



SUNWAY INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00058



Environmental, Social and Governance Report 2020

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About the Group

Sunway International Holdings Limited (“Sunway International”), together with its subsidiaries (collectively, the “Group”) focuses on the manufacture and sales of pre-stressed high strength concrete piles as well as ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products. The business is operated by Guangdong Hengjia Construction Materials Co., Ltd (“Guangdong Hengjia”), a subsidiary of Sunway International.

The Group has been committed to diversifying its business and improving its all-round competition advantages while continuously consolidating its business in the building materials industry. The Group also renders financial services business, and is mainly engaged in the provision of money lending and asset management services, advising on securities and securities brokerage services in Hong Kong.

About this Report

This Report is the fifth Environmental, Social and Governance Report (the “Report”) published by Sunway International. It is prepared in both Chinese and English, and is available on the website of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and the Group’s website at <http://www.hk0058.com/>.

SCOPE OF REPORT

This Report highlights the performance of Group’s core business, namely the “pre-stressed high-strength concrete piles and others”¹ operating segment in terms of environmental protection and community care for the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”). Consistent with the last report, the scope of this Report covers the production plant of Guangdong Hengjia located in Yangjiang, Guangdong Province. The Group understands that this Report does not cover all current operations of the Group. The Group will continuously improve the system of data collection and gradually expand the scope of disclosure to cover all the operations of the Group, in order to provide more comprehensive information to the stakeholders.

REPORTING STANDARD

This report is prepared in accordance with the “comply or explain” provisions under the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange. In addition, some key performance indicators specified in the “Recommended Disclosure” under the Guide are adopted. With the use of the four reporting principles of the Guide - materiality, quantification, balance and consistency - as the basis for preparing the Report.

Reporting principles	Definitions	Responses
Materiality	The Report should reflect the significant economic, environmental and social impacts of the organisation, or the areas that materially influence stakeholders’ assessments and decisions regarding the organisation.	Management interviews were used to identify and report on ESG issues of critical importance to the Group and its stakeholders.
Quantification	An organisation must ensure that key performance data can be calculated and clearly state the criteria and method of calculation.	Each unit was instructed to record key environmental and social performance data, and professional consultants were engaged to assess carbon emissions and other key environmental performances against local guidelines and international standards.
Balance	The organisation should prepare the reports in an unbiased manner to ensure that the positive and negative impacts are clearly stated, so that stakeholders can reasonably assess the overall performance of the organisation.	An accurate, objective and fair approach was adopted as the principle of preparation to explain the achievements of the Group in sustainability and the challenges it faced.
Consistency	Consistent disclosure statistical approach should be adopted to enable stakeholders to compare environmental, social and governance data with the sustainability performance and progress of the organisation.	A consistent approach for statistics was adopted and, where practicable, historical data were provided for comparison.

¹ Sales and manufacturing pre-stressed high-strength concrete piles as well as ready-mixed concrete, sand-lime bricks, aerated concrete products and eco-permeable concrete products and related processing.



About this Report

CONFIRMATION AND APPROVAL

All information contained herein has been collected from the official documents and statistics of Sunway International and Guangdong Hengjia, and the management and operation information collected in accordance with the Group's policies. The Report was approved by the board of directors on 7 May 2021.

FEEDBACK

The Group welcomes your opinions on the Report and other issues in relation to sustainable development. Should you have any enquiries or comments, please contact the Group through the following means such that the Group can constantly enhance its ESG performance:

Address: 3/F, Mandarin Commercial House, 38 Morrison Hill Road, Wanchai, Hong Kong

Email: tommylaw@58sunway.com

Telephone: (852) 2728 2322

Facsimile: (852) 2728 2887

Governance of Sustainable Development



Sunway International has always adopted good corporate governance as the foundation of the Group's sustainable development strategy. The board of directors places its emphasis on the Group's performance in sustainable development by formulating policies and measures to manage the operations in relation to the environmental and social performance and results. The Group reviews its sustainability-related policies in a timely manner to ensure timely compliance with the policies and measures.

The Group plans to establish a Sustainability Task Force in the coming year, with the board of directors will be in charge of reviewing and formulating the Group's sustainable development policies, measures and performance targets to be implemented by each business unit to fully adopt a sustainable business model in the long run. To enable the Group to effectively manage its sustainability-related policies and measures, Sunway International will continue to establish various sustainability-related targets and performance indicators in the future, as to measure the sustainability progress of the Group.

