

Pizu Group Holdings Limited

比優集團控股有限公司

Environmental, Social and Governance Report (2019/20)

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ABOUT THIS REPORT

Pizu Group Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present this Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting the operations, including environmental, social and governance (“ESG”) issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) – “Environmental, Social and Governance Reporting Guide” and has complied with the “comply or explain” provisions in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – manufacturing and sale of explosives and provision of blasting operation and related services in the PRC and Tajikistan. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken the initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in English and Chinese on the websites of the Stock Exchange and of the Company. Should there be any discrepancy between the English and the Chinese versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 April 2019 to 31 March 2020.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email at info@pizugroup.com.

INTRODUCTION

The Group is principally engaged in manufacturing and sale of explosives and provision of blasting operation and related services in the PRC and Tajikistan.

The Group acknowledges the significance of effective sustainability practices to achieve business excellence and enhance capabilities for long-term competitiveness. The Group is committed to operating in a manner that is economically, socially and environmentally sustainable while balancing the interests of our various stakeholders and fostering a positive impact on the society. The sustainability strategy of the Group is based on the compliance with the applicable legal requirements, principle of sustainability and opinions from stakeholders. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

STAKEHOLDER ENGAGEMENT

The Group understands the success of the Group’s business depends on the support from its key stakeholders, who (a) have invested or will invest in the Group; (b) have the ability to influence the outcomes within the Group; and (c) are interested in or affected by or have the potential to be affected by the impact of the Group’s activities, products, services and relationships. It allows the Group to understand risks and opportunities. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

Stakeholders are prioritised from time to time in view of the Group’s roles and duties, strategic plan and business initiatives. The Group engages with its stakeholders to develop mutually beneficial relationships and to seek their views on its business proposals and initiatives as well as to promote sustainability in the marketplace, workplace, community and environment.

The Group acknowledges the importance of intelligence gained from the stakeholders’ insights, inquiries and continuous interest in the Group’s business activities. The Group has identified key stakeholders that are important to our business and established various channels for communication. The following table provides an overview of the Group’s key stakeholders, and various platforms and methods of communication are used to reach, listen and respond.

Stakeholders	Issues of concerns	Engagement channels
Government and Market Regulators	<ul style="list-style-type: none"> • Compliance with laws and regulations • Proper tax payment • Promotion of regional economic development and employment 	<ul style="list-style-type: none"> • On-site inspections and checks • Research and discussion through work conferences, work reports preparation and submission for approval
Shareholders and Investors	<ul style="list-style-type: none"> • Return on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Annual reports, interim reports, ESG reports, announcements and website • Meeting with investors and analysts
Employees	<ul style="list-style-type: none"> • Safeguard the rights and interests of employees • Career development opportunities • Health and safety 	<ul style="list-style-type: none"> • Conferences • Trainings, seminars, briefing sessions • Cultural and sport activities • Emails and instant messaging systems
Customers	<ul style="list-style-type: none"> • Safe and high-quality services • Stable relationship • Information transparency • Business ethics 	<ul style="list-style-type: none"> • Website and published financial reports • Emails • Visits and meetings

Stakeholders	Issues of concerns	Engagement channels
Suppliers and Partners	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fair and open • Risk reduction 	<ul style="list-style-type: none"> • Business meetings, phone calls, interviews • Regular meetings • Review and assessment • Tendering process
Peer and Industry Associations	<ul style="list-style-type: none"> • Experience sharing and cooperation • Fair competition 	<ul style="list-style-type: none"> • Site visits
Public and Communities	<ul style="list-style-type: none"> • Community involvements • Social responsibilities 	<ul style="list-style-type: none"> • Volunteering • Charity and social investments

Through general communication with stakeholders, the Group understands the expectations and concerns from stakeholders. The feedbacks obtained allow the Group to make more informed decisions, and to better assess and manage the resulting impact.

The Group has adopted the principle of materiality in the ESG reporting by understanding the key ESG issues that are important to the business of the Group. All the key ESG issues and key performance indicators (KPIs) are reported in the Report according to recommendations of the ESG Reporting Guide (Appendix 20 of the GEM Listing Rules) and the guidelines of Global Reporting Initiative (“GRI”).

