (“**Reporting Period**”), unless otherwise stated:

- (i) forestry business (i.e. plantation, logging and sale of timber related products) in Sichuan Province, the People’s Republic of China (“**PRC**”), with a total of five forests covered in the report.

The following forest is subtropical humid forest, Asia (continental >20y);

1. Hengchang forest

The following four forests are tropical moist deciduous forests, Asia (continental >20y):

2. Kunlin forest
3. Senbo forest
4. Ruixiang forest
5. Wantai forest

- (ii) overall management of the Group’s business in the Shenzhen Office and Hong Kong Office

Compared with the last reporting period, there is no significant change in reporting scope as the Group continues its forestry business. The Group’s forestry management business owns approximately 78 million m<sup>2</sup> of long-lease forest lands in the PRC, during this Reporting Period, including different types of forests in five locations listed above. The Group’s office operations at Shenzhen and Hong Kong oversees and manages its business operations during the Reporting Period.

## REPORTING PRINCIPLES

The Report is prepared in accordance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 to the Listing Rules of the Stock Exchange (the “**Guide**”). The contents covered herein are in compliance with the mandatory disclosure requirement and the provision of “Comply or Explain” as well as four reporting principles of materiality, quantitiveness, balance and consistency required in the Guide.

*Materiality* – The Group pledges to carry out materiality assessments to identify material environmental and social issues that have major impacts on investors and other stakeholders when it has the capacity to do so.

*Quantitiveness* – Key performance indicators (“**KPI**”)s have been established, and are measurable and applicable to make valid comparisons under appropriate conditions; information on the standards, methodologies, assumptions, and/or calculation tools used, and sources of conversion factors used, have been disclosed when applicable.

# Environmental, Social and Governance Report (continued)

*Balance* – The Report presents the Group’s performance during the Reporting Period in an impartial manner, avoiding choices, omissions or presentation formats that may unduly influence readers’ decisions or judgements.

*Consistency* – Consistent statistical methodologies and presentation of KPIs have been used to allow meaningful comparisons of related data over time.

## **BOARD STATEMENT**

The Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for evaluating and determining the Group’s ESG-related risks, and ensuring that appropriate and effective ESG risk management and internal control systems are in place. Senior management are delegated the responsibility of coordinating the implementation of the Group’s environment, employment and service quality assurance policies.

## **SUSTAINABILITY GOVERNANCE**

The sustainability plan of the Group shall be developed based on results of ESG Reports and regular reports from senior management, which shall be reviewed on an annual basis and adjusted as needed to align with the long-term business strategy of the Group.

## **THE GROUP’S SUSTAINABILITY MISSION AND VISION**

The Group ensures strict compliance with any applicable regulations, laws, guidelines, and standards. Furthermore, the Group strives to achieve an optimum balance among maximum profit, responsibility and satisfaction for stakeholders. The Group does not consider ESG as a marketing tool. ESG is not about making donations, nor about issue of corporate social responsibility reports. It should be inherently integrated within daily operation and business decision making. The key message of the Group’s sustainability mission is to reinforce the positive correlation between risk management and governance, followed by product innovation and management innovation.

While the establishment of an ESG working group is still under discussion, the Board oversees the ESG management for the Group. In particular, the Board pays close attention to the risks brought about by environmental and climate change, which are critical to the forestry business. With proper risk management, the Group is poised to capture various opportunities brought by environmental change and to make respective policy adjustment accordingly.

