

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Environmental, Social and Governance Report (hereinafter referred to as the “Report”) aims to present China State Construction Development Holdings Limited (hereinafter referred to as the “Company”) and its subsidiaries’ (collectively referred to as the “Group”) environmental, social and governance (hereinafter referred to as “ESG”) performance in 2020, to respond to the issues related to sustainable development that stakeholders are concerned about. For more information on corporate governance, please refer to the “Corporate Governance Report” section in this Annual Report. The electronic version of the Report can be read and downloaded through the websites of the Company (www.cscd.com.hk) and The Stock Exchange of Hong Kong Limited (hereinafter referred to as “SEHK”).

Reporting Boundary

Unless otherwise specified, the time frame of this Report is from 1 January 2020 to 31 December 2020 (hereinafter referred to as the “reporting period”). The disclosure scope of this Report includes on the Group’s curtain wall business, general contracting business, supervision business and operating management business, and the operating locations include Hong Kong, Pearl River Delta, Shenyang, Shanghai, United States and Canada, etc. In Comparison with the 2019 ESG report, the Shenyang Huanggu Thermolectricity Company Limited (hereinafter “Shenyang Huanggu Company”), which was acquired in 2019, has newly joined the operating management business in this reporting period.

Businesses	Subsidiaries covered in the Report
Curtain wall business	Far East Aluminium Works Company Limited (hereinafter referred to as “Far East Aluminium”), Netfortune (Shanghai) Aluminium Works Company Limited (hereinafter referred to as “Netfortune (Shanghai)”), Far East Heng Fai Facade (Zhuhai) Limited (hereinafter referred to as “Far East (Zhuhai)”), Gamma North Corporation, Gamma USA, Inc. and Gamma Windows and Walls International Incorporation Inc.
General contracting business	Treasure Construction Engineering Limited
Supervision business	China Overseas Supervision Company Limited (hereinafter referred to as “China Overseas Supervision”)
Operating management business	Shenyang Huanggu Company

Reporting Guideline

The Group prepared the Report with reference to the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the “ESG Guide”) issued by SEHK. The Report has complied with all “Comply or Explain” clauses in the ESG Guide and has been prepared in accordance with the four reporting principles of the ESG Guide, namely materiality, quantitative, balance and consistency. Specific compliance with the ESG Guide is summarized in the “Content Index of the Environmental, Social and Governance Reporting Guide” section of this Report.

SUSTAINABILITY GOVERNANCE

The Group has established the Sustainability Governance Committee, which is committed to implementing the concept of sustainable development in the process of business strategy planning, and actively introducing a sustainable operation model. Its main functions include preparing the annual ESG report, coordinating the engagement with stakeholders, assisting the Board of Directors in the governance of ESG issues and reporting to the Board of Directors on the management of ESG issues. The Board of Directors of the Company regularly listens to the report from the Sustainability Governance Committee on the management of ESG issues, and actively reviews the Group’s ESG governance policies and strategies, including materiality assessment of ESG issues and ESG-related risk management. In addition, the Group is also preparing for the formulation of ESG targets and will disclose the progress of target management and implementation in the future.

Stakeholder Engagement

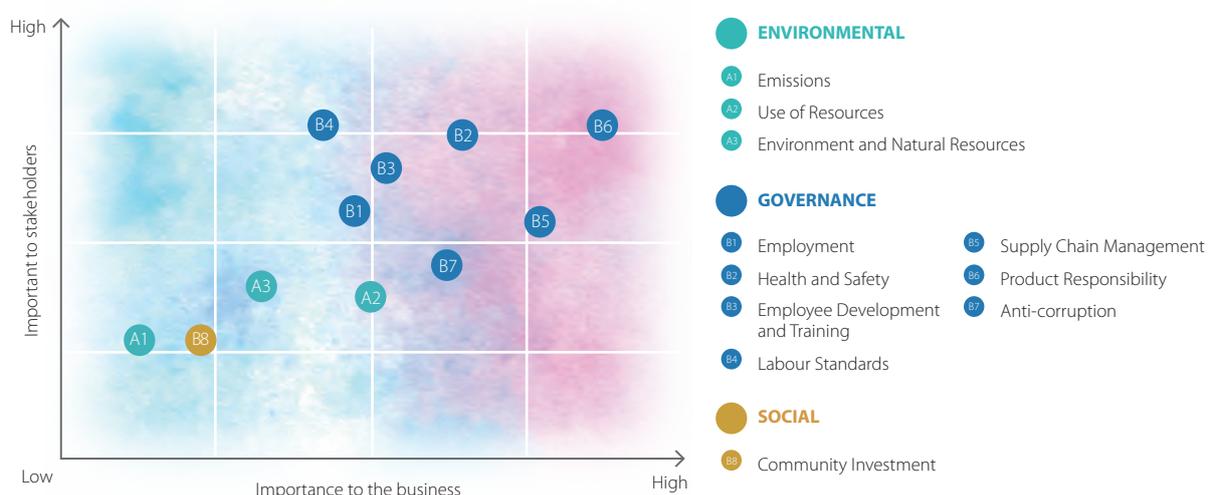
The Group deeply understands that the sustainable development of the Company depends on the support of its stakeholders. In the past year, the Group has been adhered to the spirit of communication and interacted with internal and external stakeholders through diversified communication channels.