The Group has evaluated the materiality and importance in ESG aspects through the following steps:

Step 1: Identification – Industry Benchmarking

- Relevant ESG areas were identified through the review of relevant ESG reports of the local and international industry peers.
- The materiality of each ESG area was determined based on the importance of each ESG area to the Group through internal discussion of the management and the recommendation of ESG Reporting Guide (Appendix 20 of the GEM Listing Rules).

Step 2: Prioritization – Stakeholder Engagement

- The Group discussed with key stakeholders on key ESG areas identified above to ensure all the key aspects to be covered.

Step 3: Validation – Determining Material Issues

- Based on the discussion with key stakeholders and internal discussion among the management, the Group’s management ensured all the key and material ESG areas, which were important to the business development, were reported and in compliance with ESG Reporting Guide.

As a result of this process carried out in 2020, those important ESG areas to the Group were discussed in this Report.

A. ENVIRONMENTAL ASPECTS

The Group is committed to continuously improving the environmental sustainability of its businesses and ensuring that environmental consideration remains one of the keys focuses in fulfilling its obligations to both the environment and community. Recognising the potential impacts of its businesses on the environment, the Group has established relevant emission reduction and energy saving initiatives to manage the emissions and minimise environmental impacts of its operations.

The Group strictly complies with the relevant environmental laws and regulations in the PRC, including the Environmental Protection Law of the PRC. During the reporting period, the Group was not aware of any material non-compliance with relevant laws and regulations relating to air and greenhouse emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes.

A1. Emissions

The Group acknowledges its responsibility to reduce emissions. The Group has implemented a policy of “Environmental Facilities Operation and Management” to monitor and manage the emissions generated during the Group’s operations. The Group has also appointed relevant personnel to ensure its emission level meets the relevant national standards.

Air Pollutants Emission

The air pollutants emitted by the Group mainly come from fuel consumption during factory operations and vehicle use. It is crucial to implement emission control measures to reduce the environmental impacts and protect the health of employees. The Group strives to mitigate the generation of nitrogen oxides, sulphur dioxide and particulate matters. The Group has adopted different technologies to reduce the amount of air pollutants emitted.

In order to reduce the impact on the surrounding environment caused by exhaust generated during production, the Group has purchased high quality clean coal to reduce pollutants from impurities. The Group has also installed desulfurization facilities in its production facilities and, with desulfurization efficiency up to 95%, has effectively reduced exhaust emissions. Dust removal facilities have also been installed to production facilities. Coal yards have been hardened with walls built around for blockage. Water would be sprayed regularly on the coal piles to significantly reduce dust pollution.

Furthermore, the Group has appointed a third-party vendor to conduct regular inspections, and has been monitored by the local environmental protection bureau monitoring team. According to the results of regular monitoring conducted by environmental monitoring agencies, the dust concentration and sulfur dioxide concentration at each of the Group’s production sites meet the local emission standards. The decrease in the air pollutant emission in 2020 was mainly attributable to the effective implementation of fuel saving policy by the PRC factories and production sites during the year.

During the reporting period, the air pollutants emission was as follows:

Air Pollutants Emission	Unit	2020	2019
Nitrogen oxides (NO _x)	kg	9,124.28	53,018.46 ¹
Sulphur dioxide (SO ₂)	kg	18,286.81	17,754.59 ¹
Particulate matter (PM)	kg	523.32	7,895.87 ¹

Greenhouse Gas (“GHG”) Emission

GHG is considered as one of the major contributors to the climate change and global warming. Fuel and electricity consumptions account for a major part of the Group’s GHG emission. The Group places great emphasis on improving energy efficiency and reducing energy consumption to minimise its GHG emission. The Group has adopted energy saving initiatives that will be further elaborated in the section “Use of Resources” of this Report.

Besides, the Group has established business travel conservation policies whereby employees are encouraged to use video conferences and telephone conferences, to reduce the use of company vehicles and instead take public transportation, and the use of electric cars or electric public transport have been reinforced to reduce emissions. Moreover, the Group has planted trees, flowers and grass in the office, production and surrounding areas to increase vegetation coverage, thereby improving the air quality of surrounding areas and absorbing greenhouse gases. The decrease in the air pollutants emission in 2020 was mainly attributable to the effective implementation of fuel saving policy by the PRC factories and production sites during the year.