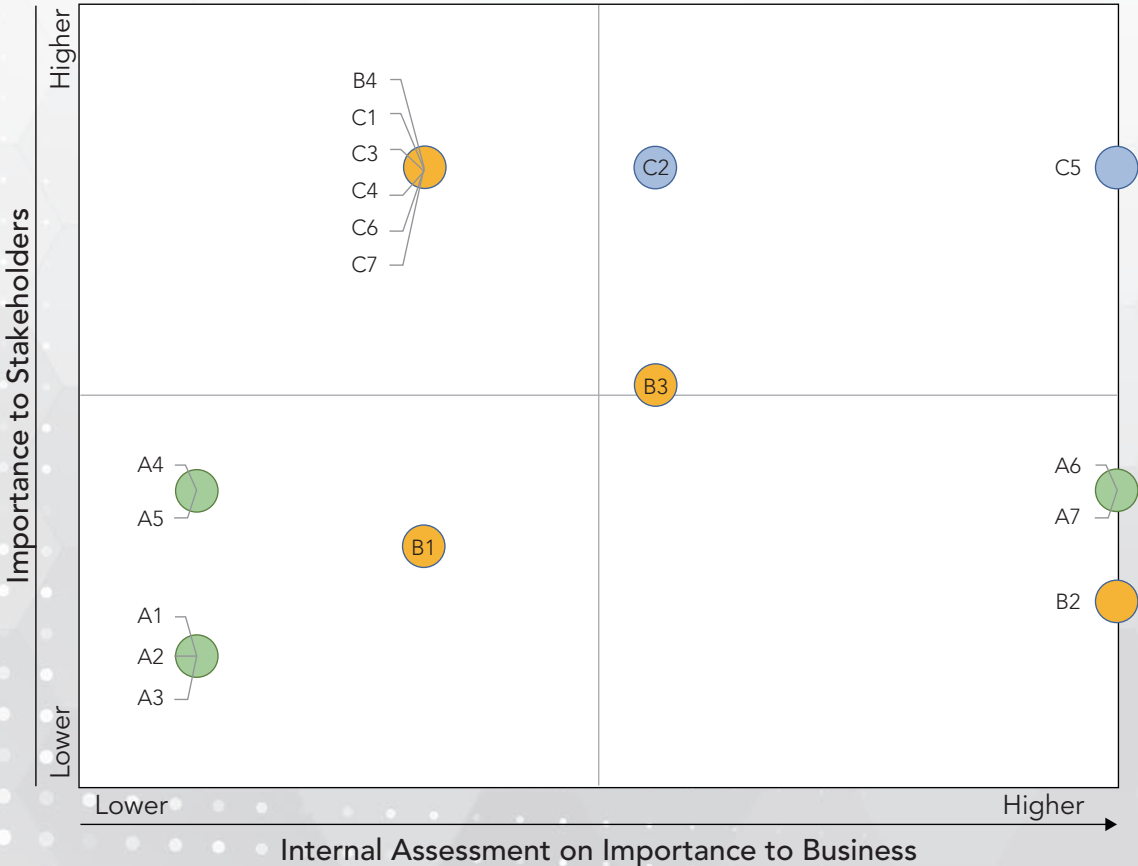
In the near future, the Group will continue to implement the principles of low-carbon economy and circular economy in its operations of sustainable farming and forestry business. The Group strives to adopt circular economy principles in forest sector and to capture the full potential of the forests throughout their lifecycle through the sustainable transformation and management of low-yield forests, management of forests for carbon sequestration, utilization of various forest resources, transformation of forest lands, and utilization of residues from land transformation and timber processing as a source of biomass fuel.

## STAKEHOLDER ENGAGEMENT AND MATERIALITY

In order to identify the most significant aspects for the Group to report on for this ESG report, the Group regularly collects views and discusses ESG matters with stakeholders through a variety of channels, such as engagement sessions including routine meetings and annual general meetings. When issues have been identified, they are discussed as an issue of the corporate culture. The Group also emphasises on the importance of paying attention to issues and giving appropriate response to the arising problems. Solutions to relevant topics are regularly explored on such that relevant issues can be addressed and resolved.

During the Reporting Period, the Group has specifically engaged board members, senior management, shareholders, frontline employees, suppliers, and customers to gain further insights on ESG aspects they find material and relevant challenges that they may induce. A materiality assessment has then been produced according to the engagement as follows.

**Materiality of Different Topics from Stakeholder Engagement**



# Environmental, Social and Governance Report (continued)

Environmental		Labour		Operational	
<b>A1</b>	Energy	<b>B1</b>	Employment	<b>C1</b>	Supply Chain Management
<b>A2</b>	Water	<b>B2</b>	Occupational Health and Safety	<b>C2</b>	Intellectual Property
<b>A3</b>	Air Emission	<b>B3</b>	Development and Training	<b>C3</b>	Data Protection
<b>A4</b>	Waste and Effluent	<b>B4</b>	Labour Standards	<b>C4</b>	Customer Service
<b>A5</b>	Other Raw Materials Consumption			<b>C5</b>	Product/Service Quality
<b>A6</b>	Environmental Protection Measures			<b>C6</b>	Anti-corruption
<b>A7</b>	Climate Change			<b>C7</b>	Community Investment

According to the assessment, the five most material topics to the Group are therefore,

1. Product/Service Quality
2. Intellectual Property
3. Development and Training
4. Environmental Protection Measures
5. Climate Change

The Group aims to keep close communication with its stakeholders for the identified aspects and continue to improve its ESG performance. The Group also hopes to have better management on ESG-related risks for future business development. In alignment with the Group's vision on sustainability, the business will continue to operate with high ethical standards and provide sustainable returns to stakeholders.