Stakeholder groups	Stakeholders	Communication channels and responses
Internal stakeholder	Employees	<ul style="list-style-type: none"> Staff training and workshop Employees’ activity and meeting Employee suggestion box submission and employee forum Group internal publications
	Board of Directors	<ul style="list-style-type: none"> Board meeting
External stakeholder	Clients and Property Owners	<ul style="list-style-type: none"> Customer satisfaction survey Diversified services and customized products Professional after-sales service
	Suppliers	<ul style="list-style-type: none"> Formulate hiring standard and management system Factory inspection
	Shareholders and Investors	<ul style="list-style-type: none"> Shareholders’ meeting Announcement, circular, annual report and financial statement
	Government Agencies	<ul style="list-style-type: none"> Implement State policy
	Community	<ul style="list-style-type: none"> Actively participate in community affair
	Partners	<ul style="list-style-type: none"> Join industry chamber and standard-setting organization
	Peer Enterprises	<ul style="list-style-type: none"> Announcement, circular, annual report and financial statement
	Media	<ul style="list-style-type: none"> Announcement, circular, annual report and financial statement

Materiality Assessment

The Group’s Sustainability Governance Committee conducted a materiality assessment in 2019 to identify material ESG issues (please see the ESG Issues Materiality Matrix below for details). By reviewing the 2019 ESG Issues Materiality Matrix, the Group added a threshold for determining the importance of the issues. Issues with a score of half or more of the total score on both the “importance to the business” and “importance to stakeholders” dimensions were identified as material issues for the Group. The materiality assessment identified 4 material issues: “Product Responsibility”, “Supply Chain Management”, “Occupational Health and Safety”, and “Employee Development and Training”. This Report will focus on disclosing the above four material issues in response to the key concerns of our stakeholders.

ESG Issues Materiality Matrix



OPERATIONAL PRACTICES

Product Responsibility

The Group pursues the core values of “probity, innovation, pragmatism and refinement”, and practicing the business philosophy of “quality assurance and value creation” to protect the rights of customers and achieve win-win situation.

The Group designs curtain wall that is complied with the relevant technical requirements of the operating regions to protect the quality, health and safety of the products. The requirements include such as the *Code of Practice on Wind Effects in Hong Kong 2019*, the *Code of Practice for the Structural Use of Steel 2011*, the *Code of Practice for Structural Use of Glass 2018*, the *Product Quality Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights and Interests of Consumers*, etc. Before delivered to the construction sites for installation, all finished products of the Group's factories must pass the inspection process to ensure that the quality is satisfactory. At the same time, the Group attaches great importance to user experience of our customers. The Group strictly verified the sound insulation of curtain walls and the light transmission of glass to prevent noise pollution and light pollution from affecting the physical and mental health of product users. During the reporting period, there were no recalls of sold or shipped products for safety and health reasons.

The Group attaches great importance to the protection and safeguarding of intellectual property rights and actively encourages employees to engage in technological innovation. During the reporting period, China Overseas Supervision issued the *Knowledge Management Control Procedures* to implement uniform and effective control & management of intellectual property rights. Shenyang Huanggu Company has set up an assessment team to regularly assess the completion of the application of national invention patents, utility model patents and other national and regional patents, and to reward and commend employees who have performed outstandingly in technological innovation during their personal assessment. During the reporting period, Gamma Windows and Walls International Incorporation Inc. was certified by the German Passive House Institute and successfully applied for the first passive unit glass curtain wall patent in worldwide and the first passive glass curtain wall patent in North America.

The Group provides various channels for customers' enquiries and complaints to listen to their opinions and ideas, and constantly improves and enhances the quality of its services. Upon receipt of any customer inquiries or complaints, the relevant departments will contact the customer to understand the reason and record it truthfully. The Group adopts different arrangements such as call-back, site visit and on-site maintenance for different requests from customers.

In terms of advertising, the Group strictly complies with laws and regulations such as the *Trade Descriptions Ordinance*. The Group prohibits illegal advertising of products and ensures that all promotional materials, advertisements, and publicity are true and accurate and do not contain any misleading information, thereby eliminate the occurrence of dishonest concealment of the truth. In terms of customer privacy protection, the Group strictly complies with the *Personal Data (Privacy) Ordinance* and secure customer information and personal privacy in strictly confidential. While regularly updating customer contact data to maintain a close relationship, all customer data is stored in the specific server of marketing department.

Supply Chain Management

During the reporting period, the Group updated the *Procedures for Procurement of Materials* to mitigate possible environmental and social risks in the supply chain. The Group's material procurement department evaluates the performance of potential suppliers in terms of project progress, quality, safety, health, and environmental protection while selecting suppliers, thereby establishes a list of approved suppliers. In addition, the procurement department is responsible for conducting a comprehensive evaluation of suppliers' performance in the past year, reviewing and updating the supplier list on a regular basis to reduce the Group's supply chain risks. During the reporting period, the Group has implemented the above-mentioned employment practices to suppliers. In addition, the Group trained its suppliers by providing seminar during the reporting period.

