

(Incorporated in the Cayman Islands with limited liability)

**Stock Code: 3348**

**Environmental, Social And  
Governance Report  
2020**

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# BOARD STATEMENT

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Dear Stakeholders:

On behalf of the Board (the “**Board**”) of Directors (the “**Director(s)**”) of the China PengFei Group Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**” or we or us), I hereby present to you the 2020 Environmental, Social and Governance (“**ESG**”) Report (the “**Report**”), providing an overview of the Group’s management on significant matters (including environmental, social and governance matters) that have impacts on the operation.

The Board has always been committed to promoting sustainable development and implementing ESG policies and measures across business segments continuously. The board of directors enjoins senior management and external independent consultants to identify, monitor and review ESG-related risk, and is committed to maintaining a high level of corporate governance. We will lead our departments to implement related policies and measures, and continuously optimise the Group’s sustainable development strategies and performance.

Stakeholder engagement is an indispensable part of sustainable strategies. It helps us respond to existing and potential risks and opportunities in the market, and it is also the basis for strategy formulation and decision making. In addition to daily communication with stakeholders, we conducted a materiality assessment during the reporting period and invited major stakeholders to prioritise the identified issues in the form of a survey to establish the most concerning sustainable development issues, thereby adjusting resource allocation and formulating more appropriate policies and measures to respond to the needs and expectations of stakeholders and make this report more targeted.

The operational activities of the Group inevitably cause environmental impacts. We advocate waste reduction and improving the efficiency of resource use in our business operations, based on the interests of stakeholders. In order to promote the sustainable development of the Group, we are committed to retaining talents to ensure the soundness of our business. By improving welfare conditions, caring for the needs of employees and regularly adjusting employee treatments or measures to retain employees. We recognise the importance of managing environmental and social impacts of the supply chain, protecting the interests of the local communities in which we operate, and ensuring that all operating units comply with local laws and regulations.

Looking ahead, the Group will adhere to the pursuit of a better society, commit itself to the common prosperity of enterprises, society and the environment, create a win-win situation for all stakeholders, and continue to be a force for social stability and upward improvement.

**China PengFei Group Limited**

**Wang Jiaan**

*Chairman*

Jiangsu, China

27 July 2021

# ABOUT THIS REPORT

This Report summarises the Group's policies, measures and performance on the key ESG issues.

## REPORTING PERIOD

This Report illustrates the overall performance of the Group regarding the environmental and social aspects from 1 January 2020 to 31 December 2020 (the "reporting period", "2020").

## REPORTING SCOPE AND BOUNDARY

This Report discloses the policies and measures of the core and material business, i.e. the manufacturing of equipment business in HaiAn city at Jiangsu Province, the People's Republic of China (the "PRC"). The disclosure of environmental key performance indicators (the "KPI(s)") mainly covers the production plant(s) (the "plant(s)") in HaiAn city at Jiangsu Province, the PRC. If the scopes and boundaries of the specific contents vary, they are noted in the relevant section of this Report. Although this Report does not cover all the operations of the Group, we are committed to improving internal data collection procedures and gradually expanding the scope of the disclosure.

## REPORTING BASIS AND PRINCIPAL

This Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (the "Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules") issued by The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Group has reported on the "comply or explain" provisions of the Guide and the following four reporting principles underpinning the preparation of this Report: materiality, quantitative, balance and consistency.

- "Materiality" Principle:

The Group determines relevant ESG issues through stakeholder engagement and materiality assessment. For details, please refer to "Stakeholders Engagement and Materiality Assessment".

- "Quantitative" Principle:

The Group's disclosure of KPIs related to historical data can be measured and is committed to disclosing information on standards, methods, assumptions or calculation tools used in quantitative data and the source of conversion factors used when feasible.

- "Balance" Principle:

The Group's disclosure avoids inappropriately affecting the choices, omissions or reporting formats of the readers of the report's decisions or judgments as far as possible.

- "Consistency" Principle:

The Group is committed to using consistent disclosure statistics for meaningful comparisons. The Group will disclose changes in statistical methods or KPIs or any other relevant factors that affect meaningful comparisons when necessary.

The information contained herein is sourced from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries following the Group's relevant policies. A complete content index is appended to the last chapter hereof for quick reference. This Report is prepared and published in both Chinese and English and is available on the website of The Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website (<http://www.pengfei.com.cn/>). In the event of contradiction or inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

## ABOUT THIS REPORT

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### REVIEW AND APPROVAL

This Report has been reviewed and approved by the Board on 27 July 2021.

### INFORMATION AND FEEDBACKS

Should you have any suggestions or enquiries, you are welcome to share with the Group at:

Office

Telephone no.: +86-513-88758898

E-mail address: pf@pengfei.com.cn

# ESG GOVERNANCE STRUCTURE

## ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE POLICY

The Group is committed to integrating ESG factors into its operations to create sustainable value for our stakeholders and to fulfil our responsibility as a corporate citizen. The Group has established an “Environmental, Social and Corporate Governance Policy”. The Group ensures that it will:

- Integrate environmental and social elements into the decision-making process in daily operations of Directors, management and supervisors;
- Satisfy or go beyond legal and regulatory requirements applicable to our business operations, including environmental and social requirements;
- Provide all staff and related parties with the required resources, including support, guidance and encouragement, to meet all relevant requirements commensurate with their role;
- Provide services effectively and efficiently to minimise emissions and impacts on the environment and natural resources;
- Adopt “Reduction, reuse and recycling” approach where economically and operationally feasible to reduce and better manage wastes;
- Establish a safe, healthy, fair and dynamic working environment where all employees are being respected and are able to unleash their talents;
- Collaborate with suppliers to strengthen social and environmental elements in products and services;
- Provide products and services that fulfil our responsibilities to customers, the environment and society;
- Commit to promoting community development in the areas where our business operates, and devoting manpower and financial support for the projects that are of most concern to the Group; and
- Monitor the Group’s energy-saving performance regularly and look for continuous improvement solutions.

## SUSTAINABLE DEVELOPMENT COMMITTEE

To effectively boost the sustainable development of the Group, the Group has established a Sustainable Development Committee and formulated written terms of reference. The members of the Sustainable Development Committee include a chairman, three committee members and functional department heads of subsidiaries. This committee is responsible for the formulation and supervision of the Group’s sustainable development strategy. The Sustainable Development Committee studies and makes recommendations on the Company’s policies on sustainable development, including but not limited to health and safety, community relations, the environment, human rights and anti-corruption. This is to ensure that the Company’s position and performance concerning global sustainable development issues satisfy the modern-day standards. Moreover, this committee researches and makes recommendations regarding the continuous enhancement on Company’s access to resources, markets, investment capabilities and sustainable risk prevention; guides, evaluates, monitors and supervises the corporate environment and social responsibility and sustainable development in the areas of culture, management framework, affairs, risk management, capability etc. for continuous optimisation.