# Environmental, Social and Governance Report (continued)

## STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on our environmental, social and governance approach and performance. Please give your suggestions or share your views with us via phone at 2882 2989.

### A. Environmental

The Group and its daily operations have little negative impacts on the natural environment. The Group does not generate emissions, wastewater and hazardous waste in its daily operations.

The Group's activities that have caused indirect environmental impacts include: 1) consumption of purchased electricity; 2) processing of freshwater and sewage; and 3) paper waste disposed of in landfills. Their corresponding emissions during the Reporting Period were calculated and presented in section A1.

The Group strictly abide by applicable laws such as the Environmental Protection Law of the PRC and the PRC Prevention and Control of Environmental Pollution by Solid Wastes. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste had been identified during the Reporting Period.

#### A1. Emissions

##### A1.1 Air Emissions

Both the forestry business and office operations at Shenzhen and Hong Kong have not generated major air emissions. The Group did not own any vehicles during the Reporting Period, and all employees are encouraged to take public transport and/or taxis for business trips.

##### A1.2 Greenhouse Gas (GHG) Emissions

The total amount of GHG, mainly carbon dioxide, methane and nitrous oxide, emissions for the Group during the Reporting Period was 41.01 tonne CO<sub>2eq.</sub> (41,006.82 kg) and the overall intensity was 2,158.25 kg CO<sub>2eq.</sub> per employee. The following activities contributed to the indirect GHG emissions reported:

- Energy indirect (scope 2) GHG emissions from purchased electricity; and
- Other indirect (scope 3) GHG emissions from municipal freshwater and sewage processing, waste paper landfilling, and business air travels.

# Environmental, Social and Governance Report (continued)

Activity	2022/23 GHG emissions (kg CO <sub>2eq.</sub> )	2021/22 GHG emissions (kg CO <sub>2eq.</sub> )
<b>Scope 1 Direct GHG emission</b>	N/A	N/A
<b>Scope 2 Energy indirect GHG emission</b>		
Purchased electricity <sup>1</sup>	39,766.11	25.45
<b>Scope 3 Other indirect GHG emission</b>		
Freshwater and sewage processing	402.71	253.40
Paper waste disposed of in landfills	480.00	249.60
Business air travels <sup>2</sup>	358.00	0.00
<b>Total GHG</b>	<b>41,006.82</b>	528.45
<b>Overall GHG Intensity (kgCO<sub>2eq.</sub>/employee)</b>	<b>2,158.25</b>	105.69

Note : Emission factors were made reference to Appendix 27 of the Listing Rules and their referred documentation as set out by The Stock Exchange of Hong Kong Limited, unless stated otherwise. Scope 3 emissions were only calculated based on the available emission factors from the referred documentation.

Note 1: According to The Ministry of Ecology and Environment of People's Republic of China (2022), emission factor of 0.5810 tCO<sub>2e</sub>/MWh was used for purchased electricity from the National Grid of the PRC; According to CLP 2022 Sustainability Report, emission factor of 0.3900 tCO<sub>2e</sub>/MWh was used for purchased electricity from CLP.

Note 2: CO<sub>2</sub> emissions from the Group's business air travels were reported in accordance with the International Civil Aviation Organisation (ICAO) Carbon Emission Calculator.

Despite the above-mentioned GHG emissions, potential carbon sequestration can be realized through the biomass accumulation in its managed forest. The Intergovernmental Panel on Climate Change's ("IPCC") gain-loss method (from 2006 IPCC Guidelines for National Greenhouse Gas Inventories, Volume 4: Agriculture, Forestry and Other Land Use, Chapter 4 Forest Land) was used to estimate the annual increase in carbon stocks resulting from biomass growth, which was then converted to CO<sub>2</sub> sequestration.