RISK MANAGEMENT

The Group's risk management mechanism is designed to assess and mitigate the risks associated with the Group's operations, and is managed by the Audit Committee of the Group, which reports to the Group's board of directors regularly. In addition to identifying and managing day-to-day operational risks, including risks arising from economic, industrial, regulatory and operating conditions, the Group also identifies risks arising from the environment in which it operates, the supply chain-related environment and the society. The Group makes reference to academic research articles and the factory site environment in order to assess the Group's relevant environmental and social risks. In addition, we will determine the priorities and formulate corresponding measures in accordance with factors such as the scope and extent of the risks. These risks and management measures have been compiled into the Identification and Risk Assessment Control Procedures for Environmental Factors and Hazards and Policies on Managing Environmental and Social Risks of the Supply Chain documents, respectively. Relevant environmental risks are listed on P. 17 of this Report, while supply chain environmental and social risks are listed on P. 13.

COMPLIANCE MANAGEMENT

Aspects	Legislations with material impact on the Group	Related impacts and management measures	Disclosure of compliance
Emissions	<p>the Environmental Protection Law of the People's Republic of China</p> <p>the Law of the People's Republic of China on Water Pollution Prevention and Treatment</p>	<p>Non-compliance with relevant laws and regulations may not only affect the environment in the vicinity of the Group's operations, but may also result in administrative and financial penalties. The Group has put in place policies to manage the production of sewage, dust and exhaust gas and to continuously monitor the emissions from production.</p>	<p>During the Reporting Period, the Group did not violate any relevant laws and regulations that have a significant impact on the Group.</p>

Governance of Sustainable Development

Aspects	Legislations with material impact on the Group	Related impacts and management measures	Disclosure of compliance
Employment	the Labour Law of the People's Republic of China	Any act violating the relevant employment laws is detrimental to the rights and interests of employees and may result in loss of manpower, which may lead to litigation and fines in serious cases. Sound employment management can prevent the loss of talents and the Group maintains good communication with its employees to ensure the effective implementation of relevant policies.	During the Reporting Period, the Group did not violate any relevant laws and regulations that have a significant impact on the Group.
Health and safety	the Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases	Production safety incidents or lack of proper management of plant environment can result in substantial fines and threaten the health and safety of employees. The Group has formulated various measures to ensure a safe working environment. In addition, the Group arranges regular medical check-ups for employees for their well-being.	During the Reporting Period, the Group did not violate any relevant laws and regulations that have a significant impact on the Group.
Labour standards	the Labour Contract Law of the People's Republic of China	Situations such as child labour and forced labour not only violate local laws and regulations, but also violate international conventions and may have a negative impact on the Group's reputation. The Group strictly verifies the identity of new employees during recruitment and ensures that there is no forced labour.	During the Reporting Period, the Group did not violate any relevant laws and regulations that have a significant impact on the Group.
Product responsibility	the Law of the People's Republic of China on the Protection of Consumer Rights and Interests	Violations of relevant laws and regulations are detrimental to the rights of consumers and may bring the Group into disrepute. Sunway International has a comprehensive policy to manage product responsibility matters.	During the Reporting Period, the Group did not violate any relevant laws and regulations that have a significant impact on the Group.
Anti-corruption	the Criminal Law of the People's Republic of China	Acts of bribery, corruption, etc. can lead to litigation and affect the Group's integrity. In addition to our anti-corruption policy, the Group has also established reporting channels to deal with suspected corruption cases.	During the Reporting Period, the Group did not receive any cases of corruption litigation against itself or employees, nor were there any breaches of laws and regulations that have a significant impact on the Group.

Communication with Stakeholders



The Group values the views of its stakeholders and takes their opinions into consideration when formulating its corporate sustainability management approach. The Group's stakeholders can be divided into two main categories, namely internal stakeholders comprising mainly staff members and external stakeholders including customers, suppliers, business partners, etc. During the Reporting Period, Sunway International has been in constant contact with the stakeholders through different channels to collect their views. The major communication channels between Sunway International and its stakeholders are as follows:

Categories of stakeholders	Major communication channels
Staff	Internal communication system, annual performance appraisal and consultation with staff from time to time
Customers	Customer satisfaction survey
Suppliers/business partners	Business meetings, email newsletters
Shareholders/investors	General meetings, the Group's website, publication of Group's news on the Stock Exchange, etc.
Community	Voluntary activities

MATERIAL SUSTAINABILITY ISSUES

During the Reporting Period, the Group identified, through management interviews, four ESG issues of importance to its enterprise and stakeholders. This Report focuses on the Group's commitment and policy initiatives in relation to these issues.

Material environmental and social issues	Materiality of the issues	How the Group manages the issues
Provide a suitable employment environment for the staff	The Group regards the rights of its employees as the cornerstone of its operations and is committed to providing a fair employment environment for its employees based on legal compliance.	The Group has formulated comprehensive policies to protect the interests of its employees. Meanwhile, the Group provides various welfare benefits to its employees as a reward for their effort. For details, please refer to the section "Employment and Labour Practices".
Provide a healthy and safe working environment	Maintaining a healthy and safe working environment is an important part of the Group's environmental, social and management philosophy. The Group is responsible to maintain the safety of the office and plant environment to ensure that employees work in a safe environment.	In addition to strict enforcement of existing policies and measures, the Group has also actively organised safety training to raise the awareness of its employees. For details, please refer to the section "Employment and Labour Practices".
Provide development and training opportunities for the staff	Sunway International values the training and development of staff and aims at enhancing the competitiveness of staff and enhancing the performance of the Group.	Conducted annual appraisals for staff and formulated training programmes based on the needs of the staff. For details, please refer to the section "Employment and Labour Practices".