Anti-corruption

The Group strictly complies with anti-corruption-related laws and regulations such as the *Prevention of Bribery Ordinance* and strives to create a clean operating environment within the Company and in the process of cooperation with suppliers. The Group clearly stipulates in the *Code of Ethics and Discipline* that no director or employee shall solicit or accept any benefits when handling the Company's affairs. If employees find any possible violation of the code, they can report to the Group's related department through telephone hotline, e-mail address or post. When any employee violates the relevant policies, the Group will report to the Independent Commission Against Corruption and take disciplinary action against the employee. The Group also provided several training and internal activities for all staff on anti-corruption issues, including a one-day activity themed “China Overseas Anti-corruption Initiative”, visiting the probity education base and conducting probity-themed running competition. During the reporting period, the Group had no legal cases regarding corrupt practices.

CARING FOR EMPLOYEES: EMPLOYMENT AND LABOR PRACTICES

Employment System

The Group regards employees as important assets, strictly complies with employment-related laws and regulations, and has formulated a sound human resource management system. The Group strictly abides by the laws and regulations of operational regions that related to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, other benefits and welfare and labor standards. The abided laws and regulations of Hong Kong include the *Employment Ordinance*, the *Sex Discrimination Ordinance*, the *Mandatory Provident Fund Schemes Ordinance* and the *Employment of Children Regulations*. The abided laws and regulations of Mainland China include the *Labor Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labor*, the *Prohibition and Immediate Action to Eliminate the Worst Forms of Child Labor Convention*, the *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China*, the *Social Insurance Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of Rights and Interests of Women* and the *Law of the People's Republic of China on the Protection of Disabled Persons*. The abided laws and regulations of overseas include *Employment Standards Act* of Canada, Ontario, etc. The Group has formulated a series of internal employment systems such as the *Human Resource Management System* and the *Recruitment Policy for Hong Kong Employed Employees*, thereby protect the rights and interests of the Group and employees.

Employment categories	Specific management policies
Recruitment and promotion	<ul style="list-style-type: none"> • Providing equal employment opportunities and prohibiting any discrimination. • Establishing a fair and impartial promotion system, announcing the appointment criteria of each position and regularly conducting open selection of personnel.
Job offering	<ul style="list-style-type: none"> • Conducting annual performance appraisal at the end of each year and assess the performance of employees based on the principle of fairness and justice. The appraisal results will guide the salary adjustment and promotion of employees for the next year. • Employees who work in office have a standard working hour policy, while employees of project department are regulated under a comprehensive calculation working hour policy. • Providing every employee to have at least one rest day per week.
Employee benefits	<ul style="list-style-type: none"> • Providing social insurance, housing provident fund, high temperature allowance, Mandatory Provident Fund, etc. • In addition to the implementation of the paid annual leave policy, employees are provided with marriage leave, bereavement leave, prenatal examination leave, maternity leave, and adjusted leave, paternity leave, birthday leave, care leave, examination leave etc.
Dismissal	<ul style="list-style-type: none"> • Performing legal dismissal procedures and providing financial compensation in accordance with the law.
Labor standards	<ul style="list-style-type: none"> • Completely eliminating child labor or forced labor. • In the recruitment process, applicants are strictly required to provide original Identification card to ensure that the age of employees meets the minimum legal requirements. • The Group explains the definition of work overtime and overtime compensation policy during new employees on-boarding process. The Group had developed internal policy to prevent forced labor by stipulating that each person should not work overtime more than 36 hours of overtime per month. The Group also reasonably arrange employees' working hours and arrange employees' compensatory time off when appropriate. • When violations occur, the Group conduct corrective action immediately. After review and confirmation, the responsible department dismisses employees who do not meet the legal working age, and pursue responsibility for the entire recruitment process. The Group provides corresponding compensation to employees who suffering forced labor. After analyzing and review the violation incident, the Group punishes relevant responsible person and enhance relevant regulations and procedures.

Employee Development and Training

The Group takes the all-round development of its employees as its top priority and upholds the core idea of “talent and culture are the most precious wealth”. It focuses its human resources work on “educating people and employing people” and strives to provide employees with an environment that promotes harmonious interpersonal relationship, challenging tasks, good career prospects, and welfare that satisfy employees. The Group reinforces its talent strategy and systematically balances the common development needs of both the company and its employees. The Group adopts systematic recruitment and training of employees to meet the actual and potential needs of business development and employees. The Group encourages and supports lifelong learning and continuous self-improvement of employees, and provides employees with a wide range of training, covering various aspects such as corporate culture, leadership, management capability, professional skills, and team building.

During the reporting period, the Group organized several induction trainings to deepen new employees’ understanding of company’s corporate culture, regulatory requirements, management systems and so forth, to help them adapt quickly to the new working environment. Subsidiaries under different businesses of the Group also provide professional training for employees in different job positions. To better cooperate with the epidemic prevention work, the Group has also adopted online remote training.