# STAKEHOLDER ENGAGEMENT

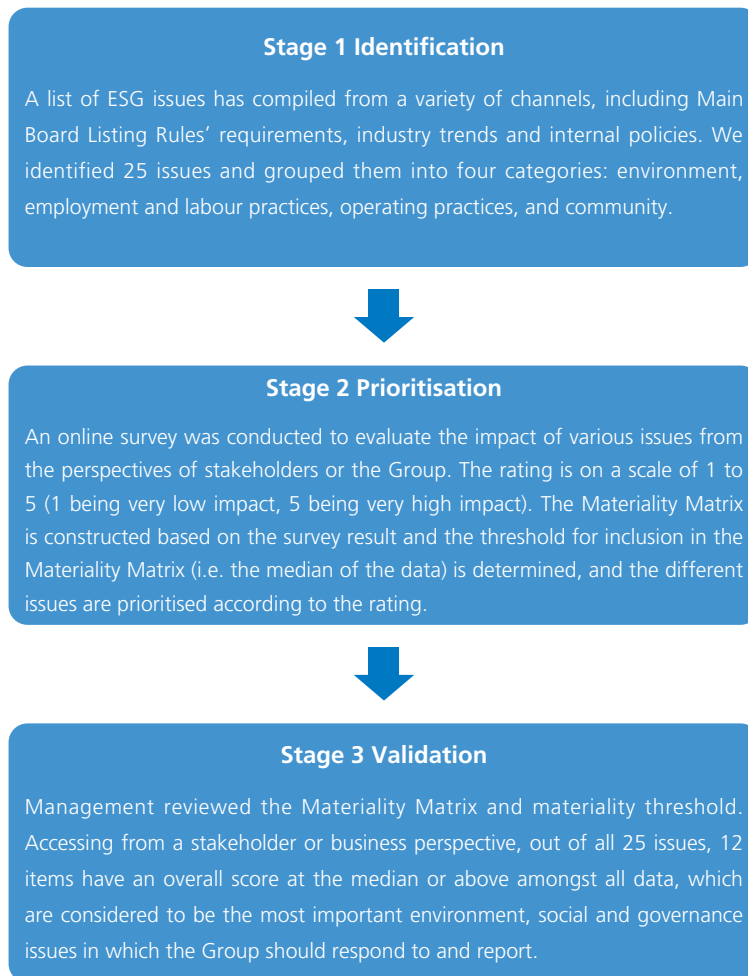
The Group values stakeholder engagement. Whether they are our employees, customers, suppliers and other stakeholders, they all have a significant impact on the success of our business or activities. The following are the relevant stakeholders of the Group. We actively communicate with various stakeholders through different channels to monitor and manage our impact on the environment and society.

Stakeholder	Engagement Platform
<b>Government and regulatory agency</b>	<ul style="list-style-type: none"> <li>Annual reports, interim reports, ESG reports and other public information</li> </ul>
<b>Shareholder and investor</b>	<ul style="list-style-type: none"> <li>Annual general meetings and other general meetings of shareholders</li> <li>Company website</li> <li>Press releases/announcements</li> <li>Annual reports, interim reports, ESG reports and other public information</li> </ul>
<b>Peer Industry</b>	<ul style="list-style-type: none"> <li>Exhibitions</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>Training</li> <li>Meetings</li> <li>Employee organisations</li> <li>Performance evaluation</li> <li>Leisure activities</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>Fax, email and customer service hotline</li> <li>Product and service feedback</li> </ul>
<b>Supplier</b>	<ul style="list-style-type: none"> <li>Annual audit</li> <li>Meetings</li> <li>On-site visits</li> </ul>

# MATERIALITY ASSESSMENT

## PROCESS

The Group identifies issues for disclosure in this Report through internal and external materiality assessment. By considering the dependence and influence of the stakeholders on the Group and the availability of the resources of the Group, the management has identified key stakeholders and conducted surveys with them. They have expressed their opinions and recommendations on the issues related to the Group's operation via the surveys. The materiality assessment process is as follows:

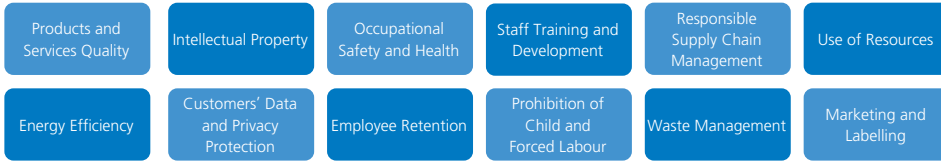




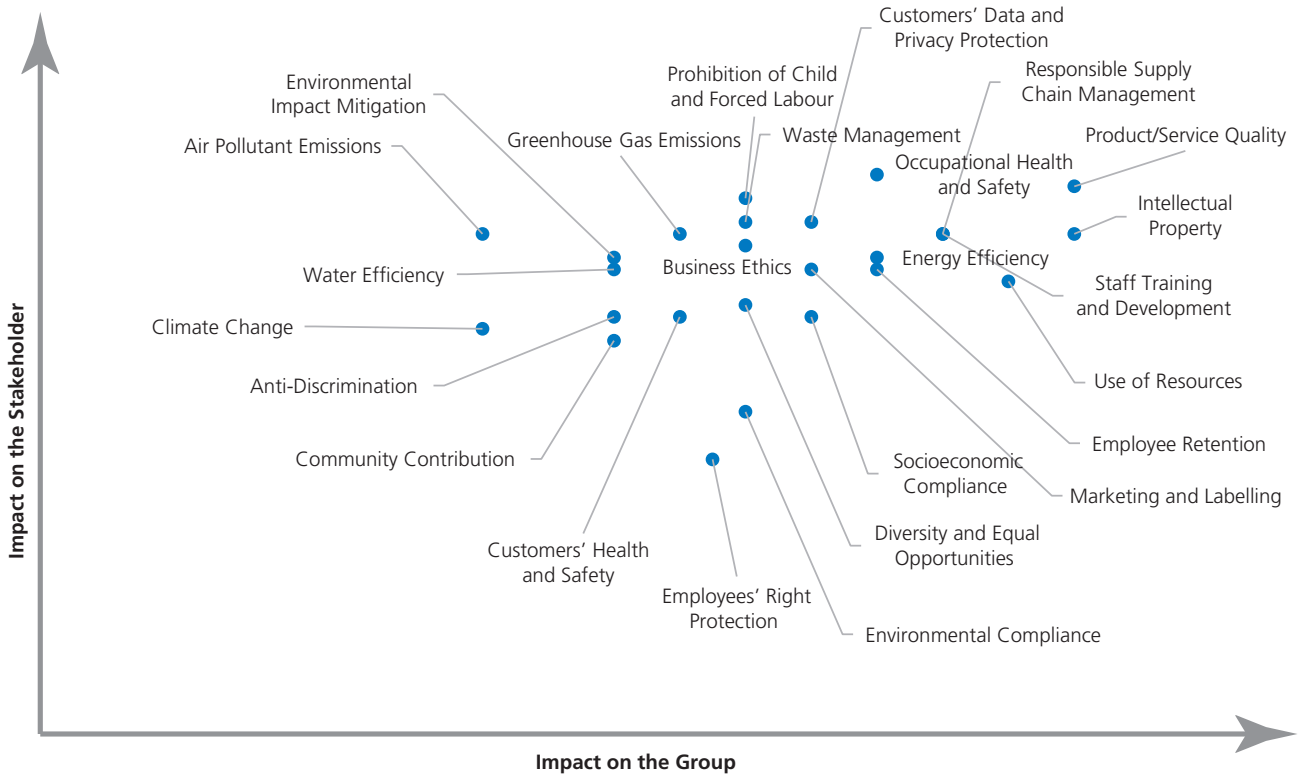
# MATERIALITY ASSESSMENT

## RESULTS

Consolidating the results of internal assessment and the survey, the Group has identified the most material ESG issues in this year:



**Materiality Matrix**



# A. ENVIRONMENTAL

As a manufacturer of rotary kiln, milling equipment and related equipment, the Group is committed to mitigating the impact on the natural environment, managing emissions and saving resources during operation.