Communication with Stakeholders

Material environmental and social issues	Materiality of the issues	How the Group manages the issues
Be responsible for the products or services provided	As a supplier of construction materials, the quality of the Group's products has a direct impact on the quality of construction, therefore, the Group needs to ensure the quality of its products meeting the expectations of its customers.	Product quality is monitored in accordance with various quality control procedures. In addition, the Group maintained close communication with its customers to continuously improve the quality of its products. For details, please refer to the section "Operational Practices".

In the future, the Group will gradually expand its stakeholder communication programme to invite stakeholders of different categories to provide their views on the Group's approach to sustainable development. Sunway International will continue its open-minded approach to listen and understand the expectations and views of stakeholders on various sustainability issues in order to improve the existing environmental, social and governance system. We will take full account of their views and balance their interests in making operational decisions.

Employment and Labour Practices



The Group's sustainable development approach and policies have safeguarded the rights and welfare of its employees. Sunway International is committed to providing a fair and equitable working environment, maintaining high standards regarding health and safety, and actively developing training programmes for its employees, in order to enhance the competitiveness of its staff.

EMPLOYMENT SYSTEM

Sunway International is committed to providing an equal and harmonious working environment for its employees. The Group has formulated policies in the areas of recruitment, dismissal, remuneration, benefits, promotion, anti-discrimination, etc. The relevant policies are set out in the Human Resources Management System and the Employee Handbook of Guangdong Hengjia for employees to understand their rights.

Aspects of employment	Description of policy initiatives
Recruitment and dismissal	<p>The Group conducted staff recruitment in accordance with the Human Resources Management System in a fair and open manner. The criteria for recruitment and promotion commensurate with competence and job requirements. The recruitment workflow for positions of all levels is also specified in the system to maintain the principle of fairness.</p> <p>In case of voluntary resignation or layoff by the Group, the employee's employment contract will be terminated only after a handover of work and settlement of wages in accordance with established resignation procedures.</p>
Remuneration and benefits	<p>The Group's Human Resources Management System has stipulated that the remuneration of employees should be competitive in accordance with the market-based principle, specified the basis of components and the calculation methods of remuneration payable to the employees.</p> <p>In order to enhance the sense of belonging of employees, in addition to leave, social insurance and other benefits, Guangdong Hengjia organises staff birthday parties and staff sports days each year to foster team spirit and provide opportunities for employees to relax.</p> <p>During the Reporting Period, the Group has implemented a salary adjustment scheme to review the remuneration of each employee based on their rank, position and performance in order to improve the Group's remuneration system.</p>
Promotion	<p>Sunway International provides promotion opportunities to its staff based on the Group's development needs and performance of the staff, and has formulated policies governing the promotion requirements and workflow of its staff. The Group conducts annual assessment for the staff to promote the staff with outstanding performance to a higher position.</p>

Employment and Labour Practices

Working hours and holidays

The Group has set out in the Attendance System and the Leave System the working hours and leave arrangements for each position, including the emergency work arrangements under unforeseen circumstances. In addition, the Leave System of the Group stipulates that in addition to national holidays, employees are entitled to marriage leave, maternity leave, annual leave with pay, bereavement leave, etc.

Equal opportunities and anti-discrimination

The Anti-discrimination Policy states that bases of recruitment must not include factors such as age, sex, biological factors, religion, belief, political orientation and there is a clear definition for the acts of discrimination. The Group is committed to equal pay for equal work for both gender, and to provide female employees with equal remuneration and benefits as male employees. Should any employee encounter any issues of discrimination or unequal treatment, they can report through the suggestion box and the respective administration department to ensure that all employees are treated equally and well-respected.

During the Reporting Period, the Group remodelled the aerated brick workshop and transformed it into an automated production facility to enable operation by female employees, thus achieving equal pay for equal work.

Diversification

The Group is committed to providing a diverse working environment for the employees. The Group has set out its policy initiatives for creating a diverse working environment in its Anti-discrimination Policy, which aims to improve the working environment based on actual needs. The environment and facilities have been improved based on actual needs and is now disabled-friendly.

Labour Standards

The Group prohibits the use of child labour and forced labour. The Human Resources Management System has stipulated that all new employees must be over 18 years old and the Human Resources Department is responsible for the verification.

In addition, in the Overtime Management System, the Group requires the employees to apply for approval from their supervisors before working overtime and specify the estimated number of overtime hours to prevent employees from working for prolonged hours. Moreover, the Group arranges rest breaks for overtime workers to ensure that they have reasonable rest time.