During the reporting period, the GHG emission was as follows:

GHG emission	Unit	2020	2019
Scope 1 ²	tonnes of CO ₂ e	3,211.11	20,283.68 ³
Scope 2 ⁴	tonnes of CO ₂ e	2,396.74	1,375.70 ³
Total GHG emission	tonnes of CO ₂ e	5,607.85	21,659.38 ³
GHG emission intensity	tonnes of CO ₂ e/area in m ²	0.11	0.43 ³

¹ The year 2019 figures have been restated for comparative purpose.

² Scope 1: Direct emissions from sources that are owned or controlled by the Group.

³ The year 2019 figures have been restated for comparative purpose.

⁴ Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

Wastewater

The Group strives to effectively regulate the discharge of wastewater with the implementation of measures to monitor the pollutant level of wastewater. The Group has also installed devices in the discharging pipes to regularly monitor the water quality so as to ensure the discharge of wastewater meets the relevant national standards. The Group also conducts regular maintenance for sewage treatment facilities to ensure efficient operations. The Group has also implemented measures for reclaimed water recycling at various operation sites, including re-injecting boiler water vapor collected in the condensing tank into boilers for reuse, flushing toilet with waste water that has been purified by water treatment equipment, and using sewage and domestic waste water after precipitation treatment for landscaping use.

Hazardous and Non-hazardous Wastes

The Group recognises the importance to handle the wastes properly in order to minimise the impacts on the environment. The hazardous wastes mainly consist of waste batteries, waste lamps, waste ink cartridges, expired or used medicines in labs, etc., and are stored in a separate location and handled with due care and processed by qualified waste disposal service providers.

For the non-hazardous waste, it is generated from the Group's office operations and productions. The Group engages qualified recycling companies to perform waste disposal. The Group strived to reduce the production of solid waste in all aspects of its operation. Raw material barrels are collected and reused in cooperation with the factories. The Group strives to reduce the amount of wastes generated and strengthen the environmental awareness of employees by introducing waste reduction initiatives as follows:

- Double-sided printing is encouraged.
- Employees are encouraged to reuse stationery such as used envelopes.
- Communication by electronic means, such as emails, is promoted.
- Wasted electrical and electronic equipment, such as computers, are donated to charity organisations or recycled by recycling companies.
- Recycling bins are installed to collect recyclables, such as wasted papers and plastics.
- Employees are educated on protecting the work environment through on-the-job training.

During the reporting period, the Group complied with the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other relevant environmental protection laws. There was no case of violating environmental laws and regulations during the year. The decrease in the hazardous wastes amount generated in 2020 was mainly attributable to the effective implementation of waste reduction policy by the Group during the year. On the other hand, the increase in non-hazardous waste amount generated in 2020 was mainly due to the increase in the revenue generated by manufacturing and sale of explosives and provision of blasting operation and related services during the year.

The hazardous and non-hazardous wastes generated by the Group were as follows:

Waste generated	Unit	2020	2019
Hazardous waste generated	tonnes	0.07	0.61 ⁵
Hazardous waste intensity	tonnes/employee	0.01	0.01 ⁵
Non-hazardous waste generated	tonnes	134.33	73.41 ⁵
Non-hazardous waste intensity	tonnes/employee	0.23	0.14 ⁵

A2. Use of Resources

The major resources used by the Group are fuel, electricity and water. With the implementation of the Group’s “Energy Resources Control Procedures”, the Group aims to promote resources saving by implementing energy and water efficiency initiatives and motivating its employees to participate in resources conservation activities.

Energy Consumption

Electricity and fuels account for the Group’s major energy consumption. In view of the scarcity of energy, the Group has advocated various energy conservation strategies. For example, streetlamps in the factory area of the Group, hot water systems in the dormitories, canteen and washrooms are all driven by solar energy, increasing the use of renewable energy, office lightings have all been replaced with energy-saving lamps, and sound and light-controlled bulbs have been installed to avoid permanent lighting in the corridors at night in order to reduce energy waste.

In addition, the temperature of air-conditioning in offices is maintained at an energy efficient level at around 25 degrees Celsius. An energy-saving mode is set on computers when they are not in use for a long period of time. We also require all office equipment and production machinery to be switched off when leaving work. Furthermore, we use more energy-efficient vehicles to transport blasting materials and used more energy-efficient rigs for drilling to reduce the consumption of fossil fuels in factories and production sites. The decrease in total energy consumption in 2020 was mainly due to the effective implementation of fuel saving policy by the PRC factories and production sites during the year.

⁵ The year 2019 figures have been restated for comparative purpose.