	List of training program in 2020	Training target audience
Curtain wall business	<ul style="list-style-type: none"> Internally planned training courses New employee training Externally planned training courses Special equipment operation training 	<ul style="list-style-type: none"> All employees New employees Company assigned personnel Employees operating special equipment
Supervision business	<ul style="list-style-type: none"> new employee orientation “Sunrise Program” Bidding process and experience sharing Continuing education for registered safety engineers Installation engineering management experience sharing BIM knowledge training 	<ul style="list-style-type: none"> New employees Assistant project managers and above Registered safety engineers Installation engineering professionals Project directors, BIM leaders, mechanical and electrical engineers
Operating management business	<ul style="list-style-type: none"> Training for new employees Training for skilled workers Training for professional and technical personnel Training for management personnel 	<ul style="list-style-type: none"> New employees All production workers Technicians and assistant technical professionals and above Management personnel



Training of professional and technical personnel



Online job training



Training of skilled workers

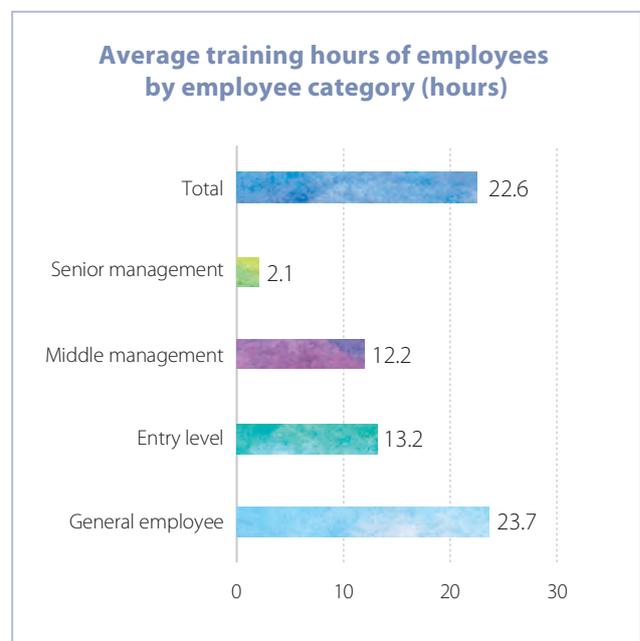
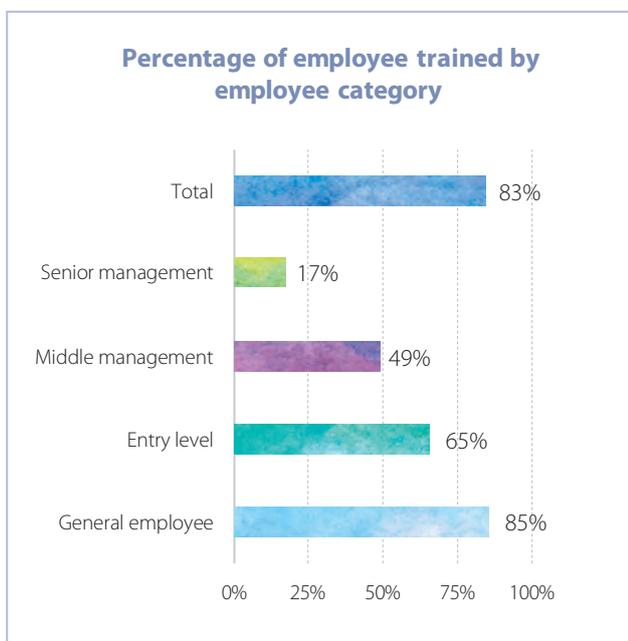
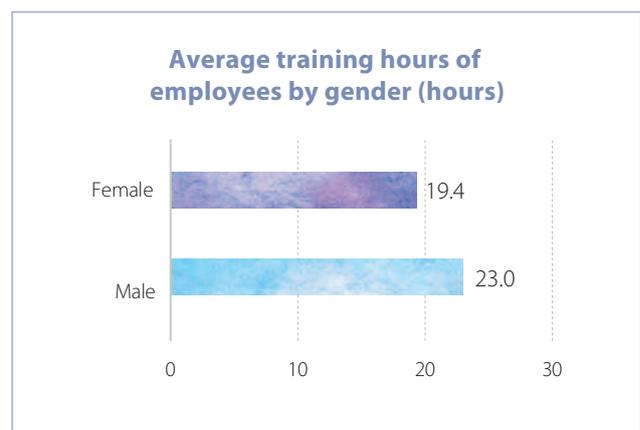
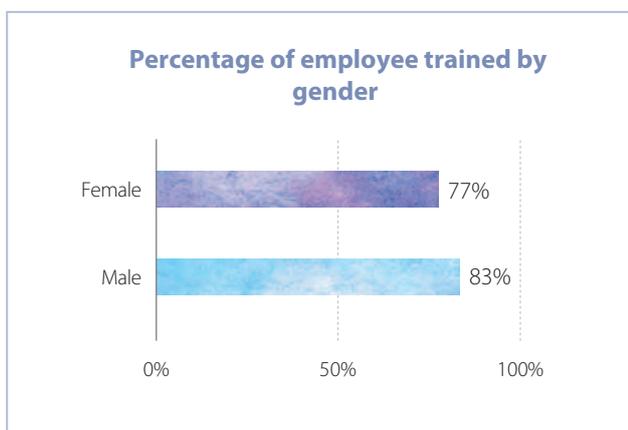


Internal training

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In addition to providing internal training every year, the Group also provides external training course subsidies and exam leave, encouraging employees to participate in external training courses to improve their professional knowledge and skills. Moreover, the Group will also provide employees with professional association membership fee subsidies and special bonus for obtaining professional qualifications to encourage employees to pursue professional qualifications. At the end of each year, the Group arranges an annual employee performance appraisal to solve the difficulties encountered by employees at work, to assist employees in setting career goals, and to understand their expectations for career development.