Employment and Labour Practices

DEVELOPMENT AND TRAINING

Sunway International has conducted annual staff appraisal to evaluate the attitude, ability and efficiency of the staff in performing their duties, to enhance the performance of the staff and the results of appraisal are made use as the basis for remuneration and position adjustments. The Group also conducts quarterly performance appraisals for its employees to determine their quarterly performance pay.

In order to assist employees to enhance their performance, the Group has formulated an Annual Training Plan for employees based on the Training Memorandum each year, to initiate different types of training, in order to improve the performance of our staff. In addition, Sunway International encourages its staff to participate in further education and training courses that meet their job needs. During the Reporting Period, the Group organised the following training activities for the staff:

Training activities	Purposes
Leadership and management skills training	To enhance the leadership skills of middle management and above, and to teach goal management and programme implementation skills.
The month of training and learning activities	The Group arranged for its staff to attend external training courses in batches, covering topics such as marketing skills, human resources management and financial management, with the aim of further enhancing the management skills of the mid-level and senior management of Sunway International.

HEALTH AND SAFETY

The Group is committed to providing a healthy and safe working environment for its employees, and formulated the Accountability System for the Prevention and Control of Occupational Diseases and the Control Procedures for the Occupational Health Management and Operation based on the OHSAS 18001:2007 standard, to enhance the safety production level comprehensively. The control procedure specifies the responsibilities of the relevant departments, such as the Production Department for safety incident management and the Administration Department for organising safety education training, etc. At the end of each year, we review our annual health and safety targets to continuously improve our health and safety systems, to reduce the incidence of occupational diseases, major injuries and fatalities and the risk of fire induced by the malfunction of equipment and facilities. During the Reporting Period, Guangdong Hengjia conducted limited space emergency drills, electric shock scene handling drills and integrated safety production drills in March, May and August respectively. Through these drills, we evaluate the current production environment and rectify the problems in the emergency plan in order to improve the emergency plan continuously and safeguard the properties of the Group and the personal safety of the staff. During the Reporting Period, the Group failed to carry out regular emergency drills in accordance with the Regulations on Production Safety Emergency Plan Management and was sentenced to a fine. Since then, the Group has conducted special emergency drills and integrated emergency drills to further enhance the firefighting awareness and firefighting competence of its staff.

The Group regards safety education as the frontier of defence in reducing the number of safety incidents in the Group. Sunway International ensures that every staff member in a responsible position must complete no less than 172 hours of safety training before taking up his or her position, and all staff members in all departments are required to receive safety training at least once a quarter.



Employment and Labour Practices

In addition to providing safety education to the staff, the Group conducts a comprehensive safety audit on a quarterly basis to ensure the safety of working environment of all staff. For each production process in the Production Department, the Group has established safety operating procedures and requires safety officers to conduct weekly electrical and fire safety inspection and also monthly safety examination for key areas in the production workshop. Besides ensuring a safe working environment, the Group also concerns about the physical and mental health of its employees and has organised recreational activities from time to time, such as staff sports day, to assist employees in striking a balance between work and life.

In the event of work-related accidents, the Group handles and takes care of the injured staff in accordance with the management procedures for work-related accidents under the Control Procedures for the Occupational Health Management and Operation and provides suitable treatment. During the Reporting Period, the Group reported no work-related fatalities and the injury rate is 10 per 1,000 employees, representing a decrease of 84.4% as compared to that in 2019.