During the reporting period, the energy consumption was as follows:

Energy Consumption	Unit	2020	2019
Purchase electricity	MWh	2,114.48	1,213.69
LPG	MWh	752.39	532.61 ⁶
Diesel	MWh	2,448.94	17,616.58 ⁶
Petrol	MWh	1,168.31	44.90 ⁶
Coal	MWh	6,168.27	5,661.71 ⁶
Total energy consumption	MWh	12,652.39	25,069.49 ⁶
Energy consumption intensity	MWh/area in m ²	0.25	0.50 ⁶

Water Consumption

Water is another important resource used by the Group during its operations. The Group endeavors to conserve water effectively. Employees are reminded to turn off the water taps after used. In case of water leakage from pipes, it is fixed promptly to avoid unnecessary wastage of water. The increase in the amount of water consumption in 2020 was mainly due to the increase in the revenue generated by manufacturing and sale of explosives and provision of blasting operation and related services during the year.

During the reporting period, the water consumption was as follows:

Water consumption	Unit	2020	2019
Total water consumption	m ³	20,142	18,148
Water consumption intensity	m ³ /area in m ²	0.40	0.36

Packaging Materials

The major packaging materials used in our manufacture business in the PRC are paper, plastic and metal. The decrease in paper consumption in 2020 was mainly attributable to the effective implementation of packaging material management policy by the Group during the year, while the increase in plastic and metal consumptions was mainly due to the increase in the revenue generated by manufacturing and sale of explosives and provision of blasting operation and related services during the year.

During the reporting period, the consumption of packaging materials is as follows:

Packaging materials consumption	Unit	2020	2019
Paper	tonnes	340.69	1,737.69
Plastic	tonnes	108.44	57.79
Metal	tonnes	16.67	6.19

⁶ The year 2019 figures have been restated for comparative purpose.

A3. Environment and Natural Resources

With the aforementioned measures to reduce emissions, waste generation and resources consumption, the Group strives to enhance environmental sustainability and minimise its impacts on the environment and natural resources. Besides, the Group has established a “Pollution Accident Management” session under the policy of “Environmental Facilities Operation and Management System”. In case of any accident of pollution, emergency plans will be formulated immediately and the case will be reported to the relevant authorities to reduce the environmental impacts to the minimal.

B. SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

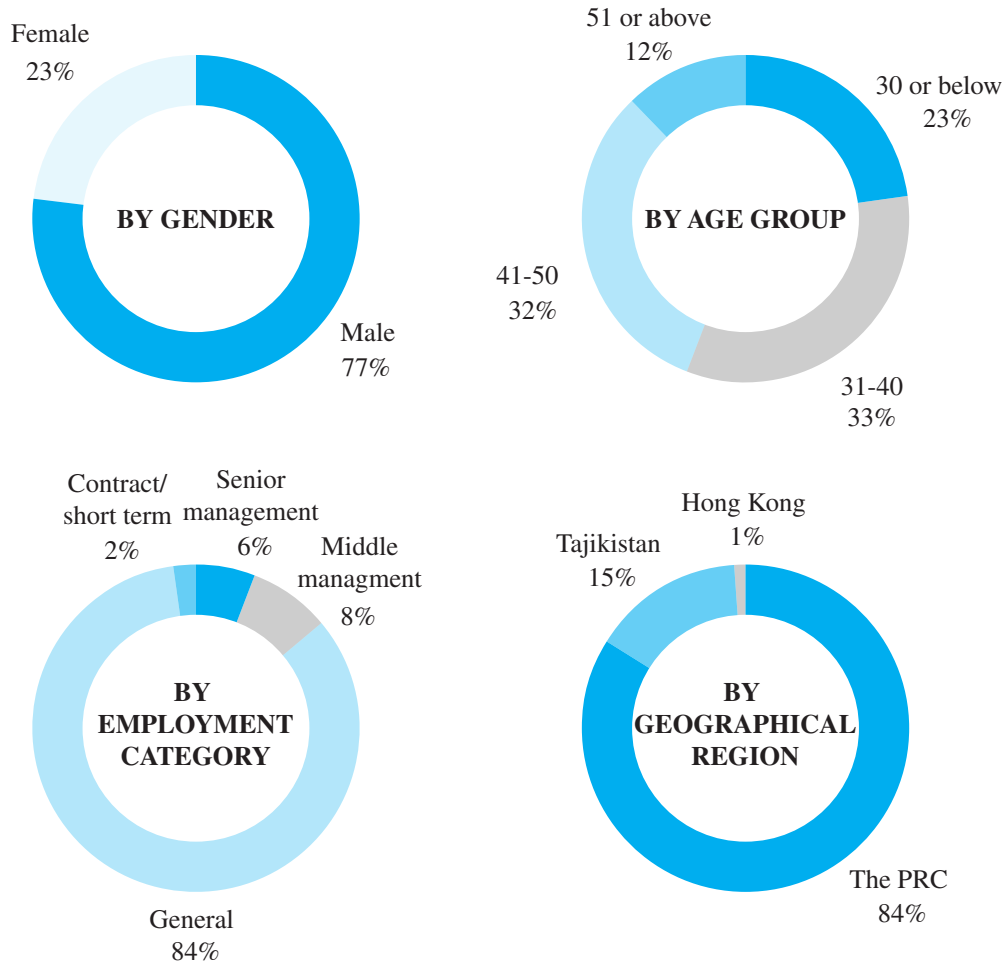
B1. Employment

The Group believes employees are valuable assets and the foundation for success and development of the Group. The Group strives to maintain a safe and equal working environment for our employees, provide development opportunities and promote employee health and well-being. The Group has established a set of human resources management policies in accordance to the Labour Law of the PRC, the Labour Contract Law of the PRC and the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). The Group’s human resources management policies cover the Group’s standards in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

The Group provides equal opportunity in all aspects of employment and prohibits discrimination or harassment against any individual on their gender, age, nationality, marital status, disability, race, colour, religion and any other characteristics protected by applicable laws. The Group’s employees receive wages higher than the local minimum wage. Since its establishment, employees are provided with social insurances, including social endowment insurance, unemployment insurance, work injury insurance, maternity insurance and medical insurance. Employees are also entitled to various benefits including marriage leave, compassionate leave, maternal leave as well as statutory holidays.

During the reporting period, the Group was not aware of any material non-compliance with the relevant laws and regulations regarding employment and labour practices in the PRC and Hong Kong.

As at 31 March 2020, the employee compositions by gender, employment type, age group and geographical region were as follows:



B2. Health and Safety

The Group places the highest priority on securing the health and safety of its employees. The Group continuously monitors and manages matters related to occupational health and safety so as to ensure strict compliance with the relevant laws and regulations in the PRC, Tajikistan and Hong Kong, including the Production Safety Law of the PRC, the Fire Control Law of the PRC and the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong).

Workplace Safety

The Group places great emphasis on the safety of machinery and equipment. The Group conducts regular maintenance on the machinery and equipment to ensure they are in good condition. Operators are required to obtain relevant licenses and should be familiar with the operation of the machines before working on sites. In order to safeguard personal safety, employees are required to wear personal protective equipment when working on sites and equip with safety belts when working at height.

Safety Training and Education

The four major subsidiaries of the Group have established occupational health and safety management systems, and have successfully obtained the OHSAS18001 certification. Safety training is crucial to enhance employees' safety awareness in order to mitigate the risk of work-related injury. The Group has established a "Safety Training Management System" and required contractors and construction units to carry out safety trainings. The Group reminds employees the importance of safe operation by posting safety warning signs and safety banners in the workplace, setting up safety knowledge column and distributing safety leaflets. The Group also provides training for employees who are the first time to use the protective equipment to ensure the protective equipment are properly used and maintained so as to protect the safety of employees. Besides, the Group organises safety drills with all operation units in order to ensure employees are prepared to respond in the event of emergency.

In addition, the Group actively participates in safety training activities organised by the government and industry authorities. During the reporting period, the Group was not aware of any material non-compliance with the relevant safety laws and regulations in the PRC.

B3. Development and Training

The Group believes the knowledge, skills and capabilities of its employees are vital to the Group's continued business growth and success. Hence, the Group provides trainings for employees in accordance with the Group's training system to enhance their requisite knowledge and skills in discharging their duties. The training programs offered can be mainly divided into internal and external trainings.

1. Internal trainings

The internal trainings include orientation training, skills training and attitude training. The orientation training is provided for newly recruited employees. It covers the Group's corporate culture, development history and management practices to familiarise the new employees with the Group's background and strengthen their sense of belongings. The skills training and attitude training are provided to employees based on the Group's development plan and the needs of respective departments.

2. External trainings

The external trainings include various training courses organised by external institutions and field trips for management staff or professional personnel.