## A1 EMISSIONS

### Policies

To strengthen the Group's environmental protection management (e.g. soil and water conservation, ecological protection, comprehensive utilisation of resources, etc.). We establish "Emissions And Use of Resources Management Methods" based on local environmental protection laws and regulations and relevant internal company rules. In order to strengthen environmental protection management, we have established an Environmental Protection Leadership Group (the "**Leadership Group**"), which is responsible for the coordination of environmental protection works. The responsibilities and duties of the Leadership Group are as follows:

- Comply with national laws and regulations relating to environmental protection;
- Formulate environmental protection development strategy, rules and regulations and work plan;
- Supervise and evaluate the environmental protection work of the Company;
- Be responsible for preparation of the submission of Environmental Impact Assessment Reports (Form(s)) for construction projects and the supervision and management of "Three simultaneous" (refers to construction, production and the uses) of environmental protection facilities;
- Be responsible for the supervision and management of the Company's pollutants to ensure the emissions satisfying the standards.

### Compliance information for relevant laws and regulations

Being an enterprise engaged in manufacturing activities in the PRC, the Group should abide by the provisions of environmental laws and regulations of the PRC regarding noise, wastewater, air emissions and other industrial waste. The following are the laws and regulations that have a significant impact on the business of the Group:

- Major environmental laws and regulations include the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Water Pollution, the Law of the PRC on the Prevention and Control of Air Pollution, the Law of PRC on the Prevention and Control of Solid Waste Pollution and the Law of the PRC on the Prevention and Control of Noise Pollution, (collectively known as the "**Environmental Protection Law**"). According to the Environmental Protection Law, PRC enterprises shall build requisite environmental treatment facilities affiliating to the manufacturing facilities, where waste air, wastewater and waste solids generated can be treated properly following the relevant provisions.

To avoid any potential environmental issues, the Group discharges pollutants, such as sulphur dioxide, soot, and industrial solid waste, according to the standards. For detailed emission reduction measures, see the section headed "A1.5 Measures to Mitigate Emissions and results achieved".

## A. ENVIRONMENTAL

- According to the Law of the PRC on Evaluation of Environment Effects, Administrative Regulations on Environmental Protection for Construction Projects and the Interim Measures for the Acceptance Inspections of Environment Protection Facilities of Construction Projects, enterprises that are planning construction projects should provide assessment reports, statement or registration form on the environmental impact of such projects. The assessment reports and statements must be approved by the competent environmental protection authorities before commencement of any construction work, while the registration forms shall be filed to them. Unless otherwise stipulated by laws and regulations, enterprises which are required to provide assessment reports and statements shall undertake the responsibility of acceptance inspections of the environmental protection facilities by itself upon the completion of the construction project. A construction project may be formally put into production or use only if the corresponding environmental protection facilities have passed the acceptance examination. The competent authorities may carry out spot check and supervision on the implementation of the environmental protection facilities. According to relevant regulations, the Group conducts environmental impact assessment and completes environmental protection approval procedures per regulations before production.
- According to the Environmental Protection Tax Law of the PRC, target companies and public institutions that directly discharge certain pollutants to the environment are required to be regulated and are subject to taxes. Enterprises are required to pay taxes on air and water pollutants, noise and solid waste generated. According to this law, the Group paid a tax of RMB39,569.9 during the reporting period.

During the reporting period, the Group was not aware of any confirmed case of non-compliance that had a significant impact on the Group.

### A1.1 Emission types and related emission data

The major source of air pollutants of the Group is nitrogen oxides, sulphur oxides and particulate matters from the consumption of vehicle gasoline and diesel.

The air pollutant emission data are listed as follows:

<b>Air Pollutant</b>	<b>Unit</b>	<b>2020</b>	2019 <sup>1</sup>
Nitrogen Oxides (NO <sub>x</sub> )	kg	<b>16,681.29</b>	455.24
Sulphur Oxides (SO <sub>x</sub> )	kg	<b>349.10</b>	15.34
Particulate Matters (PM)	kg	<b>1,038.26</b>	29.86

Compared with last year, the air pollutant emissions significantly increased in the reporting period. It was due to the increase of the utilization rate of the Group-owned forklifts. Although the utilization rate of the Group-owned automobiles decreased under the effect of the COVID-19 pandemic, the diesel consumption increased significantly as there were new plants commenced operation in 2020, which resulted in significant increase of air pollutant emissions. During the reporting period, other air pollutants generated during the production process of the Group's plant include soot from shot peening and welding processes. The Group regularly monitors the concentrations of the emissions to ensure their compliance with relevant standards.

<sup>1</sup> Figures of air emissions in 2019 were restated.

## A. ENVIRONMENTAL

### A1.2 Greenhouse gas (“GHG”) emissions

The Group’s greenhouse gas emissions are mainly from automobile petrol, forklift diesel, pipeline natural gas, and purchased electricity consumption. During the reporting period, purchased electricity (Scope 2) were the main sources of greenhouse gas emissions, accounting for approximately 78% of total greenhouse gas emissions. The greenhouse gas emissions<sup>2</sup> are presented in the following table:

Scope of GHG Emission	Unit	2020	2019
Scope 1 <sup>3</sup>	tonnes of CO <sub>2</sub> equivalent	<b>2,412.87</b>	249.57
Scope 2 <sup>4</sup>	tonnes of CO <sub>2</sub> equivalent	<b>8,427.94</b>	5,712.66
Total GHG emissions	tonnes of CO <sub>2</sub> equivalent	<b>10,840.81</b>	5,962.23
Total GHG emissions intensity	tonnes of CO <sub>2</sub> equivalent per million RMB revenue <sup>5</sup>	<b>9.19</b>	6.20

Compared with last year, the GHG emissions increased significantly by 82% in the reporting period, which was due to the increase of Scope 1 and 2 emissions. Scope 1 emissions include direct GHG emissions of the Group. Apart from the increase of the emissions from forklift, as the metal processing procedures was not outsourced but completed by the Group’s plants in the reporting period, the increase of the involved natural gas consumption of the process contributed to the significant increase of Scope 1 GHG emissions. Scope 2 emissions include indirect GHG emissions of the Group. The increase was due to the increase of electricity consumption after the commencement of operation of new plants, which was part of the investment project for technological improvements in 2020.

### A1.3 Hazardous waste

During the reporting period, the Group was not aware of any significant production of hazardous waste from the plants.

### A1.4 Non-hazardous waste

The solid waste generated by the Group’s plant include the residual materials (scraps) after cutting and trimming of steel, waste debris from the sandblasting process, ash from the dust removal equipment, and domestic waste from employees. The following table illustrates the production of non-hazardous waste by category<sup>6</sup>:

Types of Non-hazardous Waste	Unit	2020	2019
Waste oil	tonnes	<b>0.86</b>	0.80
Iron filings	tonnes	<b>2,720.00</b>	2,500.00
Scraps	tonnes	<b>3,310.00</b>	3,000.00
Office paper	tonnes	<b>1.60</b>	1.50
Total waste production	tonnes	<b>6,032.46</b>	5,502.30
Waste production intensity	tonnes per million RMB revenue <sup>5</sup>	<b>5.11</b>	5.72

<sup>2</sup> The calculation of greenhouse gas emissions refers to the “General Guideline of the Greenhouse Gas Emissions Accounting Method and Reporting of Other Industrial Enterprises (Trial)” issued by the National Development and Reform Commission and the “Emission Reduction Project of China Regional Grid Baseline Emission Factor” issued by the Ministry of Ecology and Environment of the People’s Republic of China.