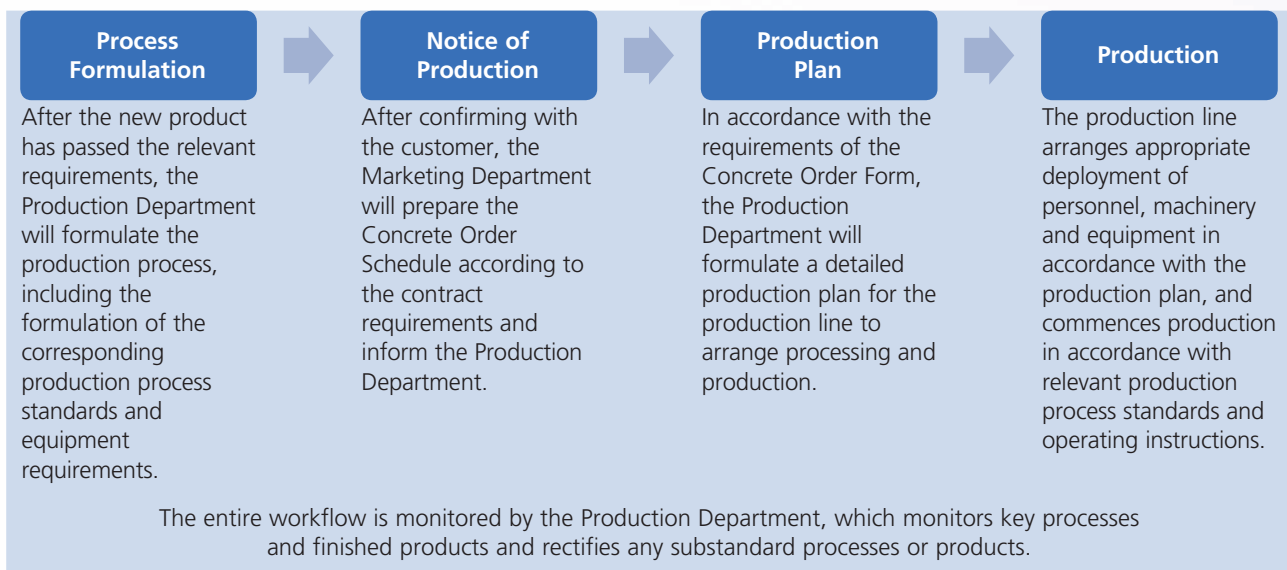
Operational Practices

Sunway International has policies and practices in place to ensure that it maintains high ethical standards in its business operations and works with its business partners, including suppliers, to provide quality products that are in line with the Group's sustainability philosophy to its customers.

PRODUCT QUALITY

As a building material supplier, Sunway International understands that the quality of its products has a direct impact on the quality of the buildings. It not only has impact on the experience of the building users, but also affects their health and safety. The Group has to ensure that the quality of its construction materials meets the standards of its customers and that the quality of its products meets national and international standards. In addition, Guangdong Hengjia has established a quality management system and has obtained an ISO 9001: 2015 quality management certification from a third party.

The quality of the Group's products is regulated by the Product and Service Requirement Control Procedures and the Production Process Control Procedures to ensure the consistency and stability of the product quality. The Product and Service Requirement Control Procedures governs the process flow of each production item and is controlled by the Production Department in accordance with the Product Release Control Procedures.



If any substandard raw material, semi-finished or finished product is identified, the Group will follow the Substandard Product Control Procedure to record, identify and separate them immediately and investigate and analyse the reasons. The Group's procedures for evaluating and handling of substandard products in the incoming and production processes, substandard finished products and substandard products in the warehouses are set out in the Substandard Product Control Procedure.

The Group maintains close communication with its customers and invites them to complete the Customer Opinion Survey Forms at least once every six months in accordance with the Control Procedures for Customer Satisfaction Measurement. The Customer Opinion Survey Forms are used to collect customers' comments in order to continuously improve product quality. The Group has also set up a Customer Complaint Handling Process to record and investigate complaints upon receipt, maintain communication with customers and follow up their complaints. During the Reporting Period, the Group received a total of 20 complaints about product quality, all the complaints were handled in accordance with the established procedures with rectifying and improvement proposals provided for the customers. The timely processing rate of complaints was 100%.

Sunway International respects the privacy and intellectual property rights of our customers. The Group has signed confidentiality agreements with our customers to protect their interests. All commercial and technical information of customers are centrally managed and recorded by the Marketing Department. In case of such information is required by staffs of other departments for work purposes, application to and approval from the general manager of the Marketing Department are required for obtaining the relevant information. Owing to the nature of its business, the Group's business activities do not involve advertising, except for the information of the Company which is painted on the body of Guangdong Hengjia's transportation vehicles. As such, there was no policy on advertising and labelling.



Operational Practices

SUPPLIERS MANAGEMENT

The Group's Procurement Control Procedures governs the Group's procedures and criteria for the procurement of raw materials and suppliers management system. Before cooperating with new suppliers, suppliers' licenses, including sewage permit, labour permit, quality system certificate, etc., are required to be reviewed. The Group will also review the business reputation, production management and product quality of the potential suppliers. Upon confirming that the supplier meets the Group's requirements, the supplier is required to submit samples of raw materials to the laboratory for quality inspection. The Group will also arrange for on-site assessment to ensure compliance with the supplier's quality and environmental management systems. Final approval from the Group is required before inclusion in the Qualified Suppliers List. When a procurement requirement arises, the Purchasing Department of Guangdong Hengjia is required to select from the Qualified Suppliers List and obtain quotations from the suitable suppliers and the department managers will review the suitability of suppliers and select the final supplier to work with. In addition, Guangdong Hengjia also conducts quarterly evaluations of qualified suppliers, with indicators including quality pass rate, timeliness of returns and follow-up on complaints of product quality. Unqualified suppliers will be removed from the Qualified Suppliers List.

The Group is concerned about the potential risks posed by suppliers to the Group's operations, the Group has examined the environmental and social risks of managing the supply chain, and has formulated related management initiatives. The Group has identified risks, including risks of delay in transportation or loss of goods due to natural disasters and substandard raw materials. Sunway International has developed measures to mitigate the impact of every risk exposure of the Group.