During the current year, the detailed breakdown of the average training hours completed by each employee is as follows:

Training	Average training hours (hours/employee)	Percentage of employee trained
By gender		
• Male	7.19	77%
• Female	14.48	85%
By employment category		
• Senior management	6.47	53%
• Middle management	8.96	100%
• General	8.40	76%

B4. Labour Standards

The Group strictly emphasises on the prohibition of engaging child labour and forced labour and fully complies with the relevant laws and regulations in the PRC and Hong Kong, including the Labour Law of the PRC, Provisions on the Prohibition of Using Child Labour and the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong). The Group has formulated the “Prohibition of Child Labour Recruitment and Remedies Procedures” on managing the prohibition of child labour. Regarding the prevention for child labour, candidates are required to present their identity proof for age verification during recruitment process.

In case of any child labour engaged, the child labour will be stopped from working immediately. The Group will provide medical checks for him/her and bring him/her back home. To prevent reoccurrence, the Group will investigate the cause of misuse of child labour and formulate corrective plans.

During the reporting period, the Group was not aware of any material non-compliance with relevant laws and regulations related to recruitment of child labour or forced labour practices.

OPERATING PRACTICES

B5. Supply Chain Management

The Group’s supply chain includes a range of suppliers to provide production materials and components for facilities and machineries. In order to ensure a fair, standardised and transparent tendering process, the Group has developed a set of standard procurement and tendering procedures. Tenderers are required to provide relevant information including safety production permits and qualification certificates, for the purpose of inspection.

The Group has selected its suppliers based on a set of strict criteria. All purchases of bulk raw materials are carried out by means of tendering. The purchase process is led by the enterprise management department and supervised by relevant executives to ensure that the purchasing decisions conform to the principles of fairness, openness and impartiality. The Group will request suppliers to provide quality, environmental, and occupational health and safety certifications for review of their reputation and assessment of their commitment to social responsibility.

The Group has established a code of conduct for the suppliers, including requiring suppliers to ensure that the packaging of products is intact and to prevent environmental pollution caused by packaging damage. The Group has also required suppliers to use environmentally friendly vehicles for product transportation to reduce vehicle exhaust emissions. To ensure that the performance of all suppliers continuously meet the requirements of the Group, we have appointed quality inspectors to inspect all raw materials entering our factories, and convened relevant department heads to discuss, review and assess all qualified suppliers each year. All suppliers must comply with all the applicable laws and regulations. If any contravention is found, the supplier relationship will be terminated.

At the end of the reporting period, the Group had 48 suppliers (2019: 48 suppliers) of raw and auxiliary materials, all of which are from Mainland China.

B6. Product Responsibility

The Group attaches great importance on maintaining the quality of our products and providing safe services to our customers. The Group is in strict compliance with the relevant laws and regulations in the PRC and Hong Kong, including the Production Safety Law of the PRC, the Trademark Law of the PRC and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

Management Systems – The Group has established a comprehensive production management system where the entire production process, from raw materials used to semi-finished products and to finished products is strictly monitored by the quality department. Only products that have passed all tests and quality checks would be delivered to customers. All products delivered are accompanied by a quality certificate for identification. Since 2010, the main subsidiaries of the Group have successfully obtained the ISO9001 Quality Management System Certification, which is an excellent recognition for their quality management.

Quality Control and Safety Management

Quality Inspection – The Group has set up physical and chemical analysis laboratories to carry out different forms of tests and sampling inspections such as sympathetic detonation, explosive grading and detonation velocity to assess the quality and safety of products. The Group has also regularly sent samples to the National Civil Explosive Quality Inspection Center for testing in order to ensure that products leaving the factory meet the relevant specifications and safety requirements.

Excellent Construction – At the production sites where blasting is performed, we will exercise vigilance in the vicinity of the blasting process and will never use expired or unqualified detonators or explosives in order to ensure safety. After completion of the blasting, we will perform a post-explosion inspection to check whether the blasting has achieved the expected effect.

Product Information – The content of the Group’s bilingual brochure has been strictly reviewed and verified by all departments, so as to ensure that all information received by customers on the Group’s products and services is accurate and all aspects of product promotion are in compliance with the law. In addition, the Company will arrange meetings with sales personnel and sales assistants periodically to require them to improve product services and master product-related knowledge. The labels on our products have Chinese and English descriptions to help customers understand the correct use of our products.