Based on forest types and areas, it is estimated that a total of 28,113 tonnes of CO<sub>2</sub> was sequestered from the Group's forest operation during the Reporting Period, with a lower uncertainty value calculated at 26,392 tonnes of CO<sub>2</sub><sup>1</sup>. It should be noted that the annual carbon sequestration figure only provides a rough estimation as some factors were not taken into account due to lack of data. For instance, the annual carbon stocks loss due to biomass loss, resulting from wood removal, transfer of biomass to dead organic matters and carbon loss to mortality, was not calculated.

<sup>1</sup> The amount of CO<sub>2</sub> sequestration for Last Reporting Period was erroneously stated; The correct figure should be 28,094 tonnes of CO<sub>2</sub> sequestration from 1 July 2021 to 30 June 2022.



# Environmental, Social and Governance Report *(continued)*

## *A1.3 Hazardous Waste*

The Group recognises that its business operations had generated hazardous waste, which mainly consisted of some electronic waste, used light bulbs, and cleaning supplies. Since the amount of hazardous waste generated was insignificant, the Group had not kept records of the amount of disposal of such items during the Reporting Period. However, the Group has handed all hazardous waste to external qualified waste handlers for further processing.

## *A1.4 Non-hazardous Waste*

During the Reporting Period, the Group generated an approximate total of 38.56 tonnes of non-hazardous waste, with an overall intensity of 2,029.47 kg per employee. Non-hazardous waste generated from the Group's business operation mainly included waste from the forestry business, with a small amount from waste office paper and general office waste. An approximate amount of 100 kg of waste paper was landfilled during the Reporting Period.

The amount of waste from forestry business was approximately 38 tonnes, whereas the amount of general office waste was approximately 0.56 tonnes, both of which were handled and treated by municipal waste treatment facilities.

## *A1.5 Measures to Mitigate Emissions*

With minimal direct emissions generated by its operation, the Group's controlling and mitigation schemes have been focused on encouraging eco-friendly behaviours among staff, such as printing on double sides, reusing printing papers, and sharing office supplies by all employees. Employees are encouraged to use public transport or take hybrid vehicles for business trips, and to only resort to air travel for long distance business trips.

With the resumption of the Group's business operations during the Reporting Period, increases have been recorded in the Group's freshwater consumption, paper waste disposal, business air travel, and, most significantly, electricity consumption. As business has resumed as usual, the Group shall be adopting the current Reporting Period as the baseline year for setting its annual target for GHG emissions reduction, with the tentative aim of achieving a 10% reduction in emissions intensity in 10 year, or by 2032/33. This target may also be reevaluated in the future pending any major operational changes or lacking progress.

# Environmental, Social and Governance Report *(continued)*

## *A1.6 Wastes Reduction and Initiatives*

With insignificant amount of waste generated from its business operation, the Group has not set up any waste reduction schemes formally. However, it has promoted environmental awareness through unwritten norms and its sustainable corporate culture. For example, paperless office is highly encouraged among employees, and if possible, double-sided printing is preferred.

With the resumption of the Group's business operations during the Reporting Period, increases have been recorded in the Group's non-hazardous waste generation. As business has resumed as usual, the Group shall be adopting the current Reporting Period as the baseline year for setting its annual target for waste reduction, with the tentative aim of achieving a 10% reduction in non-hazardous intensity in 10 year, or by 2032/33. This target may also be reevaluated in the future pending any major operational changes or lacking progress.

## **A2. Use of Resources**

### *A2.1 Energy Consumption*

The only kind of energy consumption by the Group during the Reporting Period was electricity for its office operations and lighting for its forestry business. The total electricity consumption was 68,582 Kilowatt-hour (kWh), with an overall intensity of 3,609.58 kWh per employee.

### *A2.2 Water Consumption*

The Group did not consume a significant amount of water for its business activities. Forestry business relies solely on natural precipitation. For the Group's office operations, the bill of water use is paid to the management office of the office building. The Group's office operations had not been involved in the direct management of water resources.

The total water consumption of the Group was estimated at 850 m<sup>3</sup> during the Reporting Period. The overall intensity for water consumption was 44.74 m<sup>3</sup> per employee. No issues on sourcing water were reported during the Reporting Period.