ANTI-CORRUPTION

The Group adopts a zero-tolerance attitude towards corruption and malpractice and is committed to maintaining a corruption-free corporate culture. The Group has an established code of conduct for its employees in its Human Resources Management System, which governs the conduct of its employees and prohibits receiving bribes, gifts and discounts from suppliers, distributors or other business partners, or misappropriation of public funds and property or damage to factory property and interest. Employees and business partners can report cases of corruption and malpractice to the Group's Administration Department by letter or email. The Group will follow the established procedures to record and investigate the cases, and any reported case that is found to be substantiated will be referred to the relevant judicial authorities.

Community Investment

Sunway International is committed to contributing to the communities by way of community investment. During the Reporting Period, the Group made a total contribution of RMB543,780 to charitable organisations for poverty alleviation and care for the elderly. In addition, the Group donated concrete to the Kangzhou Village Committee of Shuangjie Town for road construction to improve the road conditions in the community.

In the future, the Group will further understand the needs of the communities in which it operates, improve its community policies and plans and strengthen its ties with the community.

Environmental Protection

The Group has a number of control procedures in place, including Environmental Management and Operation Control Procedures and Performance Measurement and Monitoring Management Procedures, to ensure that the Group has put in place corresponding mitigation measures for the responsible environmental impacts of its operations. In order to manage the Group's environmental management system systematically, Guangdong Hengjia has obtained ISO 14001:2015 environmental management system certification from a third party. In addition, Guangdong Hengjia conducts an annual content audit of its environmental management system to address potential environmental risks in a timely manner.

GREENHOUSE GAS EMISSION

Greenhouse gas emissions are closely related to climate change and global warming, and companies all over the world set carbon reduction measures and goals. The Group understands that climate change will directly or indirectly affect an entity's ability to access resources and maintain its operations. The carbon footprint assessment of Guangdong Hengjia's production plants have been included in the annual work plan. The assessment is conducted with reference to the guidelines published by the National Development and Reform Commission of the People's Republic of China², international standard ISO 14064-1 and Greenhouse Gas Protocol.

According to the assessment results, during the Reporting Period, the greenhouse gas emissions of Guangdong Hengjia was 29,454.0 tonnes of carbon dioxide equivalent. The volume of greenhouse gas emissions from external purchase of electricity for Scope 1 - direct greenhouse gas emissions of stationary fossil fuel combustion and Scope 2 - energy indirect greenhouse gas emissions accounted for 76.1% and 23.9% of total emissions respectively. As compared with the previous reporting period, both the volume and intensity of greenhouse gas emissions increased by 27% and decreased by 39% respectively. The volume of greenhouse gas emissions from external purchase of electricity for Scope 1 - direct greenhouse gas emissions of stationary fossil fuel combustion and Scope 2 - energy indirect greenhouse gas emissions increased by 20% and 51% respectively. This relates to equipment modifications in the aerated brick workshop which has caused disruption to normal production during part of the Reporting Period. For better disclosure, the fossil fuel combustion in mobile sources statistics for the Reporting Period are compiled for each month. The Group will continue to improve the data collection system across its operations and make more comprehensive disclosures on environmental performance indicators.

	Scopes	Sources of emissions	Amount of emissions (tonne CO ₂ -e)		
			2020	2019	2018
Greenhouse gas emissions	Scope 1: Direct Greenhouse Gas Emissions ³	Fossil fuel combustion – stationary sources	22,426.8	18,627.0	23,939.8
		Fossil fuel combustion – mobile sources	36.8	36.8	10.9 ⁴
	Scope 2: Energy Indirect Greenhouse Gas Emissions ⁵	Purchased electricity	6,990.4	4,616.6	5,397.1
	Total amount of greenhouse gas emissions		29,454.0	23,280.4	29,347.8
	Intensity of greenhouse gas (tonne CO₂-e/sq.m.)		1.8	3.0	3.8

AIR POLLUTANTS

The burning of anthracite in boilers and the burning of gasoline and diesel in the operation of the Company's vehicles of Guangdong Hengjia emitted 6,243.3 kg, 2,422.0 kg and 691.8 kg of nitrogen oxides, sulfur oxides respirable suspended particles during the Reporting Period. The Group has adopted flue gas purification system to treat the air pollutants in the production plant. In order to obtain a more accurate measure of exhaust gas emissions treated by the flue gas purification system for compliance with the local standard of Guangdong province on combustion boilers, Emission Standard of Air Pollutants from Boilers (DB44/765-2019), the Group has also commissioned a third-party testing company to carry out the testing of the exhaust gas from boilers. The Group uses pulsed dust collector to purify the dust in silos and mixing stations and recycles the collected powder for reuse in order to control the emissions of air pollutants.