Customer Feedback – The Group has established Measures for Management of Product Quality Accidents whereby whenever customer feedback on quality is received, the sales personnel of the supply and marketing department will promptly communicate with the customer concerned, and the quality control leading group will supervise and follow up on the quality accident and implement preventive, corrective and improvement measures to prevent the recurrence of product defect. When it is confirmed that a recall is needed, we will assist the customer to go through legal procedures with the government. The Group will regularly conduct customer satisfaction surveys by using questionnaires and make follow-up calls to better understand customers’ opinions on the Group’s products and services.

Customer Data Protection and Privacy

The Group acknowledges the importance to safeguard and protect customer personal data. The Group has established a confidentiality policy to raise the awareness of confidentiality of employees. Employees are required to sign a confidentiality agreement and fully abide by the guidance on prohibiting any unauthorised disclosure of confidential information.

During the reporting period, the Group was not aware of any material non-compliance with the relevant laws and regulations in relation to the customer data protection and privacy in the PRC and Hong Kong.

B7. Anti-Corruption

The Group is committed to upholding high standards of business ethics and integrity in the conduct of the Group’s businesses and operations. The Group strictly adheres to all the relevant laws and regulations, including the Anti-Unfair Competition Law of the PRC, Regulations of the People’s Republic of China for Suppression of Corruption, the Anti-Money Laundering Law of the PRC and the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong).

For external management, the Group strives to promote a fair and just commercial competition to achieve win-win situation with external business partners. For internal management, the Group has adopted a policy of “Anti-corruption Management System” and conveys its firm stance against corruption and fraud to our employees. Employees are prohibited from soliciting or accepting cash, banquets, gifts, rebates, commissions or other forms of bribing benefits from customers, potential customers or business partners. The Group provides trainings towards anti-corruption for new employees and existing employees.

The Group has established various communication channels, including phone (a whistle-blowing hotline), email and mail, for employees and stakeholders to report on observed and suspected case of non-compliance and questionable practices involving corruption and fraud. Relevant department is assigned to conduct inspections, handle employee grievance and report the matters of suspected misconduct.

For procurement policy, the Group has established a clear open tender policy to prevent corruption and bribery in procurement activities. To minimize the possibility of malpractice, the Group has clarified the approval authority of personnel at all levels in the Company's contract management system.

During the reporting period, no legal case concerned with corruption practices was brought against the Group.

COMMUNITY

B8. Community Investment

The Group is constantly aware of the needs of community and takes up its corporate responsibility to contribute to the society. The Group has adopted a "Corporate Investment Policy" and actively participated in local community activities. The Group focuses on the living standards of community, cultural projects, education and development and labour cooperation. The Group also encourages its employees to dedicate their time and skills to supporting local communities with the aim to create a harmonious society.

Since 2012, the Group has set up the Sheng'an Foundation for Poverty Alleviation to help college students and families in poverty and patients with major diseases. In addition, the Company has set up a voluntary fire brigade, organized a voluntary tree planting activity each year, periodically helped neighboring communities build roads and drill wells, and carried out activities to collect clothes, books and other supplies for donation to children in poor mountainous areas, making significant effort to play an active role in volunteering in large charity activities.

The Group donated approximately RMB1.76 million to different charities and organisations in the PRC during the reporting period. The detail donation information is as below:

Organizations	Amount (RMB)
Inner Mongolia Wulatehouqi Sheng'an Foundation for Poverty Alleviation (內蒙古烏拉特後旗盛安愛心濟困基金會)	300,000
Inner Mongolia Wulatezhongqi Red Cross (內蒙古烏拉特中旗紅十字會)	8,160
Inner Mongolia Wulatehouqi Red Cross (內蒙古烏拉特後旗紅十字會)	108,000
Otog Banner Command Center for COVID-19 Control and Prevention (鄂托克旗新冠肺炎疫情防控指揮辦公室)	100,000
Ordos City, Inner Mongolia Foundation for Poverty Alleviation (內蒙古鄂爾多斯市扶貧基金會)	100,000
Inner Mongolia Sheng'an Blasting Technical Research Institute (內蒙古盛安民爆技術研究中心)	1,100,000
Wulatehouqi Badminton Association (烏拉特後旗羽毛球協會)	30,000
Inter-Khatlon Dangara Hospital (哈特倫州丹加拉醫院)	16,104