### *A2.3 Energy Use Efficiency Initiatives*

The energy consumption from the Group's business operation is not significant, with its forestry business only consuming a very insignificant amount of electricity for lighting purpose. For Shenzhen Office and Hong Kong Office, electricity was the major type of energy consumed by the Group. Thus, employees are reminded to switch off lights, air conditioners, computers, monitors and equipment before leaving work.

With the resumption of the Group's business operations during the Reporting Period, significant increases have been recorded in the Group's electricity consumption. As business has resumed as usual, the Group shall be adopting the current Reporting Period as the baseline year for setting its annual target for electricity consumption reduction, with the tentative aim of achieving a 10% reduction in electricity consumption intensity in 10 year, or by 2032/33. This target may also be reevaluated in the future pending any major operational changes or lacking progress.

# Environmental, Social and Governance Report *(continued)*

## *A2.4 Water Use Efficiency Initiatives*

The Group's business operation did not involve any significant water consumption. Its forestry business has not consumed any processed water and hence no formal water use efficiency initiatives have been established. While the Group has not set any targets for water consumption reduction due to its minimal impacts, the Group nonetheless promotes reasonable water use initiatives and water saving measures among its employees.

Office operations of the Group do not directly control and/or manage water consumption and hence have not put forth any water use efficiency initiatives. Nevertheless, water-saving signs have been put up in the pantry and toilets to remind employees of water conservation.

## *A2.5 Packaging Material*

The Group's business operation did not involve any significant use of packaging materials. The packaging material consumption during this Reporting Period was not recorded.

## **A3. The Environment and Natural Resources**

### *A3.1 Significant Impacts of Activities on the Environment*

The nature of the Group's business poses limited negative impact on the environment. Instead, proper management of forest resources and use of forest products can contribute to substantial GHG reductions. The forests contain carbon in living trees and plants, organic matter and soil. While forest management activities such as harvesting, thinning, planting, natural decaying, controlling forest fires and insects have impacts on the environment, the continuous growth and regeneration of the forests, as well as the absorption of CO<sub>2</sub> and nutrients by other animals and organisms have taken up large amount of carbon from the atmosphere. The Group continuously promotes environmental protection to pose minimal impacts on the surrounding environment and ecosystem.

#### Resource Conservation

The forestry business continues to adopt sound forest management practices, such as complying with logging requirements, selective logging, and conducting monthly inspection and annual evaluation on the forests. Overall, local government bodies centrally manage the local forestry resource conservation and involve extensively in the Group's logging activities.

The Group adopts selective logging. Formal application, with details such as logging site, tree species, quantity, has to be made to the forestry administration department, if necessary, for issue of logging permit after careful consideration.

# Environmental, Social and Governance Report (continued)

The scrutinization and approval criteria are set by the Forest Resources Management Unit and the Forestry Investigation Team. The approval of annual logging activities will take into account of the logging method, forest growth rate and harvesting area will be considered. The Forest Resources Management Unit also control the logging frequency based on the local environment, tree growth cycle and growth rate.

No fertilizers, nor tree growth accelerators have been applied during the Reporting Period. Pest and disease control have been centrally managed by the local forestry management department, which is responsible for the overall arrangement on pest control for all forest areas within the county. Local forestry workers will be employed to carry out integrated pest management when pests are detected. The soil testing has also been conducted regularly to check on soil fertility.

## A4. Climate Change

Climate change poses a huge threat to all businesses, and that of the Group's is not an exception. In response to the global and national call to have carbon emissions peak before 2030 and achieve carbon neutrality before 2050 or 2060, the Group acknowledges the significance of addressing climate change in order to be more responsive to potential climate-related consequences.

The Group has identified relevant climate-related risks and assessed their potential financial impacts. The climate risks identified, their time horizon, trend, and the potential financial impacts affecting the Group are shown below.