² the Accounting Method and Reporting Guide for Greenhouse Gas Emissions from Industry and Other Sectors (for Trial Implementation)

³ Scope 1 included the emissions of fossil fuel combustion of stationary sources and mobile sources.

⁴ The 2018 fossil fuel combustion in mobile sources included only four-month of data.

⁵ Scope 2 included the emissions due to the purchased electricity from electric companies.

Environmental Protection

WASTE MANAGEMENT

During the Reporting Period, the factory generated a total of 0.027 tonnes of hazardous waste and 7,110 tonnes of non-hazardous waste. The factory's hazardous waste, including waste oil and electronic products, were recycled by an environmental company. Non-hazardous waste include domestic waste at office, canteen and workshop, pile slurry, boiler slag, waste aerated blocks and sedimentation tank sludge, were disposed of by local environmental hygiene department/recycled by the factory itself or by material companies.

In order to reduce waste emissions, the Group set targets for waste reduction and recycles materials such as pile slurry. In addition, the Group regularly inspects and maintains its production facilities to prevent leakage and waste of raw materials. The Group also upgraded its concrete sand and gravel separation and recycling system, which realizes the separation of concrete aggregates and the recycling of aggregates, thus relieving the problem of difficulty in recycling concrete waste.

USE OF RESOURCES

In terms of energy consumption, the total energy consumption of the production plant in Yangjiang was 74,247.0 MWh during the Reporting Period, while the corresponding figure for the previous reporting period was 62,319.7 MWh, representing an increase of 19%. The increase in energy consumption was mainly due to higher consumption of anthracite in the Reporting Period as the anthracite was burned through as much as possible, and the increase in electricity consumption. In addition, the increase in energy consumption of gasoline and diesel was related to the increase in vehicle fuel consumption statistics.

	Types	Energy consumption (MWh)		
		2020	2019	2018 ⁶
Energy consumption	Anthracite	65,749.2	54,609.2	70,184.8
	Gasoline	49.1	42.3	13.9
	Diesel	94.0	101.3	27.8
	Electricity	8,354.7	7,566.9	8,846.3
	Total energy consumption	74,247.0	62,319.7	79,072.8
	Energy intensity (MWh/sq.m.)	4.6	8.0	10.1

⁶ The 2018 fossil fuel combustion in mobile sources included only four-month of data.



Environmental Protection

The major raw materials required for the operation of the production plant of Guangdong Hengjia include cement, gravels, river sand and steel. During the Reporting Period, a total of 914,626 tonnes of raw materials were used. During production, the Group optimises the production process and has independently developed manufactured sand to reduce the use of raw materials. In respect of use of water, during the Reporting Period, Guangdong Hengjia's water consumption was 125,000 cubic meters, representing a year-on-year increase of 2% as compared with 123,000 cubic meters in the previous reporting period. The plant of the Group is equipped with a sedimentation tank for the collection of cleaning wastewater from mixers, vehicles and the ground and the condensed water from the boiler and autoclaves, which is recycled and reused after sedimentation. The Group also continuously promotes the employees' awareness of water-saving through internal notifications.

THE ENVIRONMENT AND NATURAL RESOURCES

In order to reduce the impact of its operations on the environment and natural resources, the Group has identified and managed the environmental risks associated with its operations, which are recorded in the Identification and Risk Assessment Control Procedures for Environmental Factors and Hazards. The procedure established an environmental factors identification and assessment form. Assessment grading is given according to environmental impacts in terms of legal compliance, frequency of occurrence and social attention and such, so that various types of emissions in the production process can be reviewed and recorded.

The production process of Guangdong Hengjia generates a certain amount of noises, which mainly come from the operation of equipment such as boiler rooms, production workshops, powder feeding by pumping, discharge by autoclaves and air compressors and other sources. Guangdong Hengjia has continuously repaired and maintained equipment which generate relatively loud noise. It also planted sound-insulating green belts around the factory and regularly monitored production noise levels to ensure compliance with the statutory standards.

Summary of Environmental, Social and Governance Performance Indicators

ENVIRONMENTAL PERFORMANCE

	Categories	Amount of emissions (kg)		
		2020	2019	2018
Air Emissions	Nitrogen Oxide	6,243.3 ⁷	6,153.4 ⁷	84,319.7
	Sulfur Oxide	2,422.0 ⁷	2,537.5 ⁷	1.8 ⁸
	Respiratory Suspended Particles	691.8 ⁷	946.7 ⁷	2,007.3

	Scopes	Sources of emissions	Amount of emissions (tonne CO ₂ -e)		
			2020	2019	2018
Greenhouse Gas	Scope 1: Direct Greenhouse Gas Emissions ⁹	Fossil fuel combustion – stationary sources	22,426.8	18,627.0	23,939.8
		Fossil fuel combustion – mobile sources	36.8	36.8	10.9
	Scope 2: Energy Indirect Greenhouse Gas Emissions ¹⁰	Purchased electricity	6,990.4	4,616.6	5,397.1
	Total amount of greenhouse gas emissions		29,454.0	23,280.4	29,347.8
	Intensity of greenhouse gas (tonne CO ₂ -e/sq.m.)		1.83	2.98	3.80