Awards and Achievements

During the reporting period, the Group received a number of awards and achievements, including:

Name of Award/Achievement	Issuing Organization	Awarding Date
Endless Love Rescuers Banner	CPC Urad Rear Banner Committee, People's Government of Urad Rear Banner	June 2018
Ankang Cup Knowledge Competition	Qipanjing Development Zone Management Committee	June 2018
Advanced Grassroots Party Organization	Committee of the CPC Urad Rear Banner Industrial Park	July 2018
Advanced Party Organization	Qipanjing Development Zone Party Working Committee	July 2018
Urad Rear Banner 2018 3rd "Yili Cup" Company Staff Basketball Competition	Committee of the CPC Urad Rear Banner Industrial Park	September 2018
National Unity and Progressive Creation Event Model Unit	Promotion Department of CPC Urad Rear Banner Committee, United Front Department of the CPC Urad Rear Banner Committee, Urad Rear Banner Bureau of Ethnic and Religious Affairs	October 2018
2018 Citywide Advanced Collective for Flood Control and Rescue Work	CPC Bayannur Committee/ Bayannur People's Government	November 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
A. Environmental			
A1: Emissions			
General Disclosure		“Emissions”	6
KPI A1.1	The types of emissions and respective emissions data	“Emissions – Air Pollutants Emission”	6-7
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	“Emissions – Greenhouse Gas Emission”	7
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	“Emissions – Hazardous and Non-hazardous Wastes”	8-9
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	The amount is insignificant to the Group’s businesses.	8-9
KPI A1.5	Description of measures to mitigate emissions and results achieved	“Emissions – Air Pollutants Emission”, “Emissions – Greenhouse Gas Emission”	6-7
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	“Emissions – Hazardous and Non-hazardous Wastes”	8
A2: Use of Resources			
General Disclosure		“Use of Resources”	9
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	“Use of Resources – Energy Consumption”	9-10
KPI A2.2	Water consumption in total and intensity	“Use of Resources – Water Consumption”	10
KPI A2.3	Description of energy use efficiency initiatives and results achieved	“Use of Resources – Energy Consumption”	9
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	“Use of Resources – Water Consumption”	10
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable to the Group’s businesses.	10
A3: The Environment and Natural Resources			
General Disclosure		“The Environment and Natural Resources”	11
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	“The Environment and Natural Resources”	11

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure		“Employment”	11
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	“Employment”	12
KPI B1.2	Employee turnover rate by gender, age group and geographical region	The Group currently does not disclose on this indicator.	N/A
B2: Health and safety			
General Disclosure		“Health and Safety”	12
KPI B2.1	Number and rate of work-related fatalities	The Group currently does not disclose on this indicator.	N/A
KPI B2.2	Lost days due to work injury	The Group currently does not disclose on this indicator.	N/A
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	“Health and Safety”	12-13
B3: Development and Training			
General Disclosure		“Development and Training”	13
KPI B3.1	The percentage of employee trained by gender and employee category	The Group currently does not disclose on this indicator.	N/A
KPI B3.2	The average training hours completed per employee by gender and employee category	The Group currently does not disclose on this indicator.	N/A
B4: Labour Standards			
General Disclosure		“Labour Standards”	14
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	“Labour Standards”	14
KPI B4.2	Description of steps taken to eliminate such practices when discovered	“Labour Standards”	14
Operating Practices			
B5: Supply Chain Management			
General Disclosure		“Supply Chain Management”	14-15
KPI B5.1	Number of suppliers by geographical region	The Group currently does not disclose on this indicator.	N/A
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	“Supply Chain Management”	15

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Sections	Pages
B6: Product Responsibility			
General Disclosure		“Product Responsibility”	15
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Group currently does not disclose on this indicator.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with	The Group currently does not disclose on this indicator.	N/A
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	The Group currently does not disclose on this indicator.	N/A
KPI B6.4	Description of quality assurance process and recall procedures	“Product Responsibility – Quality Control and Safety Management”	15-16
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	“Product Responsibility – Customer Data Protection and Privacy”	16
B7: Anti-corruption			
General Disclosure		“Anti-corruption”	16
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 case	No concluded legal case regarding corrupt practices was noted.	N/A
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	“Anti-corruption”	16-17
Community			
B8: Community Investment			
General Disclosure		“Community Investment”	17
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	“Community Investment”	17-18
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	The Group currently does not disclose on this indicator.	N/A