<sup>3</sup> Scope 1 refers to emissions directly generated from business operations owned or controlled by the Group. The greenhouse gas reductions of newly planted trees are not included. Figures related emission data of 2019 were restated.

<sup>4</sup> Scope 2 refers to “indirect energy” emissions caused by the internal consumption (purchased or acquired) of electricity, heat, refrigeration and steam within the Group.

<sup>5</sup> For the year ended 31 December 2020, the Group’s revenue from manufacturing of equipment was RMB1,179.5 million.

<sup>6</sup> There is currently no systematic statistics on domestic waste, so no relevant data can be obtained.

## A. ENVIRONMENTAL

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### A1.5 Measures to mitigate emissions and results achieved

#### **Air Pollutant control**

During the reporting period, the dust generated by shot blasting was discharged through a 25-meter exhaust cylinder after being treated by a bag dust collector. The fume generated during the welding process is processed by the dust collector with filter bag and is then reused in the production workshop. Moving forward, we will continue to implement air pollution control measures.

#### **GHG emission**

Looking ahead, the Group will continue to track and report on greenhouse gas emissions, improve the existing data collection system, and set feasible quantitative targets in due course.

#### **Noise Control**

The main source of noise is from equipment and personnel operations. We strictly follow the (GB12348-2008) Class 1 standards in the "Environmental Noise Emission Standards for Industrial Plant Industries" (i.e. the daytime noise must not exceed 55 dB).

### A1.6 Disposal of hazardous and non-hazardous waste and waste reduction initiatives and results achieved

The Group engages vendors with corresponding qualifications to dispose of leftovers, scraps and dust. Domestic garbage is stored in bags in a centralised manner and is cleaned and transported by the environmental protection and health department. We scientifically and rationally consume raw and auxiliary materials such as steel plates and adhere to the principle of material utilisation. It is estimated that about 25 tonnes of steel can be saved each year.

### A2 USE OF RESOURCES

#### Policies

The Group has established the *Administrative Measures on Emissions and the Use of Resources*, which has set out the Group's management approaches for energy consumption, water conservation and consumption of other raw materials.

#### A2.1 Total energy consumption by type

The energy consumption of the Group's plant includes petrol, diesel, natural gas and purchased electricity. During the reporting period, the main energy consumption source of the plant was electricity, which accounted for 51% of its total energy consumption. The total energy consumption by energy type are as follows:

<b>Energy Consumption by Type</b>	<b>Unit</b>	<b>2020</b>	2019
Petrol	MWh	<b>208.06</b>	804.39
Diesel	MWh	<b>5,911.41</b>	117.42
Natural Gas <sup>7</sup>	MWh	<b>4,087.76</b>	108.14
Electricity	MWh	<b>10,640.00</b>	7,100.00
Total energy consumption	MWh	<b>20,847.23</b>	8,129.95
Energy consumption intensity	MWh per million RMB revenue <sup>8</sup>	<b>17.67</b>	8.45

Compared with last year, the total energy consumption in the reporting period increased by around 156%. The petrol consumption decreased with the decreased utilization rate of automobiles in 2020. However, at the same time, the diesel consumption increased with the increased utilization rate of forklifts, the natural gas consumption increased in the metal processing procedures and the electricity consumption increased significantly in the newly operated plants. The combined effect of all factors led to significant increase of total energy consumption.

#### A2.2 Total water consumption and intensity

The Group's plant uses water for various production processes. During the reporting period, the Group's total water consumption was 4,327 tonnes.

<b>Water Consumption</b>	<b>Unit</b>	<b>2020</b>	2019
Total water consumption	tonnes	<b>4,327.00</b>	12,000.00
Water consumption intensity	tonnes per million RMB revenue <sup>8</sup>	<b>3.67</b>	12.48

Compared to last year, the water consumption decreased by 64% in the reporting period. It was due to the utilization of rainwater collection facilities for irrigation of green areas. The amount of water conserved was not recorded in detail.

<sup>7</sup> Figures of 2019 were restated.

<sup>8</sup> For the year ended 31 December 2020, the Group's revenue from manufacturing of equipment was RMB1,179.5 million.

## A. ENVIRONMENTAL

### A2.3 Energy use efficiency initiatives and results achieved

In terms of production, the Group formulates and implements the energy-saving technology retrofitting plan for mobile equipment and special purpose equipment according to the Group's annual internal plan. Besides, we promote the rationalisation of energy use and implement standards for rationalisation of energy use; take effective measures to reduce fuel, power consumption and heat loss, improve energy transfer, conversion efficiency, and equipment efficiency; increase the recovery rate of residual heat, pressure, and coolness to improve the energy efficiency of the plant.

In daily operations, the Group encourages employees to save energy and reminds them to turn off the lighting and machinery in time when off work before leaving the office.

### A2.4 Issues when sourcing water, water use efficiency initiatives and results achieved

The Group's water supply is provided by third-party suppliers, and there are no issues in sourcing applicable water sources. We encourage employees "To cherish, love and save water resources", vigorously carry out water conservation work, and strengthen water consumption and water quality management. During the reporting period, the Group is committed to improving the efficiency of water resource utilisation and carrying out water conservation activities. The plant implements "Rainwater and wastewater diversion", sewage is discharged into the domestic sewage pipe network after being treated by septic tanks. It is estimated that 14 tonnes of water can be saved each year.

### A2.5 Packaging materials for finished goods

The Group endeavours to purchase more environmentally friendly products and prioritises the use of low-carbon and environmentally friendly raw and auxiliary materials to achieve the principle of material utilisation. Leftovers and scraps of steel produced during production are handed over to third-party recyclers for disposal. Besides, we are committed to promoting the importance of sustainable development to our suppliers and customers through business interactions. We implement green packaging and advocate simple packaging or packaging-free, using renewable packaging materials whenever possible. The Group mainly uses wood and metal packaging materials (including angle steel and edge bars). The consumption of packaging materials by categories are as follows:

<b>Packaging Materials Consumption</b>	<b>Unit</b>	<b>2020</b>	2019
Wood	tonnes	<b>20.35</b>	19.70
Metal	tonnes	<b>38.60</b>	35.00
Total packaging materials consumption	tonnes	<b>58.95</b>	54.70
Packaging materials consumption intensity	tonnes per million HKD revenue <sup>9</sup>	<b>0.05</b>	0.06

<sup>9</sup> For the year ended 31 December 2020, the Group's revenue from manufacturing of equipment was RMB1,179.5 million.

### A3 THE ENVIRONMENT AND NATURAL RESOURCES

In summary, the impact of the Group's daily operations on the environment includes air, land and natural resources. The table below summarises the potential impact of the Group's activities on the environment and natural resources.