	Categories	Total amount of energy consumption (MWh)			
		2020	2019	2018	
Energy Consumption	Anthracite coal	65,749.2	54,609.2	70,184.8	
	Gasoline	49.1	42.3	13.9	
	Diesel	94.0	101.3	27.8	
	Electricity	8,354.7	7,566.9	8,846.3	
	Total energy consumption		74,247.0	62,319.7	79,072.8
	Energy intensity (MWh/sq.m.)		4.6	8.0	10.1

⁷ Included only the emissions of fossil fuel combustion of mobile sources and stationary sources. Since the nitrogen oxide, sulfur oxide and respiratory suspended particles emissions from fossil fuel combustion of stationary sources in the Reporting Period were all detection values, direct comparison with the emission values in 2018 is not possible.

⁸ Included only the emissions of fossil fuel combustion of mobile sources and excluded the emissions of fossil fuel combustion of stationary sources.

⁹ Scope 1 included the emissions of fossil fuel combustion of stationary sources and mobile sources.

¹⁰ Scope 2 included the emissions due to the purchased electricity from electric companies.

Summary of Environmental, Social and Governance Performance Indicators

Categories		Volume of water consumption (m ³)		
		2020	2019	2018
Water Resources Consumption	Total volume of water consumption	125,000.0	123,000.0	135,000.0
	Intensity of water consumption (cubic meter/sq.m.)	7.8	15.8	17.3

Categories		Amount of waste generated (tonne)		
		2020	2019	2018
Hazardous Waste	Total amount ¹¹	0.027	3.030	3.000
	Intensity of hazardous waste (tonne/000 sq.m.)	0.002	0.388	0.380

Categories		Amount of waste generated (tonne)		
		2020	2019	2018
Non-Hazardous Waste	Total amount	7,110.0	7,313.0	7,835.0
	Intensity of non-hazardous waste (tonne/sq.m.)	0.4	0.9	1.0

SOCIAL PERFORMANCE

By age group		Male	Female	By age
Number of employees ¹²	Below 30	50	15	65
	31-40	63	29	92
	41-50	105	30	135
	Above 50	104	22	126
	By gender	322	96	–
	Total number of employees in 2020			418
Total number of employees in 2019			404	

¹¹ The internal audit revealed that the Company generated approximately three tonnes of hazardous waste per annum, mainly waste oil generated from machine maintenance. The hazardous wastes data for 2018 have been modified accordingly.

¹² During the Reporting Period, all employees were full-time employees.

Summary of Environmental, Social and Governance Performance Indicators



		Number of employees left	Percentage to total employees under each category
Employee turnover rate	By age group		
	Below 30	16	24.6%
	31–40	15	16.3%
	41–50	21	15.6%
	Above 50	19	15.1%
	By gender		
	Male	57	17.7%
	Female	14	14.6%
	2020 Total	71	17.0%
2019 Total	74	18.3%	

		Number of new employees	Percentage to total employees under each category
New hire rate	By age group		
	Below 30	16	24.6%
	31–40	17	18.5%
	41–50	25	18.5%
	Above 50	22	17.5%
	By gender		
	Male	67	20.8%
	Female	13	13.5%
	2020 Total	80	19.1%
2019 Total	145	35.9%	

		2020		2019
		Male	Female	
Number of work-related fatalities or injuries	Number of work-related fatalities	0	0	0
	Number of work-related injuries	4	0	26
	Working days lost due to work injury	312	0	645
	Number of days of absence	1,432	322	2,336
	Work-related injury rate per thousand employees	10		64
	Percentage of working days lost due to work injury	0.2%		0.5%
	Percentage of absence	1.3%		1.6%

Summary of Environmental, Social and Governance Performance Indicators

		Number of trained employees	Percentage to total employees under each category
Percentage of number of trained employees ¹³	By employee category		
	Chief executives	4	100%
	Senior management	3	100%
	Middle management	28	100%
	General staff	383	100%

		Number of trained employees	Percentage to total employees by category
	By gender		
	Male	322	100%
	Female	96	100%
	2020 Total	418	100%
	2019 Total	401	99.3%

		Total training hours of employee under each category	Average training hours of employees under each category
Training hours	By employee category		
	Chief executives	216	54
	Senior management	162	54
	Middle management	1,512	54
	General staff	20,682	54
	By gender		
	Male	17,388	54
	Female	5,184	54
	2020 Total	22,572	54
2019 Total	21,654	53.6	

¹³ Breakdown of trained employees by gender: female (23.0%) and male (77.0%); breakdown of trained employees by employee category: chief executives (1.0%), senior management (0.7%), middle management (6.7%) and general staff (91.6%).