The Group's employee training percentage and average training hours by gender and employee category are as follows:¹



¹ The percentage of employee training is calculated as: the number of employees trained in that category/total number of employees in that category*100%; the average number of training hours for employees is calculated as: the total number of training hours for employees in that category/total number of employees in that category; the employee training statistics listed below include data related to employees who left the Company during the reporting period.

Health and Safety

The Group attaches great importance to the health and well-being of employees, and commits to provide employees with a safe, efficient and harmonious working environment. The Group strictly complies with related laws and regulations, such as the *Production Safety Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Measures for the Administration of Occupational Health Examination*, and the *Technical Specifications for Occupational Health Surveillance*. A safety management committee has been established, and members of the committee meets every 2 to 3 months to review the current internal occupational safety policies and measures. New employees will be provided with safe working environment training by the safety supervisor to enhance their safety awareness, so as to establish a high standard of safe and healthy working environment. The Group also formulated the *Company Safety Management System Manual — Internal Safety Code* and *Safety and Health Policy* to guide employees to pay attention to occupational health and safety. The Group conducted inspections on occupational hazards in workplaces every year and entrusts qualified institutions to regularly conduct occupational health examinations for employees and declare occupational hazards based on the inspection results. The Group also formulated the *Employee Occupational Health and Labor Protection Management Measures* and other systems based on the actual situation of the job positions, and regularly distributed personal protective equipment to production employees in accordance with labor insurance standards and job requirements. The Group's management, production management personnel, safety management personnel, etc. will conduct regular inspections to ensure that employees wear adequate personal protective equipment.

Regarding the curtain wall business, the Group has formulated the *Cranes Safe Operation Regulation — Ten No Lifting Rule, Eight Prohibition Rule*, and the *Glass Lifting and Installation Safety Operational Regulation* and other regulatory documents to effectively manage occupational safety issues on construction sites. For Shenyang Huanggu Company under the operating management business, the Group has formulated the *Occupational Hygiene Management System of Shenyang Huanggu Thermoelectricity Company Limited*. The system specifies the protection and management measures conducted in the production process, for example, the maintenance and management of dust-proof and noise-proof facilities must be strengthened to ensure that they are effectively operated in good condition. In response to China Overseas Supervision under the supervision business, the Group has formulated the *Hazard Identification, Evaluation and Update Procedures* and other systems to guide employees to participate in risk assessment and hazard identification activities, to ensure timely and effective occupational hazard assessments. The Group has also provided on the list of major hazards the hazards and risk levels of different activity in detail and their corresponding control measures.

As the novel coronavirus epidemic was raging in 2020, and the Group has actively adopted diversified epidemic prevention measures to ensure the health and safety of employees. The Group arranges for employees to take turns to work at home and work at off-peak hours during severe epidemics to reduce the risk of the spread of the virus. The Human Resources Department checks every day whether any employees live in the same buildings with confirmed cases. If this happens, the department will immediately notify the employees and provide them with full subsidy to perform nucleic acid test. The employees could return to work only after they obtained a negative result. In addition, the Group provided employees with free lunch meals during the severe period of the epidemic to reduce the chance of infection caused by employees going out to eat. The Group also provides anti-epidemic supplies such as masks, rubbing alcohol, air purifiers, etc., frequently disinfects the office, and installs body temperature sensors to require employees to take their body temperature every day.



Epidemic prevention notice



Distribute anti-epidemic masks



Free lunch meals



Resumption of work inspection after the epidemic

CARING FOR THE ENVIRONMENT: ENVIRONMENTAL POLICIES

The Group has always advocated a green operation culture, fulfilled its environmental and social responsibilities, and is committed to the harmony and unity of corporate development and ecological development. The Group complies with the laws and regulations related to the environment where it operates and has set up different guidelines for each stage of operation, integrates the concept of environmental protection into the operation and management process, and strives to reduce the impact on the environment.

Energy Use and Air Pollutants

The Group's primary air pollutant emissions come from the use of boilers in the operating management business and the use of automobiles in subsidiaries of various business. Shenyang Huanggu Company strictly complies with the requirements of the *Coal-fired Power Plant Ultra-Low Emission Retrofit Plan of Liaoning Province* and completed all ultra-low emissions retrofits during the reporting period, such as retrofitted the lower-level economizer of the denitrification equipment, installed denitrification catalytic devices, heightened the dust removal box of the dust removal facility, replaced the filter bag, bag cage, etc. After retrofitting the boiler's denitrification equipment and dust removal facilities, the ultra-low emission limit of 50mg/m³ and 10mg/m³ could be achieved for nitrogen oxides and particulate matter respectively. In addition, Shenyang Huanggu Company strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, the *Shenyang City's Heavy Polluted Weather Emergency Plan (Revision)* and other laws and regulations. Shenyang Huanggu Company have formulated the *Shenyang Huanggu Company's Emergency Operation Plan for Heavy Polluted Weather* based on actual business conditions. During the red heavy polluted weather signal, it is forbidden to use heavy-duty trucks with China IV emission standard and below for material transportation. To improve the thermal efficiency of boilers and generators and the fuel utilization rate, Shenyang Huanggu Company formulates annual inspection plan and maintenance program and adopted waste heat recovery technology. In addition, the Group actively implements the green office policy, raises employees' environmental awareness, encourages employees to conserve electricity, be a green traveler, use public transportation as much as possible, and use network communications to reduce carbon emissions and air pollutant emissions from long-distance travel.