Company operating activities	The potential impact on the environment and natural resources
Use of fossil fuels and production process	Air pollutants generated during the process have adverse effects on people and the surrounding environment
Use of fossil fuels and the use of electricity	The process, directly and indirectly, generates greenhouse gases and aggravate Global Warming
Waste	Soil and water pollution caused by improper waste treatment
Packaging materials	Consumption of natural resources to create additional waste
Noise	Excessive noise has adverse effects on people and the surrounding environment

In order to mitigate the potential impact of the Group's activities on the environment and natural resources, the Group has established *Administrative Measures on Emissions and the Use of Resources* to outline the management approach for reduction of related impacts and implementation of the measures stated in the section headed "Environmental". Besides, the plant has set a certain proportion of green areas. As of the end of the reporting period, around 13.7 thousand trees have been planted within the plant area.



## B. SOCIAL

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### EMPLOYMENT AND LABOUR PRACTICES

#### B1 Employment

##### **Policies**

The Group has adopted the principle of meritocracy and looks forward to working with talents who possess of professional knowledge, high ethical standards, well-experienced and a strive for excellence. The Group is committed to providing comfortable working conditions and environments. As at 31 December 2020, the Group had a total of 1,018 employees, most of whom were professional engineers and technicians.

- **Remuneration**

The Group provides excellent remuneration and benefits to employees. Employees' remuneration is mainly based on job nature, market trends and personal performance. Employees' bonuses are disbursed based on individual performance. Remuneration formulation and distribution are based on the principles of fairness, impartiality, openness, motivation, and competitiveness, and balance the relationship between efficiency and fairness. We also provide additional rewards, allowances and more as needed.

- **Recruitment and Dismissal**

The Group has established fair, just, scientific and reasonable staff recruitment, employment and dismissal management system that meets the requirements of the modern enterprise system to effectively protect the interests of both the company and employees. Recruitment adheres to the principle of "Fair competition and appointment on the basis of merit". Resignation process shall be carried out under local labour laws and regulations.

- **Promotion**

The Group advocates a fair, just and open competition mechanism in order to unleash one's full potential; to fulfil one's responsibilities and to invigorate the initiatives and proactiveness of the employees. The promotion of employees based on their personal qualities, capabilities and performance.

- **Working hours and rest periods**

The Group provides reasonable working hours. If one needs to work overtime, the Company will provide subsidies depending on conditions. The Group's statutory holidays are implemented following national regulations, including wedding leave, funeral leave, maternity leave, and so on.

- **Diversity**

We recognise and embrace the benefits of having a diverse Board to enhance our Board's performance and to achieve sustainable and balanced development. Our Board has adopted a board diversity policy which sets out the approach to achieve and maintain its diversity. The board diversity policy provides that selection of Board candidates should be based on a range of different considerations, including but not limited to professional skills, regional and industry experience, knowledge, gender, age, cultural and educational background, ethnicity and length of service. The ultimate selection of Board candidates is based on merit and potential contribution to our Board with reference to our board diversity policy as a whole. Our Board comprises of seven members, including four executive Directors and three independent non-executive Directors. They have a balanced mix of professional experience and industry background, including experience and industry background in building materials, equipment manufacturing business, finance, accounting and law. We also take steps to promote gender diversity and representation at all levels of our Company. The nomination committee of our Board continues to review the board diversity policy and its implementation from time to time to ensure its continued effectiveness. We disclose the implementation of the board diversity policy in our corporate governance report on an annual basis. At the employee level, we welcome people of different backgrounds to join the Group. By promoting equal opportunities and anti-discrimination, we are committed to creating an inclusive and diverse environment.

- ***Equal Opportunities and Anti-discrimination***

Every employee of the Group should be protected. We do not tolerate discrimination or harassment on gender, race and religion. Any employee involved will be placed under disciplinary action or even fired. To ensure that all employees are not discriminated against at work, we have established an anti-discrimination policy. Employees are not discriminated against their race, social class, nationality, age, religion, gender, disability, sexual orientation or political affiliation in matters involving employment, compensation, training opportunities, promotion, dismissal, etc. All employees have freedom of belief, and management is strictly prohibited from coercion, threats, insults, and exploitation of employees. Adhere to equal pay for equal work for men and women. If employees encounter targeted discrimination in the areas of benefits, wages, contracts, promotion, training during recruitment and production, they can complain to the union in writing or verbally.

- ***Employees' benefits and welfare***

The Group is people-oriented and cares for employees in different ways, such as renovating canteens and dormitories to create a good working environment for employees so that employees feel the warmth of "Home" when they are at the Company. We provide benefits including labour insurance supplies benefits, festival benefits, company annual meeting benefits, etc. Benefit plans not only care about individual employees but also cover employees' family members. For employees with financial difficulties, we provide certain subsidies to support their children's education. These welfare policies ease the worries of the employees and provide good conditions for their development and growth.

Under the relevant PRC laws and regulations, we are required to make contributions to various employee social welfare plans for our employees. Related plans including social insurance contributions and housing provident fund contributions. According to the Chinese social insurance system, we are required to make five types of insurance contributions for our employees, including basic endowment insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance.

### **Compliance information for relevant laws and regulations**

Our business operations must comply with certain PRC laws and regulations relating to labour. The laws and regulations that have a significant impact on the Group's business are as follows:

- The Group must comply with the Labour Law of the PRC, the Labour Contract Law of the PRC and the Implementing Regulations of the Labour Contract Law of the PRC, and other relevant laws, rules and regulations promulgated by relevant government agencies from time to time. The Group signed labour contracts with employees, agreed on probation periods and penalties for breach of contract, termination of labour contracts, salaries disbursement and economic compensation, used labour dispatch and social insurance premiums were subject to relevant regulations.
- The Group also strictly controls the number of dispatched workers under the Interim Provisions on Labour Dispatch, and the number of dispatched workers must not exceed 10% of its total labour force.
- The Group pays five basic types of social insurance premiums to its employees under the Social Insurance Law of the PRC, including basic endowment insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance.

During the reporting period, the Group was not aware of any confirmed cases of non-compliance that had a significant impact on the Group.

## B. SOCIAL

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### B2 Health and Safety

#### Policies

The Group attaches great importance to the health of employees and is committed to providing employees with a safe and healthy working environment. As a responsible enterprise, we create a safety culture. Every employee pays attention to the safety of himself and others, and it is the Group's responsibility to prevent accidents during production and project construction. We have established the following policies and procedures:

- ***Production Safety and Occupational Health Protection Management Standards***  
This policy aims to further regulate and restrict the safety behaviour of all employees and maintain the safety status of production equipment, mitigating the Company's safety risk, making the work of safety management and occupational health protection work rule-based and scientific.
- ***Fire Safety Management Procedure***  
This policy is established under the Fire Protection Law of the PRC, which aims to strengthen fire safety management, prevent and reduce fire accidents, and protect company property and employees' safety.

#### Compliance information for relevant laws and regulations

Our business operations are subject to certain PRC laws and regulations regarding occupational health, work safety and environmental protection, including the Work Safety Law of the PRC, the Fire Protection Law of the PRC and the Law of the PRC on Prevention of Occupational Diseases.

- Entities operating under the Law of the PRC on Work Safety must implement the production safety measures specified in the Safety Law and other relevant laws, administrative regulations, national standards and industry standards. No entity shall engage in production and commercial operations without implementing these production safety measures.
- The fire protection design and construction of construction projects under the Fire Protection Law of the PRC must comply with national fire protection technical standards for engineering construction. The Group has implemented relevant systems.
- The Law of the PRC on Prevention of Occupational Diseases stipulated the employers' responsibilities and specific actions in the prevention and treatment of occupational diseases.