Climate Risks	Time horizon	Trend	Potential financial impact	
<b>Physical Risks</b>	Acute	Short term	Increase	Extreme weather events with increased severity during cyclones, hurricanes, storm surges and floods can cause supply chain interruption by bringing damage to local infrastructure, potential damage to offices and disruption to human resources.
	Chronic	Long term	Increase	Longer-term shifts in climate patterns can increase capital costs, operating costs, costs of human resources and increased insurance premium.
<b>Transition Risks</b>	Technology	Long term	Increase	During the transitional period, the Group expects increased procurement expenditures to introduce new and alternative technologies, and the additional cost of adopting/deploying new practices and processes.
	Policy and Legal	Short to medium term	Increase	Implementation of tightened environmental laws, stringent requirements on climate disclosures and carbon pricing system increases operating costs.
	Market	Short term	Increase	During the transitional period, the Group might face a decrease in revenue due to higher environmental requirements of clients, if no strategy has been set accordingly.
	Reputation	Short to medium term	Increase	Stakeholders' concerns on climate-related issues of the Group might dampen the investment sentiment of investors, impacting the stock price and market capitalisation of the Group, and hence increasing the liquidity risk.

# Environmental, Social and Governance Report *(continued)*

## *A4.1. Significant Climate-Related Issues*

The Group expects that extreme weather events such as typhoons, floodings from excessive rain, or prolonged droughts shall become significant issues as climate change progresses. Logging activities may be disrupted by the above-mentioned weather events, which may also lead to severe damage of forests where logging takes place. To minimise the impact of these climate-related issues, the Group has formulated numerous contingency plans to ensure the safety of its employees in logging activities.

As a business in the forestry industry, the Group recognises that its decisions will play a huge role in mitigating climate-related issues. The Group's forest operations sequesters significant amounts of carbon dioxide, and the Group shall adopt stricter forest management practices to ensure that logging activities have minimal impact on the local environment and resources.

## **B. Social**

### **1. Employment and labour practices**

#### *B1. Employment*

The Group stringently complies with national and local laws and regulations concerning employment and labour practices, such as Labour Law of the PRC, Labour Contract Law of the PRC, and the PRC Law on the Protection of Women's Rights and Interests. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare had been identified during the Reporting Period.

Policies on employees' rights and benefits, including public holidays, annual paid leaves, sick leaves, maternity leaves have been formulated and executed per the Labour Law of the PRC, Labour Contract Law of the PRC, and Salary Payment Regulations of the PRC. Employees in the PRC have been provided with social insurance and housing provident fund.

The Group formulates its own reward system with reference to market salary trends. Individual employee's contribution to the Group is also a major consideration in salary adjustment. Overall, there are three types of salary adjustment: regular salary adjustment, seniority salary adjustment, and post salary adjustment. There was no change in its recruitment procedure during this Reporting Period. No major changes have been made to the appraisal, promotion, reward and penalty system. All employees are liable for promotion based on their competence and suitability for specific position. When there is a vacancy, priority is given to internal employees.

Equal opportunity is provided to all employees in terms of promotion, appraisal, training, development and other aspects. Employees are not discriminated against or deprived of opportunities based on gender, nationality, ethnic background, religion, political affiliation, age, marital status, and physical disability.

## Environmental, Social and Governance Report (continued)

The Group had a total number of 19 employees as of 30 June 2023. With the resumption of the Group's business operations during the Reporting Period, the Group has recorded a significant increase in the total number of employees compared with that of the last Reporting Period. Whenever applicable, severance pay was made to laid-off employees according to the Labour Law of the PRC.

Total Workforce as of 30 June	2023		2022	
	Number	Percentage	Number	Percentage
<b>By Employment Type</b>				
Full-time	17	89.47%	2	40.00%
Part-time	2	10.53%	3	60.00%
<b>By Gender</b>				
Male	11	57.89%	4	80.00%
Female	8	42.11%	1	20.00%
<b>By Employee Category</b>				
Senior Management	2	10.53%	0	0.00%
Middle Management	3	15.79%	2	40.00%
Frontline and Other Employees	14	73.68%	3	60.00%
<b>By Age Group</b>				
18-25	3	15.79%	2	40.00%
26-35	14	73.68%	1	20.00%
36-45	1	5.26%	2	40.00%
46-55	1	5.26%	0	0.00%
56 or above	0	0.00%	0	0.00%
<b>By Geographical Location</b>				
Mainland China	18	94.74%	5	100.00%
Hong Kong	1	5.26%	0	0.00%
<b>Total</b>	<b>19</b>	<b>100.00%</b>	<b>5</b>	<b>100.00%</b>

## Environmental, Social and Governance Report (continued)

A total of 2 employees left the Group during the Reporting Period, which corresponds to a turnover rate of 10.53%. The Group regularly reviews salary remuneration and benefits to retain talents and stay attractive and competitive in the market. See below for the detail breakdown of turnover rate by employee group.