Water Consumption and Wastewater Discharge

All the operation locations of the Group are located in urban areas, and thus the Group has not encountered any difficulties in water sourcing. The *Green Office Guidelines* published by the Group advocate various water conservation measures, such as conducting regular leakage tests of concealed water pipes and water tank inspections, recommending the installation of automatic faucets and water-saving toilets, and encouraging employees to turn off the faucets manually in order to reduce water consumption. During the reporting period, excluding the newly added Shenyang Huanggu Company, the total water consumption decreased by 16.5% compared with the previous reporting period. The Group's major wastewater discharge come from the flue gas desulfurization wastewater and domestic sewage from the operating management business. The Group's domestic sewage is discharged through the municipal pipe network for standardized treatment, such that no illegal discharge would occur. In respect of flue gas desulfurization wastewater, Shenyang Huanggu Company strictly complies with the requirements of the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Integrated Wastewater Discharge Standard* and the *Integrated Sewage Discharge Standard of Liaoning Province*, and has established a wastewater quality monitoring system and commissioned a professional third party to conduct monthly wastewater quality monitoring to ensure that the heavy metal content of the treated flue gas desulfurization wastewater meets the requirement of standards.

Waste Management

The Group attaches importance on waste management. All wastes are disposed of strictly in accordance with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* and other laws and regulations. Various measures are adopted to reduce the negative impact of waste on the environment, such as using rechargeable laser pointers to reduce the generation of hazardous waste batteries; actively encouraging employees to reduce the use of single-use and non-recyclable products and setting up recycling bins. To reduce the pollution of e-waste to land, registered waste recyclers are hired to dispose of discarded computers, printers, and other e-waste. A total of 53 pieces of e-waste were recycled during the reporting period. In addition, the Group has also set up storage areas for production waste such as aluminium, glass, and paper for secondary use.

Green Product

The Group adopted low heat reflective glass and performed stringent structural and thermal calculations in the process of facade product design to reduce the energy consumption of the building caused by heating and cooling. Additionally, the Group cooperates with the architectural design to make full use of natural light to reduce electricity consumption for lighting. The Group strictly selects materials during the production process of facade product, and selects aluminium alloy, stainless steel and low-carbon metal with high recycle content. The Group also actively uses environmentally friendly production methods. For example, the Group adopts precise design and standardized manufacturing process of the unitary facade product to significantly reduce waste on-site.

Green Office

To create a green working environment, the Group has set up and implemented *Green Office Environmental Proposal* and *Green Office Guidelines*, which has clearly set out the Group's environmental protection measures for energy, paper, water, disposal of waste, business trips and vehicles usage. In addition, the Group also encourages employees to actively participate in environmental protection activities in its daily operations. The Group has been awarded the "Green Office" label from the World Green Organization for five consecutive years.



Paper saving



Paper cups saving



Electricity saving

CARING FOR THE COMMUNITY: COMMUNITY INVESTMENT

The Group encourages employees to participate in diversified community charity, cultural and environmental promotion activities. This can enhance employee's communication as well as fulfill social responsibilities. During the reporting period, subsidiaries under various business of the Group carried out different community activities. For example, Shenyang Huanggu Company organized activities such as placing shared bicycles, wiping bus stop signs, and answering questions about community heating charges. China Overseas Supervision Company Limited participated in the volunteering activities on "fighting against the COVID-19 pandemic", and carried out the community cleaning activities according to the community guidelines. Netfortune (Shanghai) also participated in the temporary hospital project for the prevention and control of the epidemic in Foshan. After receiving the emergency support call on 13 February 2020, Netfortune (Shanghai) immediately established a temporary emergency project team to complete the glass installation task within three days to ensure that the emergency task was successfully completed. In response to the third wave COVID-19 pandemic in Hong Kong, the Group was tasked to build the Hong Kong version of the Fangcang Hospital. After receiving the task, Far East (Zhuhai) responded quickly and completed the design of the negative pressure ward and the production and installation of the sample within 13 hours. Far East Aluminium worked hard day and night, built 40 negative pressure wards and 792 isolation wards in three days, and passed the acceptance inspection in one go. With the concept of "Union is strength, Mission must reach", the Group fulfilled its corporate social responsibility and made its due contribution to the fight against the epidemic in Hong Kong.



Placing shared bicycles



Answering questions about heating charges in community



Wiping bus stop signs



Volunteering activities on "fighting against the COVID-19 pandemic"

During the reporting period, the "Art for ALL in the time of COVID-19" jointly organized by the company and TREATS, was an online charity event for employees, their families and students of special schools to participate, hoping to express the children's mood and feelings during the epidemic through paintings and express their awareness of environmental protection.