During the reporting period, the Group was not aware of any confirmed case of non-compliance that had a significant impact on the Group.

We have designated personnel to oversee occupational health and safety of our business operations, and have established a set of occupational health and work safety procedures that cover every aspect of our business. To avoid any potential occupational health issues or workplace accidents, we have implemented several measures, including:

- Provide education and training on production safety to enterprise management and employees in various departments, and provide professional safety training education and examinations to special operating personnel required by national standards,
- Purchase and install occupational disease protection facilities such as ventilation and purification systems, providing production personnel with necessary safety protection supplies, and establish employee occupational health surveillance files,

- Regularly investigate and manage hidden accident hazards, set up warnings and protections for equipment and places with major dangers, and strictly approve dangerous operations; and
- Establish emergency plans for production safety accidents, and prepare emergency procedures for possible production accidents.

### **Novel coronavirus pneumonia epidemic contingency measures**

Novel coronavirus pneumonia epidemic has brought unprecedented challenges to the business of the Group. To reduce the risk of transmission and protect the health of employees, we have implemented different types of measures in the workplace, including regular disinfection of the workplace; requiring employees to measure body temperature and wear masks before entering the plant; requiring employees to keep certain distance with each other while having meals, etc.

### **B3 Training and Development**

As a high-tech enterprise, the Group's training and development of employees are extremely important to enable employees to improve their professional capabilities and develop their strengths during their employment. Apart from improving the quality of their products and services, they also enhance the company's competitiveness. Our talent training program management is conducted following the ISO 9000 Quality Management System. Our employees are trained to cover every aspect of our business operations, including production safety, sales and marketing, compliance with applicable laws and regulations, technical skills, management and production quality. These training courses are conducted by us regularly and when deemed necessary by the Group. During the reporting period, not only did the Group provide employees with training about disclosure responsibility and compliance requirements, Advanced AEO Authorised Enterprise Standard Training by the Customs, training for operators of special work types, it also provide trainings such as excellent performance management, limited space, and electrician (high and low voltage), and also provided certain external professional training subsidies for employees.

### **B4 Labour Standards**

As a manufacturing enterprise, the Group mainly employs production technicians. The Group strictly prohibits the employment of child labour or forced labour. The human resources management department will pay close attention to the application situation, including full-time or part-time personnel. Recruitment policy has stipulated that only applicants at the age of 18 or above can be hired. Relevant identification documents will be checked when hiring to ensure compliance with local labour practices.

Our business operations must comply with the "Provisions on Special Protection for Juvenile Workers" and the "Provisions on the Prohibition of Using Child Labour" in the Labour Law of the PRC. During the reporting period, there were no confirmed non-compliance events or unfair situations that had a significant impact on the Group's human rights and labour practices, prevention of child labour and forced labour.

## B. SOCIAL

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### OPERATING PRACTICES

#### B5 Supply Chain Management

##### **Selection criteria for our suppliers**

The Group have in place a set of selection criteria for suppliers of our raw materials, parts and components, and equipment including various factors such as (i) quality of work; (ii) pricing; (iii) reputation in the industry; (iv) supplier's qualification and compliance record; (v) production capacity; and (vi) financial position. Potential suppliers that satisfy our selection criteria will be included in our list of qualified suppliers which will be reviewed and updated on an annual basis. We generally obtain price quotations from at least three potential suppliers.

We outsource certain design, civil construction and installation work to sub-contractors to ensure the progress and quality of the projects. We may also outsource the processing of certain raw materials to external parties in case we do not have enough production capacity and/or manpower to process such raw materials. We will provide the raw materials and the drawings of the parts and components that we require to our sub-contractors which will process the raw materials following our specifications. We believe it would be more cost-effective and efficient if we outsource such manufacturing processes to external parties. Services to be provided by our sub-contractors will depend on the needs of individual projects. We will continue to engage such sub-contractors as and when the need arises as described above.

##### **Selection procedure and relationship with sub-contractors**

When selecting sub-contractors, we follow similar designated criteria as stated in the selection procedures of our suppliers and we keep a list of qualified sub-contractors with candidates that can provide suitable sub-contracting services. As part of the selection procedures for our sub-contractors, we will also consider their responsiveness to our requests and their understanding of the technical know-how of our machinery and equipment. We require our sub-contractors to maintain high-quality standards for their services and to comply with the terms and conditions set out in our contracts with project owners or main contractors. If any of our sub-contractors encounter any non-compliance incidents, the relevant sub-contractors shall rectify and undertake the necessary remedial actions at their costs. All losses caused or incurred by our Group as a result of such sub-contractors' failure to maintain proper quality control, occupational health, work safety and environmental protection standards shall be borne by such sub-contractors.

During the reporting period, the Group had 254 qualified suppliers. Each year, the supply department organises relevant departments to evaluate suppliers, establish qualified supplier files, and fill in the "Supplier Performance Evaluation Form". When the supplier has serious failure ratings or continuous failures, the supply department issues a "Corrective Action Plan Sheet", requiring them to analyse the reasons, take measures to improve the quality, and for cases which the "Corrective Action Plan Sheet" have been issued twice but the quality provided has no significant improvement, the Group disqualifies the suppliers.

### B6 Product Responsibility

The Group provides rotary kiln, milling equipment and production line engineering, equipment procurement and construction (EPC) business for domestic and foreign customers, performs quality control or provides project design, installation and commissioning services during the production process.

#### **Products Quality Management**

We believe that the reliability and quality of our products and services are crucial to the success of our Group. As such we have implemented quality control procedures covering all aspects and stages of our production process, from the procurement of raw materials to the delivery of products and/or the construction of production lines, to ensure the consistent production of products and/or services with quality. As of the end of the reporting period, our quality control department comprised 28 employees, majority of whom have received secondary or higher education with an average of over 20 years of experience in related industries such as building materials and machinery.