Total Turnovers as of 30 June	2023		2022	
	Number	Turnover Rate	Number	Turnover Rate
<b>By Employment Type</b>				
Full-time	2	11.76%	0	0.00%
Part-time	0	0.00%	3	100.00%
<b>By Gender</b>				
Male	2	18.18%	1	25.00%
Female	0	0.00%	2	200.00%
<b>By Employee Category</b>				
Senior Management	1	50.00%	0	N/A
Middle Management	0	0.00%	0	0.00%
Frontline and Other Employees	1	7.14%	3	100.00%
<b>By Age Group</b>				
18-25	0	0.00%	2	100.00%
26-35	0	0.00%	0	00.00%
36-45	2	200.00%	1	50.00%
46-55	0	0.00%	0	N/A
56 or above	0	N/A	0	N/A
<b>By Geographical Location</b>				
Mainland China	1	5.56%	3	60.00%
Hong Kong	1	100.00%	0	N/A
<b>Total</b>	<b>2</b>	<b>10.53%</b>	<b>3</b>	<b>60.00%</b>

# Environmental, Social and Governance Report (continued)

## *B2. Employee Health and Safety*

The Group strives to provide employees with a safe workplace. The Group abides by relevant laws and regulations such as Law of the PRC on the Prevention and Control of Occupational Diseases. The Group provides medical examinations to employees to ensure that they are in good physical and mental health. Employees who are exposed to health hazards in the workplace can report to their department heads and have the right to request for remediation.

Clear instructions and labels on emergency evacuation and fire safety are put up at Shenzhen Office building. Sufficient fire extinguishers are placed in the office area. Fire safety knowledge lectures and fire drills are conducted annually for all office workers.

Warning signs such as "Take Precautions" were put up throughout the forest areas. All contracted loggers have undergone medical examinations to ensure that they are physically fit to perform forestry management tasks. The loggers are all equipped with appropriate protective gears and follow safety guidelines. Designated personnel from forest workstations shall be on site to instruct and supervise all logging activities. When making the inspection tour in the forest, the inspection route shall be planned in advance and be strictly followed. Relevant safety protection is in place to protect the workers' safety.

In addition to the health and safety management for its employees, the Group promotes the importance of forest protection and fire prevention among residents of local communities, jointly with local forest workstations and police stations. The joint promotion aims to arouse the awareness of forest protection among local villagers and to avoid the occurrence of any forest destruction incidents from the root causes.

No work-related injury cases were reported during the Reporting Period, and no work-related fatality cases were reporting for the past three reporting periods. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to provision of a safe working environment and protection of employees from occupational hazards was identified during the Reporting Period.



# Environmental, Social and Governance Report (continued)

## B3. Development and Training

The Human Resources department manages all employee development and training, including orientation and on-job trainings. General training sessions provided to all newly engaged employees cover topics such as basic information of the Group, personal job duties and other related topics. Based on the Group's developmental needs, professional knowledge training has also been offered to targeted employees, in order to improve collaboration between employees and professional skills.

During the Reporting Period, the Group has provided a total of 680 hours of training for an accumulative number of 9 employees (inclusive of employees who have left the Group during the Reporting Period), with average training hours per employee at 35.79 hours.

### Breakdown of training provided to employees

#### **By employee category**

Frontline and other staff	Percentage of employees trained	28.57%
	Average training hours completed per employee	55.00
Middle management	Percentage of employees trained	100.00%
	Average training hours completed per employee	100.00
Senior Management	Percentage of employees trained	100.00%
	Average training hours completed per employee	80.00

#### **By gender**

Female	Percentage of employees trained	50.00%
	Average training hours completed per employee	20.00
Male	Percentage of employees trained	45.45%
	Average training hours completed per employee	47.27

# Environmental, Social and Governance Report (continued)

## *B4. Labour Standards*

The Group strictly observes the Labour Law of the PRC, the Labour Contract Law of the PRC, and the Law on the Protection of Minors in terms of labour practices. Background checks were conducted on new employees and all employees are required to show their original identity cards to prove their legal identities.