Title of Work: Place that I want to visit most after the epidemic.

The children said, "When the epidemic is over, I want to go to the beach most."

ENVIRONMENTAL PERFORMANCE DATA²

Types of air pollutants ³	Emission in the reporting period (tonne)
Sulphur oxides	237
Nitrogen oxides	342
Particulate matter	15
Carbon monoxide	3

Greenhouse gases (GHG) emission	Source of emission	GHG emission in the reporting period (tonne)	
Scope 1: Direct GHG Emissions ⁴	Combustion of fossil fuel — gasoline	236 CO ₂ e	799,011 CO ₂ e
	Combustion of fossil fuel — diesel	347 CO ₂ e	
	Combustion of fossil fuel — liquefied petroleum gas	37 CO ₂	
	Combustion of fossil fuel — natural gas	87 CO ₂	
	Combustion of fossil fuel — lignite	798,203 CO ₂ e	
	Refrigerant	101 CO ₂ e	
Scope 2: Energy Indirect GHG Emissions ⁵	Purchased energy	24,979 CO ₂ e	24,979 CO ₂ e
Scope 3: Other Indirect GHG Emissions ⁶	Business trip	108 CO ₂	108 CO ₂
Total GHG emission		824,097 CO ₂ e	
GHG intensity (tonnes CO ₂ -e per employee)		246	

Types of waste	Total amount (tonne)	Intensity (tonne per employee)
Hazardous waste	0.45	0.0001
Non-hazardous waste	232,860	70

² The disclosure scope of environmental performance data of the reporting period is consistent with the disclosure scope of the Report. Compared to the scope of disclosure of the ESG Report 2019, the Shenyang Huanggu Company, which was acquired in 2019, has been added, and therefore most of the environmental data for 2020 has been increased compared to 2019.

³ Air pollutants of the reporting period were from the use of the boilers of Shenyang Huanggu Company, the use of vehicles, machineries, diesel generators owned and controlled by the Group and cooking equipment. The air pollutants from the boilers of Shenyang Huanggu Company are derived from monitoring data. The air pollutant emissions from cooking were calculated by referencing the *First National Pollution Source Census Manual of Urban Domestic Source Production and Emission Coefficients, Liquefied Petroleum Gas (GB 11174-2011)* and *Natural Gas (GB 17820-2018)*; the air pollutant emissions from vehicles were calculated by referencing the *EMEP/EEA Air Pollutant Emission Inventory Guidebook, the United States Department of Transportation, Estimated U.S. Average Vehicle Emissions Rates per Vehicle by Vehicle Type Using Gasoline and Diesel, the Technical Guide for the Preparation of Air Pollutant Emission Inventory for Road Motor Vehicles (Trial)*; the air pollutant emissions from machineries and diesel generators were calculated by referencing the *Technical Guide for the Preparation of Emission Inventory for Non-road Mobile Sources (Trial)*.

⁴ The scope 1 GHG emissions of the reporting period were from the use of fuel in boilers, vehicles, machineries, diesel generators and cooking equipment owned and controlled by the Group, and fugitive emissions from refrigerants. GHG emissions from boilers and cooking equipment were calculated by referencing the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises in Other Industries (Trial)* and the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises Operating Public Buildings (Trial)*; the GHG emissions from vehicles were calculated by referencing the *Emission Factors for Greenhouse Gas Inventories, Appendix 2: Reporting Guidance on Environmental KPIs, the Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for On-road Transportation Enterprise (Trial)*; the GHG emissions from machineries and diesel generators were calculated by referencing the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises in Other Industries (Trial)*; the GHG emissions from refrigerant were calculated by referencing the *Fifth Assessment Report (AR5)*.

⁵ The scope 2 GHG emissions of the reporting period were from the electricity purchased by the Group and were calculated by referencing the 2015 National Grid Average Emission Factor from the *Notice on the Development of the 2018 Annual Carbon Emissions Reporting and Verification and Emissions Monitoring Plan, the Sustainability Report 2019* from HEC Electricity Investment and HEC Electricity Investment Limited, and the World Resources Institute (2015) GHG Protocol tool for Version 4.7.

⁶ The scope 3 GHG emissions of the reporting period were from business travel for the Group's employees. The GHG emissions from business travel were calculated by referencing the ICAO Carbon Emissions Calculator.