#### ***Our certification***

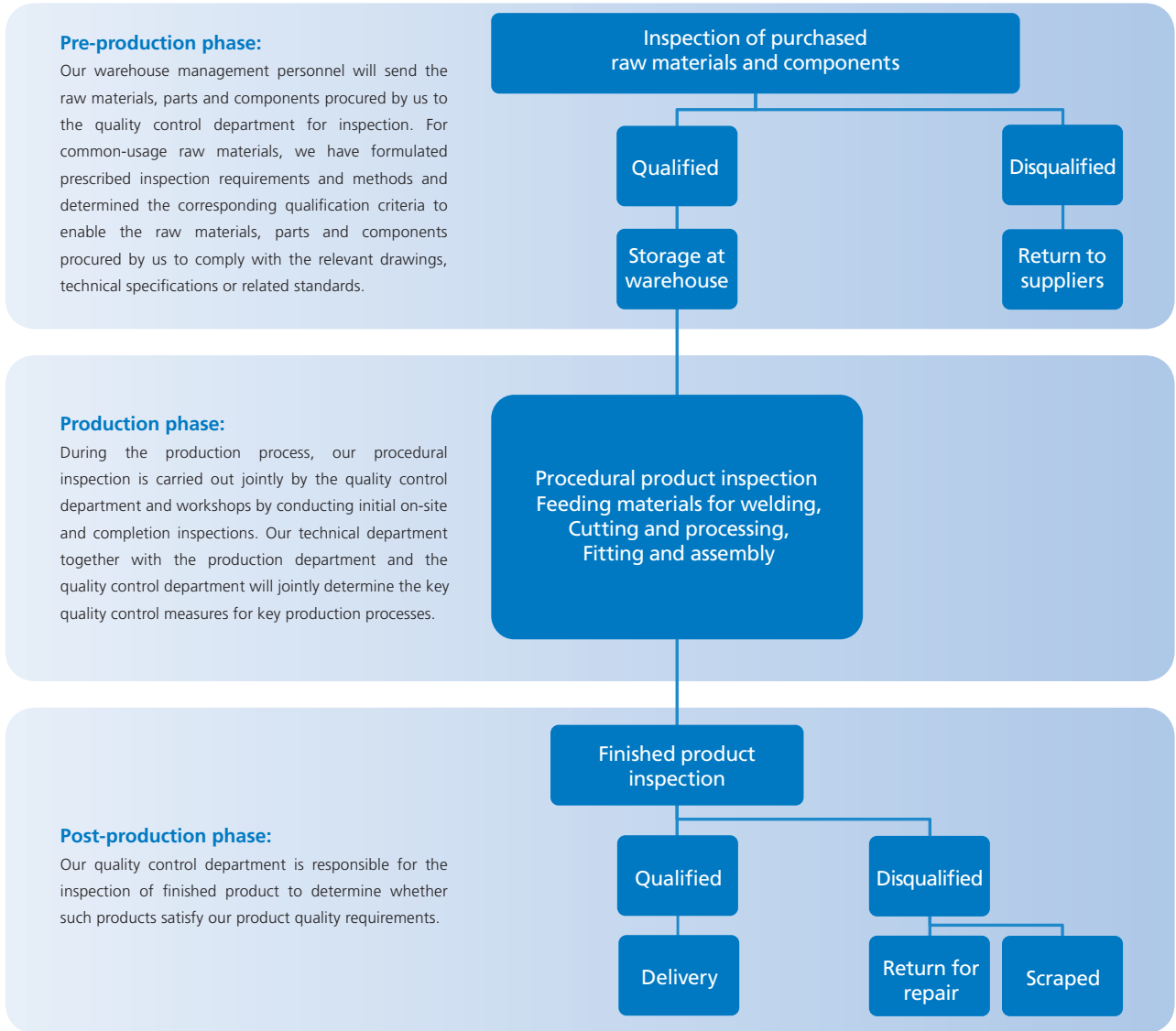
We place great emphasis on our product quality and has established a sound quality system. All our products have to comply with national and industrial standards in China. In recognition of our quality control measures, we have received various certifications illustrating our ability to provide quality products and/or services that meet our customers' and regulatory requirements consistently. The table below listed out a summary of important certifications obtained by the Group at the end of the reporting period:

- Quality Management System Certification ISO9001:2015
- CE certified Ball Mill
- CE certified Belt Conveyor Scale
- CE certified Vertical Roller Mill
- CE certified Ball Mill
- CE certified Rotary Kiln
- CE certified Vertical Coal Mill
- Jiangsu Quality and Creditworthiness AAA-rating Enterprise
- Advanced AEO Authorised Enterprise by the Customs

## B. SOCIAL

### Quality inspection management process

Our quality inspection management system is established to control the product quality by conducting inspection from the pre-production phase to the production phase and the post-production phase.



Jiangsu Pengfei Group Co., Ltd., a subsidiary of the Group, has received the “Mayor of Haian Quality Award” (「海安市市長品質獎」), which affirmed the quality of our products.

### **Complaint Handling**

We value close communication with customers during the design, manufacture and installation of the project. The quality manager is responsible for friendly negotiation with customers to solve problems, and the Group will also make improvements regarding the complaints. We provide after-sales services to our customers. We generally aim to address product-related issues raised by our customers within 72 hours. Both our production department and sales department will contact our customers to understand the use of the product and provide the relevant services. We will also prepare reports or feedback to customers if we receive any comment from our customers on products or services.

We will conduct on-site investigations of the relevant issues raised by our customers to determine the type of after-sales services to be provided including, repair of equipment and/or replacement of parts and components. For after-sales services which fall within the warranty period as stipulated in the sales contract, we will not charge additional fees for the provision of after-sales services to customers (except for repairs and/or replacements take place which are due to reasons caused by our customers).

### **Product Advertising and Labelling**

Most of our products are sold directly to our customers under our own brand name. Our sales and marketing team market our products through various marketing channels and methods, which include, among others: (i) advertisements in paper media such as magazines and newspapers; (ii) advertisements on Internet (i.e. our Group's website and other websites); (iii) attending events and/or exhibitions relating to the building materials and machinery industry both in the PRC and overseas (i.e. Canton Fair (廣交會), bauma CHINA (中國國際工程機械、建材機械、礦山機械、工程車輛及設備博覽會), Arab International Cement Conference and Exhibition with other industry professionals, potential customers and suppliers; and (iv) customer visits.

The Group publishes all kinds of advertisements and information truthfully to ensure that the content is clear and correct, and must not infringe on the intellectual property rights, privacy or other legal rights of any individual or entity, and avoid misleading consumers. The labelling of product delivery, packaging and transportation shall be implemented under the provisions of GB191 illustration of Packaging, Storage and Transportation.

### **Research and Development of Products and Intellectual Property**

We place great emphasis on our research and development ("R&D") capabilities as we believe that it will enable us to maintain our market position and allow us to compete effectively with leading players in the rotary kiln and grinding equipment industries. We have established the enterprise technology centre which is a professional R&D institution especially responsible for enterprise technology development and transformation of achievements, playing an important role in areas such as promoting technological advancement, solving technical problems, promoting transformation and upgrading, and cultivating professional and technical personnel. In 2016, our technology centre obtained the certification of the National Enterprise Technology Centre.

The Group complies with the PRC Copyright Law, PRC Patent Law PRC Trademark Law, Agreement on Trade-Related Aspects of Intellectual Property Rights, etc. Following the guidelines of the quality control system, the Group established the management method of the company's intellectual property rights to systematically manage the company's intellectual property rights. During the reporting period, there were no confirmed incidents of product development and intellectual property that had a significant impact on the Group.



## B. SOCIAL

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To protect our intellectual property rights, as at the end of the reporting period, we have obtained 71 authorised patents, of which 39 are invention patents, meanwhile, we have 26 patent applications pending approval. The patents are primarily relating to the manufacture of products of our rotary kiln system and grinding equipment system. The specific protection measures are as follows:

- For the patent knowledge that has been declared, the technical department is responsible for applying and tracking the protection of patents on other products, and taking corresponding protection measures when infringement is found.
- As for the proprietary technology, the Technology Department ensures that only specific personnel can obtain it and such knowledge should be kept confidential, and other unrelated personnel must not have access to the relevant knowledge to prevent leakage; the company signs Non-disclosure Agreement with those who have mastered these core knowledge.

### **Protection of Customers' Privacy and Corporate Information**

The Group values the protection of customer privacy and related company confidential information. The Group requires employees to strictly implement the confidentiality system and strictly prohibit the disclosure and selling of company's trade secrets, technical and economic information. The insider should report to the person-in-charge or the company's management team promptly and must not conceal it. The Technical department is responsible for improving and consummating the technical management and confidentiality system. Company files and technical drawings are kept by designated personnel. Those who steal or sell the company's trade secrets, technical drawings, and other important secrets will be penalised with the corresponding monetary penalty and compensated for the corresponding losses. Those involved in severe cases will be dismissed and pursued for criminal charges under corresponding laws.