In case of any child or forced labour is found, labour contract will be terminated immediately, and the case will be reported to the local legal entity. Depending on the situation, the person(s) involved may be sent to the hospital for medical examination, to ensure that his/her health has not been affected by the work. The Group's top management will also take appropriate disciplinary actions against those who are responsible for the violation and negligence, and internal investigations shall be conducted to prevent further such incidences.

During the Reporting Period, no non-compliance concerning labour standards as required by related laws and regulations was recorded, and there was no child nor forced labour in the Group's business operation.

## **2. Operating Practices**

### *B5. Supply Chain Management*

The Group had engaged with 4 suppliers from the PRC, responsible for provision of plantation services, during the Reporting Period. The Group has standard procedures for engaging suppliers and contractors related to its business operation to ensure the quality of received products and services. Suppliers and contractors are encouraged to maintain a high standard of business ethics and conducts, and a satisfactory environmental and social performance.

The Group has signed an agreement with the local authority in Sichuan to set up designated forest workstation to perform forest management activities. The Group conducts an annual assessment on the performance of the contracted forest workstations. The Group will evaluate and adjust the contract fee based on the assessment results.

### *B6. Product Responsibility*

In terms of regulating product promotion and responsible sales, the Group strictly abides by relevant laws and regulations, such as the Criminal Law of the PRC, the Advertising Law of the PRC, the Cyber Security Law of the PRC, and the Trademark Law of the PRC.

Product Labelling, Health and Safety, and Advertising

The Group's business operation did not involve product labelling. No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters relating to products and services provided had been identified during the Reporting Period.

# Environmental, Social and Governance Report (continued)

## Quality Assurance

Logs harvested from the forests are the major products of the Group. Due to the business nature, no relevant policies on quality assurance and/or complaint handling procedures have been established. The Group does not perform further processing on raw logs harvested. Customers visit our forests and select logs on-site based on their business needs and quality requirements. Customer then arrange for shipment of their selected logs themselves. The Group actively engages with customers during follow-up visits and calls to understand customers' level of satisfaction and to build strong customer relationships.

## Customer Data Protection

The Group acknowledges the importance of protecting the privacy and confidentiality of relevant stakeholders and prohibits the use of any personal information of clients by other parties. The Group implements various schemes to prevent data leakage and misuse or abuse of customer sensitive information. For example, anti-virus software and firewall have been installed on office networked servers and have been constantly updated to prevent virus attack and external hacking. File transmission is carried out via internal mailbox to prevent data intruding by hackers. Up-to-date, no leakage of customer information has been reported.

## Intellectual Property

The Group attaches great importance to the protection of intellectual property rights, and complies with the relevant laws and regulations. As of 30 June 2023, the Group holds 2 officially registered trademarks.

No non-compliance with relevant laws and regulations that have a significant impact on the Group relating to intellectual property rights had been identified during the Reporting Period.

## *B7. Anti-corruption*

The Group is committed to managing all businesses without undue influence and has regarded honesty, integrity, and fairness as its core values. All parties shall observe the Law Against Unfair Competition of the PRC, Criminal Law of the PRC, and other laws, regulations and regulatory documents related to commercial bribery.

Upon encounter of any suspicious activities, employees at any level have the responsibility and right to report directly to the top management team of the Group. The Group ensures that no one suffers any detrimental treatment as a result of refusing to accept or offer a bribe or other corrupt activities or because they reported a concern relating to potential acts of bribery or corruption. Upon receipt of any report of suspected corruption, theft, fraud, embezzlement or money laundering, the Group will take immediate actions to investigate the suspected case and try to obtain evidence through different channels, such as internet, phone calls, mails, and personal visits.

## Environmental, Social and Governance Report (continued)

No non-compliance with any laws and regulations in relation to corruption, bribery, fraud and money laundering that have a significant impact on the Group had been identified during the Reporting Period.

While the Group had not conduct anti-corruption training during the Reporting Period, it has disbursed anti-corruption information among its employees to raise awareness. The Group shall strive to initiate anti-corruption training for its employees in the Next Reporting Period.

### *B8. Community Investment*

No formal policies on community contribution have yet been established by the Group. During the Reporting Period, the Group has not participated in any community engagement activities.