Energy consumption ⁷	Energy consumption of the reporting period (MWh)
Gasoline	929
Diesel	1,314
Liquefied petroleum gas	168
Electricity	42,745
Lignite	2,249,624
Natural gas	436
Total energy consumption	2,295,215
Energy intensity (MWh per employee)	686

Resource use	
Total water consumption (tonne)	1,862,837
Water consumption intensity (tonne per employee)	557
Total packaging materials (tonne)	86

SOCIAL PERFORMANCE DATA

Category	Total workforce	Employee turnover	Percentage of lost employees to the number of employees in the specified category ⁸
Total	3,344	606	15%
By geographical region			
Hong Kong	307	26	8%
Mainland China	2,745	536	16%
United States	117	24	17%
Canada	160	18	10%
Others	15	2	12%
By age			
Below 30	1,075	307	22%
31-40	949	183	16%
41-50	858	68	7%
Above 50	462	48	9%
By employment type			
General employee	3,010	587	16%
Entry level	281	17	6%
Middle management	35	1	3%
Senior management	18	1	5%
By gender			
Male	2,944	541	16%
Female	400	65	14%
By employee category			
Full time	3,341	604	15%
Part time	3	2	40%
Number and rate of work-related fatalities			0%
Lost days due to work injury			744 ⁹

⁷ The fossil fuel unit conversion factors of Hong Kong and overseas regions are referenced from the *Energy Statistics Manual*; the fossil fuel unit conversion factors of Mainland China are referenced from the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for On-road Transportation Enterprise (Trial)*, the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises in Other Industries (Trial)* and the *Greenhouse Gas Emission Accounting Methodology and Reporting Guidelines for Enterprises Operating Public Buildings (Trial)*.

⁸ Percentage of lost employees to the number of employees in the category is calculated as: number of employees lost in that category / (total number of employees in that category + number of employees lost in that category) * 100%.

⁹ The definition of work-related fatalities is determined in accordance with the *Regulation on Work-Related Injury Insurances*, the *Decision on Recognition of Work Injury*, the *Employees' Compensation Ordinance*, the *Human Resources Management System*, etc.

	Region	Number of suppliers ¹⁰
China	Liaoning	977
	Guangdong	223
	Hong Kong	65
	Beijing	35
	Shanghai	24
	Jiangsu	18
	Shenzhen	14
	Sichuan	12
	Benxi	9
	Tianjin	8
	Anhui	5
	Changzhou	4
	Hebei	3
	Jiangxi	1
	Fujian	1
	Zhejiang	1
Wuxi	1	
Overseas	Canada	61
	United States	56
	Europe	4
	Thailand	2
	Singapore	1
	Australia	1

CONTENT INDEX OF THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

A. Environmental		
General Disclosure & KPI	Description	Relevant Section
Aspect A1: Emissions		
General Disclosure	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	Energy Use and Air Pollutants Water Consumption and Wastewater Discharge Waste Management
KPI	A1.1 The types of emissions and respective emissions data	Environmental Performance Data
	A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
	A1.5 Description of measures to mitigate emissions and results achieved	Energy Use and Air Pollutants
	A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Management

¹⁰ Number of suppliers by geographical region as of December 31, 2020. In determining the location of suppliers, reference is made to the location of the supplier's headquarters the primary location where the supplier provides products/services to the Group.

Environmental, Social and Governance Report

A. Environmental		
General Disclosure & KPI	Description	Relevant Section
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Use and Air Pollutants Water Consumption and Wastewater Discharge Green Product Green Office
KPI	A2.1 Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
	A2.2 Water consumption in total and intensity (e.g., per unit of production volume, per facility).	Environmental Performance Data
	A2.3 Description of energy use efficiency initiatives and results achieved	Energy Use and Air Pollutants
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Water Consumption and Wastewater Discharge
	A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Performance Data
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	Green Product
KPI	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Product
B. Social		
General Disclosure & KPI	Description	Relevant Section
Aspect B1: Employment		
General Disclosure	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 System
KPI	B1.1 Total workforce by gender, employment type, age group and geographical region.	Social Performance Data
	B1.2 Employee turnover rate by gender, age group and geographical region.	Social Performance Data

B. Social		
General Disclosure & KPI	Description	Relevant Section
Aspect B2: Health and Safety		
General Disclosure	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
KPI	B2.1 Number and rate of work-related fatalities. B2.2 Lost days due to work injury B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Social Performance Data Social Performance Data Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Employee Development and Training
KPI	B3.1 The percentage of employees trained by gender and employee category (e.g., senior management, middle management). B3.2 The average training hours completed per employee by gender and employee category.	Employee Development and Training Employee Development and Training
Aspect B4: Labor Standards		
General Disclosure	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 and forced labor.	Employment System
KPI	B4.1 Description of measures to review employment practices to avoid child and forced labor. B4.2 Description of steps taken to eliminate such practices when discovered.	Employment System Employment System
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Supply Chain Management
KPI	B5.1 Number of suppliers by geographical region B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Social Performance Data Supply Chain Management

Environmental, Social and Governance Report

B. Social		
General Disclosure & KPI	Description	Relevant Section
Aspect B6: Product Responsibility		
General Disclosure	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 (Labels are not applicable to the Group's business)
KPI	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
	B6.2 Number of products and service-related complaints received and how they are dealt with.	During the reporting period, the subsidiary China Overseas Supervision received 2 complaints, with a resolved rate of 100%.
	B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
	B6.4 Description of quality assurance process and recall procedures.	Product Responsibility (The Group's business does not involve product recall)
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	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
KPI	B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting period and the outcomes of the cases.	Anti-corruption
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Caring for the Community: Community Investment
KPI	B8.1 Focus areas of contribution (e.g., education, environmental concerns, labor needs, health, culture, sport).	Caring for the Community: Community Investment
	B8.2 Resources contributed (e.g., money or time) to the focus area.	Caring for the Community: Community Investment