### **B7 Anti-corruption**

The Group always requires employees to abide by ethical standards, establish and maintain an overall ethical culture for the Group, and ensure that the Group conducts business with a high degree of integrity, which is an important responsibility of the Board.

#### **Policies**

The Group has established the following policies and procedures:

- ***Corporate Anti-fraud Management Policy***

According to the formulation of the internal control system, the company intends to prevent fraud, strengthen corporate governance and internal control, reduce corporate risks, regulate business operations, and safeguard the legitimate rights and interests of the group. The system regulates the professional behaviour of the company's senior and middle management and all employees, requires employees to strictly abide by relevant laws, industry norms and standards, professional ethics and company rules and regulations, establish a good atmosphere of integrity and diligence, and prevent acts that harm the interests of group companies and shareholders.

Fraudulent behaviours prevented by this policy refer to behaviours in which individuals inside or outside the Company uses fraud and other illegal means to seek illegitimate interests of individuals or small groups, or seek illegitimate economic benefits of the company and may bring illegitimate benefits to individuals. The scope of its definition includes: (i) accepting bribes or kickbacks; (ii) transferring transactions that would normally make the organisation profitable to others; (iii) illegally using company assets, embezzling and stealing company assets; (iv) Making the company pay for false transactions; (v) Intentionally concealing or misreporting the transactions; (vi) Forging accounting records or documents; (vii) Leaking the company's business or technical secrets; (viii) other frauds that harming the company's economic interests.

- **Conflict of Interest Management Policy**

The purpose of this system is to effectively prevent the normative development of conflicts of interest between directors, supervisors, senior management personnel, and ordinary employees and the company, and prevent acts that harm the interests of the company and shareholders.

### Compliance information for relevant laws and regulations

The Group strictly complies with anti-corruption laws and regulations in the PRC and Hong Kong, including but not limited to the Criminal Law of the PRC, the Anti-Unfair Competition Law of the PRC, the Interim Provisions on Prohibition of Commercial Bribery, and Hong Kong's Prevention of Bribery Ordinance.

- The Criminal Law of the PRC regulates extortion and bribery activities in commercial dealings.
- Hong Kong's Prevention of Bribery Ordinance prohibits all forms of corruption and bribery. Any director or employee is prohibited from soliciting, accepting or offering any bribe while conducting company business or affairs in Hong Kong or elsewhere.

During the reporting period, there were no confirmed incidents of violations nor any corresponding corruption dispute cases that had a significant impact on the Group.

### Whistle-blowing Channel

The administrative office acts as the permanent agent for anti-fraud works, handling business ethical issues and fraud cases. Whistle-blower can report by real name or anonymously through face-to-face, telephone hotline, e-mail. The whistle-blowing process is as follows:



After the investigation is completed, the relevant investigation report is issued, relevant concerns are handled, and the Chairman is informed. The investigation result of the real-name report will be informed to the whistle-blower timely. After verification, the whistle-blower will be rewarded according to the situation. The reward is decided based on the severity of the case or how the reported person is handled by the Group.

## B. SOCIAL

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To protect the whistle-blower, the administrative office will not record the name and other relevant information of the whistle-blower on the registration form when registering the report. Information of the registration form and the whistle-blower is limited to inspection by the head of the administrative office and the Chairman. Any departments or individual are not allowed to inquire about the report and the information of the whistle-blower for any reason. The administrative office also must not inform the person other than the Chairman of the whistle-blower's information for any reasons. If the information of the whistle-blower is leaked, we try to protect the personal and property safety of the whistle-blower and investigate the related responsibilities of the leaker. No unit or individual may block or suppress the report by whistle-blower for any reason, and shall not take any actions to combat and retaliate against the whistle-blower. Once discovered, we dealt with it seriously under relevant regulations. If a person has committed an offence regarding certain behaviour, the person will be transferred to the judicial body for handling in accordance with laws and regulations.

## COMMUNITY

### B8 Community Investment

The Group is committed to serving the community. One of the ways we embody corporate social responsibility is to continue to support local education and employment. The Group is committed to promoting and cultivating talents and expanding the platform to recruit more talents. We continuously improve the internship system, and also work closely with institutions such as universities and research institutes, and provide comprehensive on-the-job learning opportunities and career development opportunities for young people who are aspired to certain career paths. The Group was committed to helping the poor, as at 31 December 2020, a total of RMB384,200 was donated for charity and other purposes.

# THE STOCK EXCHANGE “ESG REPORTING GUIDE” CONTENT INDEX

Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)		Section/Statement
<b>Subject Area A. Environmental</b>		
<b>Aspect A1 Emissions</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Emissions
<b>KPI A1.1</b>	The types of emissions and respective emissions data	Emissions
<b>KPI A1.2</b>	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
<b>KPI A1.3</b>	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	The Group’s business did not generate significant amount of hazardous waste.
<b>KPI A1.4</b>	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Emissions
<b>KPI A1.5</b>	Description of measures to mitigate emissions and results achieved	Emissions
<b>KPI A1.6</b>	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Emissions
<b>Aspect A2 Use of Resources</b>		
<b>General Disclosure</b>	Policies on efficient use of resources, including energy, water and other raw materials	Use of Resources
<b>KPI A2.1</b>	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ‘000s) and intensity (e.g. per meal)	Use of Resources
<b>KPI A2.2</b>	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Use of Resources
<b>KPI A2.3</b>	Description of energy use efficiency initiatives and results achieved	Use of Resources
<b>KPI A2.4</b>	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Use of Resources
<b>KPI A2.5</b>	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Use of Resources

# THE STOCK EXCHANGE “ESG REPORTING GUIDE” CONTENT INDEX

<b>Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)</b>		<b>Section/Statement</b>
<b>Aspect A3 The Environment and Natural Resources</b>		
<b>General Disclosure</b>	Policies on minimising the issuer’s significant impact on the environment and natural resources	The Environment and Natural Resources
<b>KPI A3.1</b>	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	The Environment and Natural Resources
<b>Subject Area B. Social</b>		
<b>Employment and Labour Practice</b>		
<b>Aspect B1 Employment</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
<b>Aspect B2 Health and Safety</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
<b>Aspect B3 Development and Training</b>		
<b>General Disclosure</b>	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
<b>Aspect B4 Labour Standards</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Labour Standards
<b>Operating Practices</b>		
<b>Aspect B5 Supply Chain Management</b>		
<b>General Disclosure</b>	Policies on managing environmental and social risks of supply chain	Supply Chain Management

# THE STOCK EXCHANGE “ESG REPORTING GUIDE” CONTENT INDEX

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<b>Subject Areas, Aspects, General Disclosures and Key Performance Indicators (KPIs)</b>		<b>Section/Statement</b>
<b>Aspect B6 Product Responsibility</b>		
<b>General Disclosure</b>	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Product Responsibility
<b>Aspect B7 Anti-corruption</b>		
<b>General Disclosure</b>	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Anti-corruption
<b>Community</b>		
<b>Aspect B8 Community Investment</b>		
<b>General Disclosure</b>	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration of the communities' interests	Community Investment